

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

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# Problems and Prospects for Corporate Governance in Bangladesh: Some Case Studies Basis Analysis

**Victoria Wise** , Associate Professor, Deakin Graduate School of Business,  
Deakin University, Melbourne, Australia

**Muhammad Mahboob Ali**, Vice Chancellor and Dean, M.H. School of Business,  
Presidency University, Dhaka, Bangladesh

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## Introduction

Bangladesh is one of the world's least developed economies. A low level of corporate governance is an impediment to the economic development of the country. However there is an enormous possibility of improvement which is an important reason to implement corporate governance in business practice as this will encourage investors' confidence by improving awareness and consistency of business rules and regulations. Widespread improvements in corporate governance have the potential to promote a fairer and more trustworthy environment.

Corporate governance devices which defend investors from the opportunistic behaviour of managers or overprotective shareholders include market mechanisms, institutional norms and standards, individual and stakeholder requirements and a strong legal framework. In the absence of such devices, asymmetries of information between managers and external investors may facilitate the misappropriation of corporate resources.

The legal framework refers to the rules of law as these relate to government organizations, the public and private sectors and financial institutions made through the Government of Bangladesh. In Bangladesh although separation of the Judiciary from the Administrative arm of government has officially occurred, still the institutions of Parliament, the Judiciary, and Administration do not co-operate in a coherent manner. The result is frustration among the judges including the Chief Justice of the apex body (the Supreme Court of Bangladesh).

Jalan (2007) commented that as the sub-prime crisis in the United States (US) and the United Kingdom (UK) has demonstrated, non-transparency and non-disclosure of financial obligations is not confined to developing countries. He argued that for all countries, it has become very important to revisit banking, auditing and accounting standards and lay down guidelines which would ensure full disclosure of all obligations, including 'off balance sheet' items.

In Bangladesh business organizations can be divided into four types – (1) private ownership (self/partnership); (2) public ownership; (3) joint ventures; and, (4) multinational companies. Private ownership of businesses is the dominant entity form, with most companies small in size (90% small and medium sized) and family orientated. This form of intense ownership structure limits the usefulness of

corporate governance devices, a flaw cannot be rectified by setting rules and laws. As such the implementation of sound corporate governance principles in the country is problematic.

In Bangladesh, the need to improve corporate governance became evident when the stock market disaster of 1996 occurred. Earlier, in 2004, the Bangladesh Enterprise Institute (BEI) had published a code of corporate governance for Bangladesh suitable for the private sector, financial institutions, state owned enterprises (SOEs) and non-government organizations (NGOs). According to the BEI (2004) the relevant laws and supervision applying to all commercial enterprises owned or undertaken by the government and their directors should be clearly stated and preferably all government entities engaged in commercial activities should be governed by the BEI code of corporate governance.

The Bangladesh Company Act 1994 (the 'Act') sets the rules for companies with regard to its management and administration. Before its enactment in 1994, Bangladesh was governed by the Company Act of 1913. As stated in the (1994) Act the board of directors are the management of the business of the company. The board of directors is required to appoint auditors within one month of the registration of a company who are thereafter re-appointed in general meetings. Only certified chartered accountants can be appointed as auditors, and the Act provides that they can have access to the company's books, papers and official documents. The act also covers the scope of inquiry of the auditors and the certification the auditors must provide. The Act also compels companies to keep proper books of account with respect to all sums of money received and expended by the company, all sales and purchases of goods, the assets and liabilities, and other overhead costs of the company. Companies Act 1994 also defines the rights of majority and minority shareholders.

Models of corporate governance differ sometimes on the basis of the geographical, cultural, demographic, political and legal code and practices of nations. Ooghe and Vuyst (2001) observed that the Anglo-Saxon and the Continental European models of corporate governance differ strongly, and the differences are mainly due to differences in the business context reflecting differing shareholder concentration, shareholder identity, and that the liquidity of the market for company shares, and interlocking ownership are organized in different ways in the two country-groups.

The problems arising from the separation of ownership from control also need to be solved. One important mechanism is via the board of directors. Jackson (2002) observed that Germany and Japan share certain features as 'stakeholder' models of corporate governance in contrast to the more shareholder-orientated US model of corporate governance. Both can be described as non-liberal models because their institutions regulate the marketization of both capital and labor. Stakeholders in these countries tend to display strong commitment and exercise their voice rather than exit in order to promote the long-term survival of the firm. This contrasts with the US where capital markets are more liquid, labor more mobile, and management more exclusively focused on the creation of shareholder value.

The major regulators in the Bangladesh corporate sector and capital market are the Securities and Exchange Commission (SEC) and the Registrar of Joint Stock Companies and Firms (RJSC). In the monetary sector the main regulator is the Bangladesh Bank. In Bangladesh shareholder activism indicates that the share market is immature, regulatory forces are weak, shareholders are not properly educated, and manipulated trading occurs. Boards of directors of banks tend to be populated on the basis of political affiliation and familial connections.

The Office of the Comptroller and Auditor General (OCAG) of Bangladesh is responsible for auditing government receipts and public spending and to ascertain whether expenditures have yielded value for money in government offices, public bodies and statutory organisations ([www.cagbd.org](http://www.cagbd.org)). Appointed by the President of the Republic, the Comptroller and Auditor General (CAG) heads the Supreme Audit Institution. The Insurance Bill 2010 and Insurance Development and Regulatory Authority Bill 2010 provide the formal institutional rules for the insurance sector.

Bangladesh has been criticised for the lack of ease of doing business in the country. For example, the *Doing Business 2013* data for Bangladesh shows that the country dropped 5 places (from 124 to 129) in a ranking list of 185 economies ([www.doingbusiness.org/data/exploreeconomies/bangladesh/](http://www.doingbusiness.org/data/exploreeconomies/bangladesh/)).

### **Literature Review**

Macey(1997) argued that the critical distinction between the American model of corporate governance and the German and Japanese models is that in Germany and Japan large-block shareholders take an active management role to mitigate managerial shirking and misconduct. German and Japanese commercial banks are at the center of their respective corporate governance models. In contrast, the American structure of corporate governance focuses power in management, particularly in the chief executive officer. For that reason, American shareholders are relatively powerless to affect management decisions, as they are too disaggregated to monitor management's activities, much less to galvanize into effective political coalitions to oppose those activities.

Vishny and Shleifer (1997) opined that the subject of corporate governance is of enormous practical importance. Even in advanced market economics, there is a great deal of disagreement on how good or bad the existing governance mechanism is.

Ooghe and Langhe (2002) compared between two corporate governance models: the Anglo-American and the Continental European model. They said that these corporate governance models differ strongly, and the differences are mainly due to differences in the business context and that the problems arising from separation of ownership from control will thus have to be solved through different mechanisms such as the board of directors. They found a significant positive relationship between the number of directors in the board and a range of other factors.

Colley, Doyle, Logan and Wallace (2003) observed that the nature of the game in each nation reflects a number of variables: the culture, the education of the population, the political system, the geography, and the available capital and natural resources. These attributes influence the creation of an infrastructure that supports the game. Of particular importance in the infrastructure are national defense and public safety, the nation's transportation system and its legal system, both criminal and civil. They also argued that absent widespread effective governance, capital market will operate inefficiently in an atmosphere of distrust and with continued erosion of investor confidence, especially on the part of individuals. Without access to these markets, economic growth and a rising standard of living will inexorably falter as creativity and aggressive growth strategies strive for lack of fresh capital.

Werner (2003) observes that the ultimate impetus for better corporate governance must come from domestic forces and institutions. He comments that attracting international capital may prove to be an elusive goal until the domestic investor community itself shows confidence in the corporate sector.

Aguilera and Cuervo-Cazurra (2004) argue that types of issuers of codes of good governance fall into six categories: (1) Stock exchange; (2) Government; (3) Directors' association; 4)Managers' (such as accounting or law professionals); and (6) Investor's association.

Afroze and Jahan (2005) observed that failings in institutions, government agencies, legal enforcements and market behaviour have resulted in weak corporate governance in Bangladesh. In many cases, the current system in Bangladesh does not provide sufficient legal, institutional or economic motivations for stakeholders to encourage and enforce good corporate governance practise. As a result, there are few rewards for companies that institute good corporate governance practices, and no penalties for failing to do so.

Karim (2005) argued that only by encouraging corporate governance at every sphere of Bangladesh economic activity, can the country derive the optimum benefits of globalization. This is a huge task and calls for close cooperation of all concerned namely government, employer, shareholder, financial institutions and trade bodies etc. The role of accountants, auditors, and financial analysts is very much essential for the installation of corporate governance since these are the people who will pinpoint the possible loopholes in the accounting information systems.

Kumar (2005) stated that to one group, corporate governance, is a part of economics, which is concerned with the question of how to motivate the management of corporations for its betterment through redesigning and remodelling of organizational functions. To some others, it is a promotion of corporate fairness, transparency and accountability.

Roy (2005) commented that the problem of governance is now the overriding aspect of Bangladesh to sustain both economic growth and social development.

Zahir (2005) said that the laws and regulations relating to securities and share markets in Bangladesh are new in practice and have come to be noticed only after the great turmoil in the share market in 1996 and the action taken by Securities and Exchange commission against some persons alleging that they contravened the laws relating to the conduct of the share markets.

Steiner and Steiner (2006) observed that the legal environment consists of legislation, regulation and litigation. There are five enduring trends in this environment, all working to constraint business behavior. First, laws and regulations have steadily grown in number and complexity. Second, corporations have expanding duties to protect rights to stakeholders, including employees, consumers, the public and even competitors. Third, globalization has increased the complexity of the legal environment by exposing corporations to international law and laws of foreign nations. Fourth, although the requirements of ethical behavior and corporate social responsibility go beyond legal duty, they are continuously plucked from the voluntary realm and encoded into law. Finally, the law is constantly evolving.

Haque, Jalil and Naz (2007) depicted that corporate culture in Bangladesh is still in a state of infancy. While legal requirements for good corporate governance have been created, rushing to institutionalize the culture of governance through legal and regulatory requirements or through external pressures will do more harm than good to the culture. Under such circumstances, the spirit of the good governance will be lost and a rather perfunctory structure will take place.

Surijah (2007) commented that it is obvious that the role of moral intelligence and a creative corporate strategy is essential for companies to achieve a good corporate performance. In fact, nowadays societies desire new value products and strongly demand for a fair business.

Ahmed, Alam, Jafar, Zaman (2008) considered that a strong legal environment has an important influence in fostering good corporate governance practice. A weak legal system limits the spectrum of corporate governance practices by a firm. They argued that despite the hindrances, officials and business leaders must improve the performance of firms' corporate governance in order to increase the chances of continued vigorous economic growth.

Uddin and Choudhury (2008) observed that companies in Bangladesh are predominantly controlled, managed and operated by the sponsor directors/family members, even though in many cases they own a minority of the shares. Directors bend and break the rules to serve the family and the accountability of companies to general shareholders is minimal. Their paper also highlighted the state of annual general meetings and dividend-declaring tendencies; that company accounts are not audited properly and financial accounts are often misleading. They believe that key corporate governance measures are being ignored by many companies and rules essentially remain ineffective. Familial and political connections are often in direct contradiction with Bangladesh's rational and legal power. However, the family tradition in business and politics continues to thrive, despite continuous bombardment with strict measures and reforms.

Bettinelli and Chugh (2009) discussed the relationship between the board of directors and corporate governance quality. Some divergences emerged among the ten European countries they examined. For example, on the employees' representation on the board, on the number of directors, and on independence recognition are required. Germany and Austria have the highest legal rules indices, Portugal has the lowest. On board of directors' composition, and on what makes a good board of directors, there is not always homogeneous theoretical support. This facet and the fact that some cultural and historical differences remain strong, can explain the law divergences they found.

Rabbani and Khan (2009) found that there exist significantly positive relationship between board size and independent directors. The study also found significantly negative relationship between board sizes and block shareholding.

Islam, Sathye and Hu (2009) urged that the 2008 Global Financial Crisis (GFC) has brought into focus the need for better supervision and governance in banks internationally. Banks are corporations and their firm value depends as much on good governance as any other firm. From a policy perspective, bank regulators should have an interest in sound corporate governance mechanisms in banks from a financial system stability perspective.

The World Bank (2009) recommended that, in Bangladesh, the Companies Act (CA) and guidelines should be finalized as part of a broad consultative process that serves both to incorporate relevant experience and to raise awareness of Bangladesh's many investors on the new CA and guidelines and the importance of good corporate governance. The World Bank recommended that while drafting new guidelines and other laws or regulations, policymakers should harmonize provisions to eliminate contradictions and increase clarity.

Fernando (2010) observed that business ethics and corporate governance of an organization go hand in hand. In fact, an organization that follows ethical practices in all its activities will, in all probability, follow best corporate governance practices as well. He also urged that in corporate governance, the underlying goalposts are transparency, integrity, full disclosure of financial and non-financial information, and protection of stakeholders' interests.

Mahmood (2010) suggested that governance and corruption reforms have become a central issue in many recent elections, and because of democratic reforms, new leaders dedicated to fighting corruption and improving public administration are attaining power as never before. The countries that are beginning to show signs of early success are those that have unbundled the governance agenda and are implementing programs that address a variety of structural reforms aimed at changing the manner in which their governments conduct business.

Ahmad and Rahman (2011) observed that in Bangladesh, until now, good corporate governance is very much neglected and hardly practiced by enterprises. But ensuring good corporate governance in stock exchanges could help us from a lot of troubles. Looking back the stock market debacles in 1996 and 2010, it has been clear that stock market members are practicing very poor corporate governance. The investigation committee identified heavy weight corporate, politicians, officials of securities regulatory body, stakeholders and renowned individuals are involved in the market crash. To bring a change in this scenario the stock exchanges need to be demutualised. Demutualisation will ensure sound corporate governance, reduce unauthorised influences by members and bring operational efficiency.

Hossain (2011) observed that commercial banks of Bangladesh have been involved heavily in the stock market business for the last few years. Allowing merchant banking has exaggerated the situation. Banks became the key player in the stock market in Bangladesh. Therefore, any policies to control banks' exposure to the stock market would have significant impact on the capital market. Monetary easing during last two or more years (money supply was more than 22% during the period) also fuelled to the buoyancy of the stock market.

Wang (2011) found that firms with higher governance index and higher institutional ownerships are more likely to have their preferred stock issues tasted. Firms with higher concentration of institutional holdings tend to have better ratings. For firms that have their preferred stock issues in the speculative grades, their institutional ownership exercises larger influence on improving ratings.

This review of literature on corporate governance has prompted this research study in which we consider whether corporate governance has been well executed in Bangladesh, and which sort of corporate governance will be more acceptable to business organisations in the country.

### **Objectives of the Study**

The study has been undertaken due to following reasons:

- i) to assess present status of corporate governance in Bangladesh with special reference to legal extent;
- ii) to see whether different rules of the country is sufficient to cover accountability, fairness and transparencies in different organizations;



- iii) to provide some suggestions on how corporate governance can better perform in Bangladesh and to play active role to develop the country's economy.

### **Methodology**

It is the purpose of this study to consider corporate governance implementation and performance in Bangladesh within the existing law and code of conduct. The study is based on secondary sources of data published in books, journals, dailies, annual reports, information published on the Internet, and enacted codes. The time period of the study is January to May 2011. The study is explanatory and informative in nature. The study will consider six case studies to analyse the current scenario of Corporate Governance of Bangladesh.

Firstly we provide an overview of the more significant enacted codes and regulations that exist (in part) to guide corporate governance practice in Bangladesh. We then provide six case studies to demonstrate the uptake of corporate governance principles and practices by Bangladesh firms.

### **Authoritative regulation and guidance**

#### ***Registrar of Joint Stock Companies and Firms***

The Registrar of joint stock companies (RJSC) is the single authority under the ministry of commerce. Its functions include oversight of the Companies Act 1994 which includes private companies, public companies, foreign companies and trade organizations. The Societies Registration Act 1860 is implied for Societies, and the Partnership Act 1932 for partnership firms. The RJSC is empowered to call for information, explanation or to produce such books or papers, as the register deems necessary.

#### ***Stock Exchanges***

There are two self regulated stock exchanges in Bangladesh – Dhaka stock exchange (DSE) and Chittagong stock exchange (CSE) operating under Securities and Exchange Commission which is (under the Securities and Exchange Commission Act 1993) responsible for assuring the proper issuance of securities, protection of the rights of the investors and the development and regulation of capital market. The Chairman and Members of the Commission are appointed by the government and have overall responsibility to administer securities legislation. The Commission is a statutory body and attached to the Ministry of Finance.

The securities and exchange ordinance 1969 regulates the issuance of securities. Securities and Exchange Commission by the order Dated the 9th January, 2006 No. SEC/CMRRCD/2006-158/Admin/02-06: Whereas, the Securities and Exchange Commission (herein after referred to as the 'Commission') deems it fit that the consent already accorded by the Commission, or deemed to have been accorded by it, or to be accorded by it in future, to the issue of capital by the companies listed with any stock exchange in Bangladesh, should be subject to certain further conditions, on 'comply or explain' basis, in order to improve corporate governance in the interest of investors and the capital market; Now, therefore, in exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Commission hereby imposes following further conditions to the consent already accorded by it or deemed to have been accorded by it, or to be accorded by it in future to the issue of capital by the companies listed with any stock exchange in Bangladesh: Provided, however, that these conditions are imposed on 'comply or explain' basis. The

companies listed with any stock exchange in Bangladesh should comply with these conditions or shall explain the reasons for non-compliance in accordance with the condition No.5.

The Conditions:

#### 1.00 BOARD OF DIRECTORS:

##### 1.1. Board's Size

The number of the board members of the company should not be less than 5 (five) and more than 20 (twenty) with a view to enabling access to diverse expertise and meaningful discussion:

Provided, however, that in the case of banks and non-bank financial institutions, insurance companies and statutory bodies for which separate primary regulators like Bangladesh Bank, Department of Insurance etc. exist, the Board of those companies should be constituted as may be prescribed by such primary regulators in so far as those prescriptions are not inconsistent with the aforesaid condition.

##### 1.2. Independent non-shareholder Directors

All companies should encourage effective representation of independent non-shareholder directors on their Boards of Directors so that the Board as a group includes core competencies considered relevant in the context of each company. For this purpose, the companies should comply with the following:-

i. At least one fifth (1/5) of the total number of the company's board of directors should be independent non-shareholder directors;

Explanation: For the purpose of this clause, the expression "independent non-shareholder director" means a director who is not connected with the company or its promoters or directors on the basis of family relationship; who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies; who is not a member, director or officer of any stock exchange; and who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.

ii. The independent non-shareholder directors should be appointed by the elected directors.

##### 1.3. Chairman of the Board and Chief Executive

The positions of the Chairman of the Board and the Chief Executive Officer of the companies should be filled by different individuals. The Chairman of the company should be elected from among the directors of the company. The Board of Directors should clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.

##### 1.4 The Directors' Report to Shareholders

The directors of the companies should include following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994:

(a) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

(b) Proper books of account of the issuer company have been maintained;

(c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;

(d) International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed;

(e) The system of internal control is sound in design and has been effectively implemented and monitored;

(f) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;

(g) Significant deviations from last year in operating results of the issuer company should be highlighted and reasons thereof should be explained;

(h) Key operating and financial data of at least preceeding three years should be summarised;

(i) If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof should be given;

(j) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, should be outlined along with future prospects, risks and uncertainties surrounding the company;

(k) The number of Board meetings held during the year and attendance by each director should be disclosed;

(l) The pattern of shareholding should be reported to disclose the aggregate number of shares (along with name wise details as stated below) held by Parent/Subsidiary/Associated companies and other related parties (name wise details);

Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details); Executives; and Shareholders holding ten percent or more voting interest in the company (name wise details).

Explanation: For the purpose of this clause, the expression "executive" means top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit.

## 2.00 CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY:

### 2.1. Appointment

The company should appoint a Chief Financial Officer (CFO), a Head of Internal Audit and a Company Secretary. The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the Company Secretary.

### 2.2. Requirement to Attend Board Meetings

The CFO and the Company Secretary of the companies should attend meetings of the Board of Directors, Provided that the CFO and/or the Company Secretary should not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to the CFO and/or the Company Secretary.

## 3.00 AUDIT COMMITTEE:

The company should have an Audit Committee as a sub-committee of the Board of Directors.

The Audit Committee should assist the Board of Directors in handling the issues which might be overlooked and should ensure a good monitoring system within the business.

The aims of the establishment of an Audit Committee should be to create efficiency in the operations and to add value to the organization. The Audit Committee should be responsible to the Board of Directors according to the duties and responsibilities assigned by the Board of Directors. The duties of the Audit Committee should be clearly set forth in writing.

### 3.1. Constitution of Audit Committee

i. The audit committee should be composed of at least 3 (three) members;

- ii. The Board of Directors should appoint members of the Audit Committee who should be directors of the company and should include at least one independent non-shareholder director;
- iii. When the term of service of the committee members expires or there is any circumstance causing any committee member to be unable to hold office until expiration of the term of service, thus making the number of the committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors should appoint the new committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.

### 3.2. Chairman of the Audit Committee

- i. The Board of Directors should select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee;
- ii. The Chairman of the audit committee should have a professional qualification and must have knowledge, understanding or experience in accounting or finance.

### 3.3. Reporting of the Audit Committee

#### 3.3.1 Reporting to the Board of Directors

- i. The Audit Committee should report on its activities to the Board of Directors;
- ii. The Audit Committee should immediately report to the Board of Directors on the following findings, if any:-

- (a) Report on conflicts of interests;
- (b) Suspected or presumed fraud or irregularity or material defect in the internal control system;
- (c) Suspected infringement of laws, including securities related laws, rules and regulations;
- (d) Any other matter which should be disclosed to the Board of Directors immediately.

#### 3.3.2. Reporting to the Authorities

If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary, upon completion of the period of time mutually fixed, if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee or its members should report such finding to the Commission.

### 3.4. Reporting to the Shareholders and General Investors

Report on activities carried out by the audit committee, including any report made to the board of directors under condition 3.3.1 (ii) above during the year, should be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.

## 4.00. EXTERNAL/STATUTORY AUDITORS

The company should not engage its external/statutory auditors to perform the following services of the company:

- i. Appraisal or valuation services or fairness opinions;
- ii. Financial information systems design and implementation;
- iii. Bookkeeping or other services related to the accounting records or financial statements;
- iv. Broker-dealer services;
- v. Actuarial services;
- vi. Internal audit services;
- vii. Any other service that the Audit Committee determines.

#### 5.00 REPORTING THE COMPLIANCE IN THE DIRECTOR'S REPORT

The directors of the company shall state, in accordance with the annexure attached, in the directors' report whether the company has complied with these conditions.

By order of the Commission  
Dr. Mirza Azizul Islam  
Chairman Securities and Exchange Commission

<http://www.bangladesh-bank.org/pub/annual/anreport/ar0910/app1.pdf> also informed that Board of directors and managements of a bank should comprise of the competent and professionally skilled persons with a view to ensure good and corporate governance in the bank management. It is also inevitable to have specific demarcation of responsibilities and authorities between these controlling bodies over bank's affairs. In absence of specific division of responsibilities and authorities, even in spite of these bodies' are being formed with skilled and efficient persons, the desired goals of an institution cannot be achieved due to lack of transparency and accountability of all concerned. Under such circumstance, the specific demarcation of responsibilities and authorities among the board of directors, its chairman, Chief Executive Officer (CEO) of the banking-companies in respect of its overall financial, operational and administrative policymaking and executive affairs including overall business activities, internal control, human resource management and development thereof, income and expenditures etc, along with lending and risk management issues.

<http://www.bangladesh-bank.org/pub/annual/anreport/ar0910/app1.pdf> confirmed that Recently, Bangladesh bank has been observed that some banks are investing in capital market through merchant banking operation in violation of instructions of section 26(2) of the Banking Company Act, 1991. In this respect banks are advised to follow the instructions of the section 26(2) of Banking Company Act, 1991 accordingly. Moreover, banks are also advised to operate merchant banking activities by constituting separate legal entity i.e., subsidiary company to protect the interest of the depositors. To constitute subsidiary company, existing rules have to be abided by the banks for their compliance.(source: Bangladesh Bank: Chronology of Major Policy Announcements : FY10,Appendix-1, <http://www.bangladesh-bank.org/pub/annual/anreport/ar0910/app1.pdf> ,pp:189-195)

From December 31, 2000 banks and financial institutions were required to comply with the international accounting standard. The accounting standard requires banks to disclose the classification of their loan portfolio (as sub-standard, doubtful, or bad) based on their default activity and make a loan loss provision specifically for classified loans. Bangladesh bank also regulates the non-banking financial institutions under financial institutions act 1993. Non-banking financial institutions are prohibited from accepting deposits payable on demand by cheque or otherwise. This category includes leasing and housing finance companies. Even Grameen Bank was established as per Bangladesh Bank's ordinance in the year 1983 -though it is not a bank and it can not issue cheque. Grameen Bank like other NGOs involved in micro credit disbursement process and effectively doing business in the country through international linkage with their 48 sister concerns as a resultant factor helps to get empowerment of women.

The bankruptcy act 1997 provides the provision in addition to winding up provisions of company act 1994, for companies suffering from insolvency.

Investment Corporation of Bangladesh (ICB) has been started functioning from the year 1976. Objectives of ICB has been given below: To encourage and broaden the base of investment. To develop the capital market; to provide for matters ancillary thereto; to mobilize savings. to promote and establish subsidiaries for business development. Basic functions of ICB are as follows: Underwriting of initial public offering of shares and debentures; Underwriting of right issue of shares; Direct purchase of shares and debentures including Pre-IPO placement and equity participation; Providing lease finance to industrial machinery and other equipments singly or by forming syndicate; Managing investors' Accounts; Managing Open End and Closed End Mutual Funds; Operating on the Stock Exchanges; Providing investment counsel to issuers and investors; Participating in Government divestment Program; Participating in and financing of, joint-venture projects; Dealing in other matters related to capital market operations; Trusty, Custodian, Bank Guarantee; Consumer Credit (Source: <http://www.icb.gov.bd>) . There are investment banks in the private sector also.

According to Afroz(2004) state-owned Investment Corporation of Bangladesh (ICB) is brought down to the level playing field with other private asset management companies in Bangladesh, there would remain an unfair competition in the market between public and private mutual funds and that would impede the growth of private mutual fund market in Bangladesh. ICB had been acting as the sole asset management firm in Bangladesh until November 1999. In order to develop an institutional base of the ICB and to bring it to a level playing field with private asset management companies the *ICB (Amendment) Act 2000* was enacted. Following the said act, ICB was restructured to create three new subsidiaries to carry out merchant banking, mutual fund operations and stock brokerage functions separately. The ICB subsidiaries are : (a) ICB Capital Management Ltd. (merchant bank); (b) ICB Asset Management Ltd. (manager of trusts and funds, including mutual funds); and (c) ICB Securities Trading Ltd. (Stock Broker and Securities Ltd.). Though these subsidiaries were formed, no asset was transferred to the ICB Asset Management Company. Besides, the parent ICB, which does not come under the regulatory framework of the SEC, continued to manage the existing mutual funds. Therefore, these funds can borrow unlimitedly without any quantitative restriction on their investments in a particular company, group or sector like the private funds. Also, in violation of the mutual fund rule, the ICB or the ICB Asset Management Ltd. does not publish net asset value or submit any report or pay any fees to the SEC. This, therefore, creates an unfair competition between public sector and private sector mutual funds. (Source: [http://www.saarclaw.org/expert\\_talk\\_detail.php?eid=1010](http://www.saarclaw.org/expert_talk_detail.php?eid=1010))

A total of 31 companies received merchant banking licences from the Securities and Exchange Commission. The registered merchant banks are: Janata Bank Limited, BRAC Bank Limited, City Bank Limited, Premier Bank Limited, Mutual Trust Bank Limited, Industrial Development Leasing Company of Bangladesh Ltd, Uttara Finance and Investment Limited, Banco Trans World (Bangladesh) Limited, Fidelity Assets and Securities Company Ltd., N D B Capital Ltd., Bay Leasing and Investment Limited, Alliance Financial Services Ltd., Business and Management Co. Ltd., Swadesh Investment Management Limited, Lanka Bangla Finance Limited, Grameen Capital Management Limited, South Asia Capital Ltd., Prime Finance & Investment Ltd., EC Securities Ltd., Mercantile Securities Limited, GSP Finance Company (Bangladesh) Ltd., Bangladesh Mutual Securities Ltd., BRAC EPL Investment Ltd, Prime Bank Limited, Arab Bangladesh Bank Ltd., ICB Capital Management Ltd., Export Import Bank of Bangladesh Ltd. (EXIM Bank), Union Capital Limited , AAA Consultants and Financial Advisers, Citigroup Global Markets Bangladesh Private Limited, Trust Bank Ltd, Southeast Bank Ltd, Standard Bank Ltd, Sonali Bank Limited and Agrani Bank Limited .(Source: <http://www.scribd.com/doc/35703548/Merchant-Banking>).

According to Islam (2011) the International Monetary Fund (IMF) has recommended amendment to the regulations relating to capital market investment by the banks to minimise risks. The banks should not be allowed to invest in the share market more than 25 per cent, in any form, of their total capital, according to the IMF suggestions. A bank is now allowed to invest in capital market an amount not in excess of 10 per cent of its total liabilities. The recommendations came against the backdrop of the collapse of the country's stock market after an unprecedented bull run. A probe body formed by the government submitted last week its report exposing some institutions and individuals allegedly involved in the stock market scam. The central bank has estimated that if any bank invests 10 per cent of its deposits and if the share price slides by 25 per cent from its purchase price, the bank's capital adequacy ratio will decline by a minimum of 2.0 per cent. Currently, the banks are allowed to invest 10 per cent of their liabilities (deposits) in the share market in line with the section 26 (2) of the Banking Companies Act 1991. Under the existing rules, holding of equity share in any form should not exceed the approved limit under section 26(2) of the Banking Company Act 1991. Additional/ unauthorized amount of holding will be deducted at 50 per cent for Tier-1, generally known as core capital and 50 per cent from Tier-2, generally known as supplementary capital. The IMF has also suggested for taking measures to reduce investment in the bank's own subsidiary companies - brokerage houses and merchant banks - to minimise their risk. Besides, the central bank has increased the rate of general provisioning requirement for unclassified loans extended against shares, the BB official said. The banks will have to maintain a 2.0 per cent general provision, instead of the previous rate of 1.0 per cent, for unclassified loans to brokerage houses, merchant banks, stock dealers and individuals against shares, they added.

Under Investment Board Act 1989, the board of investment (BOI) is the main private investment promotion and facilitation agency of Bangladesh.

The government on 26<sup>th</sup> January, 2011 formed the country's first Insurance Development and Regulatory Authority (IDRA), replacing the office of the Chief Controller of Insurance. The IDRA will function as per the insurance laws which enacted in the month of March 2010, with a vision to reorganize the inadequately – synchronized segment. The regulations permit merger and acquisition by now crowded service industry and cover the method for the entrance of additional foreign companies into the market. The regulations make available for stronger penalties and tough management of the segment with annual premium earn of over a billion dollar. According to <http://www.bdnews24.com/details.php?cid=2&id=154987> (3rd March, 2010) Lawmakers on Wednesday passed two bills designed to streamline and develop the insurance sector. The bills - Insurance Bill 2010 and Insurance Development and Regulatory Authority Bill 2010, will be helpful to better regulate the industry and protect customers' interests, policy makers claimed. The current Directorate of Insurance will cease to exist after the bills become laws. The laws would renew and update Insurance Ordinance 2008 and Insurance Regulatory Authority Ordinance 2008 of the past caretaker government.

The NGO Affairs Bureau (NGOAB) was established in 1990 through an administrative order of the government. Its functions include: Regulates the registration of foreign funded NGO and project proposal; Approves foreign funded NGO projects etc. The NGOS are formed as per societies registration act, 1860. They are governed by the ministry of social affairs. The board of directors of NGOS is being legally obliged to ensure the compliance of articles of incorporation, by laws and

internal rules and measures. 'Microcredit Regulatory Authority Act 2006, which is still playing ineffective role in supervising, monitoring of micro financing.

The state-owned sector in Bangladesh is also existing side by side private sector.

The non-financial enterprises owned by the GOB are administered through 38 corporations which include: Manufacturing; Utilities; Transport and communication; Trade and commerce; Agriculture and fisheries; Construction and real estate, and Other services.

The primary agency for oversight of SOES is the office of the Comptroller and Auditor General (CAG). It audits all statutory corporations and commercial enterprises in which the government owns 50% or more of the shares. CAG audit reports are passed on to the public accounts committee (PAC) of parliament. The PAC is responsible for taking action on the basis of the CAG audit reports.

In the context of Bangladesh, directors who would fit the definition of 'independent' in Bangladesh are often current or former government officials or bureaucrats or politically actively motivated person. They are appointed to help the company get licenses or as payback for previous favours. Very few independent directors are appointed for their expertise and the priority in appointing directors is usually their personal connections to company management or having connections that can be used for the company in the future. When boards need an independent opinion they rely on employing outside consultants or advisors. Therefore, in the context of Bangladesh, independent directors do not serve as an advocate for minority shareholders or as a source of new and different ideas. The act also does not provide for or recognize 'independent' directors, since a minimum number of shares is required to be held by any director other than the MD. In Bangladesh, the Government dominates the financial sector. However, accountability and transparency are lacking because of the lack of oversight by the Public Accounts Committee. If the parent body is not working, it is difficult to implement the rules and regulations.

The board of directors of a company is required to appoint auditors within one month of the registration of a company. Thereafter, auditors are appointed in general meeting. Only chartered accountants may be appointed as auditors. The auditors shall have access to all books and papers. The scope of inquiry of the auditors is elaborately spelt out in the act, as well as the nature of the certification the auditors must provide.

### **Present Situation**

According to World Bank(2007) in Bangladesh, institutional frameworks and current standards, with respect to public sector auditing requires -a new National Audit Act is needed; it should adopt international standards, include an adequate Offences Clause, and provide greater independence and authority to the Supreme Audit Institution and Comptroller Auditor General respectively. Accounting qualifications should be expected of all public sector financial auditors, and professional development is needed in technical and operational areas. And also current auditing standards: methodologies must be improved through adoption of a modern audit manual. Audits of state-owned enterprises currently have limited impact due to delayed issuance, outstanding audit objections, late preparation of independent accounts, and non-response; senior management should be consulted on audit findings. International standards for financial reports and statements should be adopted, and the processes for reporting on fraud and compliance must be improved. World Bank's recommendation is not applied for only public sector but it should also be applied for private organizations.



Lack of transparency, accountability and fairness creates real problem. Even some listed companies in Securities and Exchange Commission of the country doesn't regularly held annual general meeting. Accounting standard, norms and practices are still not international benchmark. The existing arrangement in Bangladesh does not make accessible adequate legal, institutional and economic inspiration for stakeholders to persuade and implement corporate governance custom. Role of Bangladesh Bank, Securities and Exchange commission regarding capital market scam may be quoted below(Source: Rashid,2011,Financial Express, Bangladesh):

#### Some Cases:

##### Case:1:

"..... Bangladesh Bank seems to be panicked with inflationary pressure and huge credit growth in the unproductive sectors, while money is mostly being diverted to real estate and capital market. Credit growth has risen to 27% vis-à-vis against below 20% about a year ago with inflation inching up beyond 8.00%. Therefore, though Bangladesh Bank is talking about an accommodative monetary policy, in reality through mopping up the surplus by increasing the CRR (Cash Reserve Ratio), it was rather following a contractionary policy. However, lately they are trying to sooth the market by releasing more money through repurchase agreement or REPO. They are having a tough time in differentiating between unproductive sector credit growth and normal credit growth. Though they are committed to protect the banking sector from the effects of any possible stock market crash, the overall susceptibility to the pressure from a popularly elected regime is not allowing them to be focused on execution.

There is a big question, whether Bangladesh Bank has performed its due role while the capital market needed their help. Analysts say, despite a huge increase in money supply, inflationary pressure on food and non-food items, was not high, since most of the surplus money went into capital market. However, when they started to mop up the surplus, the market felt the pinch big time, liquidity dried out and market index came down from 8900 to 6300, pushing many retail investors to the street and the government policy planners bewildered.

I was privy to a big debate -- whether Bangladesh Bank is responsible for ensuring real sector growth through monetary policy response or they should be much concerned about a temporary asset bubble or sudden burst in the capital market. Yes, there are 40 million plus bank account holders, numbers increasing with the opening of more farmers' accounts with the state owned banks to channel subsidy. Should the monetary watchdog then be too concerned to protect the interest of about 3.2 million beneficiary owners account (BO) holders in the stock brokerage houses, which is already heated up, warranting massive correction based on fundamentals? To keep the answer short and crispy- Bangladesh Bank is more responsible for real sector growth and at the same time, it needs to protect and help nourish country's banking sector. However, its actions so far warrant a 'soul searching'. While they came to know (though pretty late) that banks' exposure to the capital market went beyond the roof, they could have come up with a coordinated effort to gradually reduce the exposure to the optimum level. Instead, selling pressure by the large banks to adjust their position created a panic in the market, shaking the confidence. Bangladesh Bank somehow lent deaf ears to the Securities and Exchange Commission (SEC), on the latter's appeal for creating liquidity in the stock market. The right arm was not obviously talking to the left arm. The level of retail investors' engagement in the stock market -- too many people chasing too less stocks, unlike to the situation in any other similar countries -- may cause serious threat to the political or social security. Therefore any regulator, wanting to protect the regime, must lend helping hand in this regard. At least, do a 'deep dive' analysis and action in togetherness.

However, an USD 50 billion capital market with 445 listed securities and that too being quite shallow, not depicting the real fundamentals, can't do much to create an inclusive society in Bangladesh and make growth more equitably distributed. It is rather contributing further to create an asset bubble in the economy and, at the same time accelerating the process of income inequality and regional disparity to a significant extent. In a labour surplus economy, we need more employment at home and also at abroad with an increasing rise in investments, both domestic and foreign. Only real sector investment makes this worth."

Recently in the National Parliament treasury bench members accuses to the Finance Minister of the country for continuing the debacle situation of the capital market but yet to see what action Ministry of Finance will actually take. Only change of Chairman of SEC and members are not the solution of the problem.

Regarding the present situation of Share market debacle following news has been published in Daily Star, Bangladesh(May 24, 2011 under the title: Take action against stock market culprits Treasury bench MPs ask govt; Muhith says further probe into 14 cases underway reported by Staff Correspondent ):

#### **Case:2**

"A number of ruling alliance lawmakers yesterday(May 23,2011) in the parliament decried the delay in taking actions against "gamblers" who were identified by a probe body as key players involved in the recent share market crash.

They also criticised filing of a case against Khondkar Ibrahim Khaled who led the probe body that investigated the share market scams. Other treasury bench lawmakers supported the speeches by thumping on their desks.

In response, Finance Minister MA Muhith clarified the government's position on the issue. He also described the government's ongoing efforts to reform the stock market including recasting of the Securities and Exchange Commission.

The finance minister said 14 incidents of scam are being investigated further, and he thinks almost all of those will turn into criminal cases. "We may know the persons who were involved in the share market scams. But we need evidence to try them. Therefore, we started further investigation of 14 cases," Muhith said. Citing the cases filed against persons involved in the share market scam in 1996, he said the government wanted to revive those cases, but there were only allegations, no witness or evidence. "We don't want to face the same situation this time," the finance minister said. He also said the government did not take any decision to introduce tax identification numbers (TIN) for share market investors, neither did the government take any decision to impose tax on share market transactions. "But a vested quarter is propagating that the government is going to introduce TIN for share market investors and impose tax on share trade. This quarter benefits from spreading such rumors, and they made the market unstable in the last two days," Muhith said. He said the government is providing legal assistance to Ibrahim Khaled. "We are very much sorry that he is being harassed." Earlier, taking the floor on a point of order, ruling Awami League lawmaker Sheikh Fazlul Karim Selim raised the issue of the share market. AL lawmaker Suranjit Sengupta, Jatiya Party MP Mujib-ul Haq, and independent lawmaker

Fazlul Azim also participated in the unscheduled brief discussion on the stock market crash. Sheikh Selim, also ruling AL presidium member, blasted the finance minister for not taking actions against the "gamblers". "Everybody knows the persons and companies behind the stock market scams. But actions are not being taken against those who took away hundreds of crores of taka," Selim said. Amid support of treasury bench lawmakers, Sheikh Selim, also chief of a parliamentary body, said the "gamblers" involved in the stock market scams are speaking loudly on TV talk shows. He urged the finance minister to take stern actions against the persons behind the scams, even if those persons are involved in the ruling party. "The government's image can't be tarnished for only one or two people. The government should not shoulder their liabilities, even if they are party men," Selim said. He also criticised filing of the case against Khondkar Ibrahim Khaled. He criticised the home ministry's move to install close circuit cameras at share market areas to keep vigilance on investors. "They will protest since they got hurt by losing money," Selim said. He said the finance minister, the chairman of the parliamentary standing committee on finance ministry and the central bank governor are saying different things on the same issue, there is no consistency in their speeches. Taking the floor, AL lawmaker Suranjit Sengupta expressed astonishment about how a defamatory case could be filed against Ibrahim Khaled for the probe report. "All parliamentarians and the people of the country believe that Ibrahim Khaled is an honest man. But that man is not being protected. They are threatening him," Suranjit said. Jatiya Party lawmaker Mujib-ul Haq urged the government to send the matter to the Anti-Corruption Commission for taking actions. Independent lawmaker Fazlul Azim also decried filing of the case against Ibrahim Khaled, and said Khaled is one of the most honest men in the country's banking sector. "No honest man in future will be found to form any committee if Ibrahim Khaled is harassed this way," he said. He also decried filing of the case against Ibrahim Khaled, and said Khaled is one of the most honest men in the country's banking sector. "No honest man in future will be found to form any committee if Ibrahim Khaled is harassed this way," he said."

The controls of corporate governance exercises to begin depend on the driving forces of the organizational stakeholders, namely shareholders, investors – individual and institutional, employees, managers, customers, suppliers, financial press etc. Spirit of corporate governance practices in Bangladesh is yet to discover by these parties.

Judiciary is still cannot work as independent which will be clear from the news given below .

According to Chief Justice and Law Minister lock horns on dispensation of justice (Reported by: UNBconnect

May 14, 2011 19:39 PM Source: <http://www.unbconnect.com/component/news/task-show/id-47606>)

Case:3

"Dhaka, May 14 (UNB) - A debate between the Chief Justice and the Law Minister over quick dispensation of justice surfaced in presence of Prime Minister Sheikh Hasina after she laid the foundation of the Judges' Complex at Kakrail here Saturday. Chief Justice ABM Khairul Haque advised Law, Justice and Parliamentary Affairs Minister Barrister Shafique Ahmed to "take care of your own house" before making any adverse remarks on the judges and their functions. The Chief Justice said although the judiciary has become independent from the executive shackles, but how could it enjoy this independence, leaving the judges in the lurch. He termed the prevailing situation of the judiciary as asking someone to swim with hands and legs tied. The entire judiciary is functioning with inadequate staff and logistic support that results in increasing the number of pending cases, the CJ said. He said the number of judges should be doubled to address the pressing issue of huge backlog of cases. It is no use blaming the judges for inordinate delay in disposing the cases. Chief Justice ABM Khairul Haque, who

goes on retirement on May 17, said those who run the administration sitting in the comfort of air-conditioned rooms will not be able to realize the unending plight of the judges who sometimes hold hearing of cases by rotation in the same courtroom. Earlier, addressing the function, Law Minister Barrister Shafique Ahmed came down heavily on the judges especially for delay in disposing of cases. Indicating the judges, he said: "You don't do your work timely, nor do you keep track of what is going on." Barrister Shafique said the government will make rule against random adjournment of hearing on cases, as the legacy of adjournment culture on whims will increase sufferings of litigant public. He accused the judges of lax attitude in conducting regular inspection of subordinate courts. There have been allegations against a section of judges about inspection of lower courts, the Law Minister said, adding that sometime it so happens that a judge returns having lavish meals with costly gifts in the name of inspecting courts. Barrister Shafique, a technocrat minister, further alleged that often the judges do not sit in courts timely. Many judges wait for Thursday to come so that they could attend their personal businesses in the capital and return to their work places in the second half of Sunday. He urged the judges to sit in court on time and dispose of cases quickly, keeping in mind the sufferings of the justice-seekers."

Though Bangladesh has recently taken some steps to set up its corporate governance framework but it is still inadequate. There a number of important confront touching presumptuous. These comprise warrant functioning of current law-making alter, reinforcement the ability of the securities regulator, improving enforcement of regulatory compliance, setting the framework and standards for the securities market, promoting awareness and training of corporate directors on corporate governance, and encouraging better quality, timely, and accessible information.

Case:4 Stock market volatility could be reduced thru' transparency, accountability Dr Mashur observes at DCCI seminar(Source: Daily Sun,Bangladesh,29<sup>th</sup> May,2011

Prime Minister's Advisor to Economic Affairs Dr Mashur Rahman yesterday said the volatility in the stock market could be reduced is transparency and accountability in the market is assured. He said this at a seminar entitled "Capital Market Reforms in Bangladesh: Demand and Supply Side Constraints" at a city hotel on Saturday.

Asif Ibrahim, president of the Dhaka Chamber of Commerce and Industries (DCCI) presided the seminar organised by DCCI.

Dr Mashur Rahman suggested the bourses and the brokerage houses for make the investors aware about the risk in share business. Commenting on the recent market crash he said: "Lack of investor's knowledge and awareness on the market caused volatility in the market."

The ultimate result will not be good if the Bangladesh Bank increases money supply to the stock market, he added.

"The country's economic growth cannot be achieved if we do not use the stock market for long term investment," said the newly appointed SEC chairman M Khairul Hossain.

"If we do not formulate and amend laws on initial public offering (IPO), preferential shares and placement shares will create severe problems in brining more companies to the market which would

create mismatch between demand and the supply.

He also stressed on efforts to build investors' confidence in order to stabilise the market.

He, however, blamed the existing laws and lack on awareness for the recent volatility and unrest in the market. He vowed to make SEC accountable, transparent to restore the past glory of the regulatory body through proper implementation of regulations on the basis of morality.

"If the government wants to enhance gross domestic products (GDP) from the existing 6 percent to 9 percent, it has to take move to utilise the stock market," said Dhaka Stock Exchange president Shakil Rizvi. He also urged the government to provide tax incentives to attract investors in industrialisation. He requested the regulatory body to amend company act as it is not time befitting.

Meanwhile, Fakhor Uddin Ali Ahmed, president of Chittagong Stock Exchange emphasised the need for increasing the supply of stocks to meet the rising demand so that no vested group could manipulate again. Bourses leaders also requested the stakeholders at the policy level to be more cautious in making comments on the share market as it is very sensitive.

They also made a set of recommendations including amendment of regulations for the betterment of the stock market.

DCCI president said the programme was arranged to address the existing problems in the stock market through necessary reforms. Besides, recommendations on restructuring the regulatory framework could be formulated for ensuring a realistic, effective and stable capital market so that both supply side and demand side constraints could be addressed effectively, he added."

Case:5 ACC amendment bill to see changes in Bangladesh(Source:May 19,2011  
<http://www.bdnews24.com/details.php?id=196193&cid=2>)

The parliamentary watchdog on law ministry will bring some changes in the Anti-Corruption Commission (Amendment) Bill placed in parliament.

After revision in some of the 10 proposals, it will go back to parliament in its next session, committee chairman Suranjit Sengupta said on Thursday(May 19,2011).

The bill, tabled in parliament on Feb 28, makes it mandatory to seek prior permission to sue government officials and employees. Government permission will also be required for filing any case against judges and those engaged in judicial process.

The meeting also decided to finalise the bill after the Indian Central Bureau of Investigation and US's Federal bureau of Investigation scrutinise it, he added.

It will also seek opinion from finance minister A M A Muhith and Mohiuddin Khan Alamgir, the chief of the standing committee on public accounts. After the meeting, Suranjit told reporters that he was against any provision where the government permission would be mandatory if any public servant "commits any crimes for himself, rather than for the state". "The state cannot be made guilty for someone's personal interest," he added. Reacting to the proposed amendments, executive director of Transparency International, Bangladesh (TIB) Iftekharuzzaman had said on January 29 that these

amendments to the ACC act would strip the organisation of its neutral and independent authority "The proposed amendments say about permission from the government prior to filing cases against public servants. The new law will take the ACC to its previous version, which was then known as the Bureau of Anti-corruption. It'll lose the ability to work freely. It'll also not be possible to continue its job with neutrality," Iftekaruzzaman said.

The proposed bill also embodies a provision for imprisonment up to five years in case of any false accusation.

The bill was later sent to the law ministry for vetting. The ministry was also asked to return to parliament within two weeks.

According to the draft bill, the commission can seek help from government officials or officials of autonomous organisations for conducting investigations, if necessary.

It also includes a 120-day timeline to complete any investigation. If any investigator fails to complete the investigation within the timeline, he or she will be transferred, the proposed bill says.

The cabinet on January 24 endorsed the act."

Case: 6 "Rana Plaza will remind us how a nation united at a crucial time to help humanity "(Source: Inam Ahmed, <http://www.thedailystar.net/rana-plaza> accessed on 08 May,2014)

"IT will remain with us for ages to come and fester like some mysterious disease to remind us of our shameful lust, greed, nonchalance and brutality with which we treated our key export earners.

Those of us who have covered the tragedy of Rana Plaza a year ago, will never forget the screams of the workers stuck inside that hunk of a collapsed building. The images are so raw and vivid -- the concrete slabs impaling the heart of the nation; the crumpled bodies hanging high on the ground and being ignored by the helpless rescuers who cannot reach there; the corpses piling on the ground -- one particular corpse looking grotesquely bloated because it has simply been squeezed to a two-foot meat chunk; the helplessness of the fathers, mothers, sisters and brothers all running towards the collapsed building with pictures of their loved ones in hand; the long nights filled with terrible cry for help coming from the bottom of a hell.

But Rana Plaza will remain with us for many other reasons too. It will remind us how a nation united at a crucial time to help humanity. There are snapshots that will keep on making us proud -- the hospitals, Enam Hospital in particular, and the doctors scrambling to save every broken soul carted in, the thousands of volunteers -- simple students, workers, rickshawpullers -- who actually defied death to reach every nook and corner of the concrete jungle even before the trained rescuers could go and dragged out the trapped ones; the pharmaceutical companies rushing medicines to the hospital free of cost; the big infrastructure companies mobilising their cranes and equipment which otherwise were not available with the fire department to pull apart the slabs; the army officers and jawans working night and day with their equipment. The scenes are so many and one cannot chart them all in one writing.

Rana Plaza will also stick to our memory because of the valiance and desperation the trapped workers showed. The men and women, their hands and legs buried under huge slabs and pillars asking rescuers to piece themselves out and they were. Those who performed the job of severing their limbs were no trained persons and yet they held their nerves.

Rana Plaza will remain us with us because it was the single incident that really shook up the world's worst sweat industry. Reforms were carried out following it though not fully to our satisfaction, inspection system was put in place, the heartless attitude of the owners were softened though not to the extent that could make us happy, and in general safety stands were improved.

Those more than 1,100 souls lost under the rubble of Rana Plaza have actually jolted the rest 16 crore people from a sleep. This is also why Rana Plaza will remain with us forever.”

#### **Some Observations:**

Most of the Bangladeshi companies have concentrated ownership structure with family orientation. The board of directors, dominated by sponsor share holders often from the same family, control decision making process and annual general meetings (AGMs) are mostly ineffective. The board is often enthusiastically involved in management and role of the Chief Executive Officer (CEO) is marginal. Independent directors- when there is any- can seldom act independently or play his role as an effective advocate for minority share holders or as a useful deterrent to irregular practices. Share holder activism is still a far cry. Lack of auditor independence frequently gets in the way of transparent financial disclosures. In many of the companies, there is practically no accountability structure of the management to the board or share holders. In absence of any structured government mechanism, there is no central authority to enforce even minimum practice of corporate governance.

Anti corruption rule is being tried to change to safe guard bureaucrats as well as to make the anti corruption commission ineffective.

<http://www.estandardsforum.org/bangladesh/standards/international-standards-on-auditing> informed that according to a 2009 Institute of Chartered Accountants of Bangladesh (ICAB) Action Plan prepared as a part of the International Federation of Accountants' Member Body Compliance Program, Bangladesh adopted an official position on convergence to International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) back in 1998. In the subsequent years, Bangladesh aligned its agenda with that of the IAASB and based Bangladesh Standards on Auditing (BSAs) on ISAs. However, a 2003 World Bank assessment pointed out that although the BSAs were based on ISAs, the national standards had not been updated in line with the international standards. Furthermore, the World Bank noted that Bangladesh suffered from "institutional weaknesses in regulation, compliance, and enforcement of standards and rules." The assessment therefore recommended improving the accounting and auditing framework by adopting ISAs without any modifications and setting up an independent oversight body to enforce international standards and codes. As part of its efforts towards maintaining international harmonization, the 2009 ICAB Action Plan states that in December 2008, the ICAB converged local standards with the new and updated Handbook of Standards on Auditing, Assurance and Ethics pronouncements Volume 1 issued by the IAASB. Furthermore, in November 2008, the ICAB adopted its own clarity project to redraft national standards in line with the clarified ISAs. The ICAB expects completion of its clarity project by December 2009. The ICAB is also updating its educational courses and training programs to assist with the implementation of the new and revised standards.

Lack of corporate governance and corporate social responsibility creates the situation of Rana Plaza.

## **Discussions:**

To improve the present situation of different types of organizations demand for corporate governance in Bangladesh has been raising. It requires with the view to ensure long-term financial returns to all shareholders; to arrange disclosure of information accurately; to provide ownership structure disclosure; to appoint accountable and qualified board of directors; to consistent corporate remuneration packages as per guideline of IFRS2 which will BFRS-2; to ensure all applicable laws of the jurist; to arrange regular meeting, symposiums and conferences, round table discussions with the government, civil society, transparency international Bangladesh, law makers and Judges. Recent debacle of Hallmark, Rana Plaza tragedy and Tajrin Fashion tragedy etc. are related to non compliance of corporate governance and lack of unethical business practices. There must be ensuring of good governance in Bangladesh in all organizations for which Govt. As well as private sector should work simultaneously.

Sarbanes-Oxley act or similar type of act is not being applied in Bangladesh. There is neither any assessment of decision nor any penalty for non practicing corporate governance.

In order to ensure compliance to corporate governance, some code of conduct has been developed. But it is still in infant stages. Several ratings scales have taken previously but provisions are not sufficient enough for different types of organizations starting from small ownership firm to listed companies as well as joint venture and NGOs. As such stakeholders have to suffer much in the country.

Legal aspects of corporate governance have not yet been fulfilled in Bangladesh. Dream for good corporate governance in Bangladesh is still yet to be achieved. Most interesting thing is that different times different laws which is yet to be fully covered for the organizations have been declared in Bangladesh but they do not comply those rules. In general there are misconception about the corporate governance for which self-ownership firms and small and medium business entities do not comply with the basic fundamental codes of corporate governance.

During the capital market scam, the role of Bangladesh bank as well as securities and exchange commission of Bangladesh is dubious. Corruption is a normal phenomenon in Bangladesh. Though Govt. set up probe committee but did not actually take any action. As such the ruling party parliament members but pressure in the national assembly but with no effect.

Moreover, when the price of share market is rising upward trend like bullish trend then the role of media especially a TV Channel i.e. ETV - Business program especially for share market suggested and encouraged through different news, news analysis, and also spot reactions created phobia to invest in the share market. Similarly when the share price is falling the same TV channel through different news, news analysis, and also spot reactions created phobia and panic among the small investors to sell the securities. Thorough investigation against this electronic media is being needed. Information symmetry is being needed but it should not be used as an weapon for misleading information and create confusion among the investors. Role of media should be investigative nature, credible and quality report with more objective nature so that no one can misuse

Good corporate governance practices should be designed for considering the country's present situation: Companies act of Bangladesh should be updated; Securities and exchange commission of Bangladesh should be restructured; Microcredit regulatory agencies should be worked under a new committed which will oversee both micro credit and the business structure of them if any; Annual general meeting of the listed companies should be regularly held; In addition flexible special meetings on requirement basis as well as additional regular meetings are being required; clearly define positions and titles of directors and their delegation of authority as well as responsibility is being required; Management executive meetings should be regularly held and agency problem should be



avoided. Professionalism among the personnel should be developed in Bangladesh. A corporate advisory committee for sole ownership organisations and small and medium enterprises are being required for betterment of transparency and fulfillment of objectives and goals. Accounting and Auditing system should be improved. Accurate, fair, proper and disclosure of information in time considering corporate activities i.e. management policies, objectives, financial condition and business strategies to all stakeholders are required. Management of the personnel of the company with strong ethics and developing professionalism regarding business conduct guidelines are also important. Independence of Judiciary is important. Bangladesh Bank, Securities and Exchange commission should work independently.

Rules, regulations, act and law related to the business firms, industries and group of companies should be utilised for betterment of the society and to meet a congenial atmosphere. Steps may be taken as per thirty recommendations depicted in e-standard forum – financial standard foundations [http://www.estandardsforum.org/bangladesh/standards/objectives-and-principles-of-securities-regulation\(2009\)](http://www.estandardsforum.org/bangladesh/standards/objectives-and-principles-of-securities-regulation(2009)). Still the capital market scam of Bangladesh is going on. Foreign Exchange management of the country is at a stake and commercial banks are doing super normal profits. And setting higher lending deposit rates. Similarly NGOs are charging higher interest rate. Formal sector of the country has to develop properly. Poverty reduction is not working on rather conglomeration of the wealth at the hands of the few is going on. Disparity between haves and have not are raising day by day.

Social welfare should be the main criterion to establish corporate governance as it emphasizes on efficiency and distribution in the society. Distortion of the market creates problem for the society and corporate governance can not function there. The understandable basis is that social welfare aggressively provides assistance to economic development of a country as well as macro economic stabilisation which provides as important input devices.

In different public scheduled banks and also independent directors of most of the private scheduled banks were appointed on the basis of political, relative or linkage relationship among the relatives. They are effortless and can not continue tangible results achieving any substantial impact on the respective banking policy frameworks rather creates obnoxious decision and even some times put emphasis on the work which is not within the preview of their jurisdiction. These create problems and a “Mafia” or “Lumpen” groups’ works in convenience with political, business magnet, entrepreneurs, bureaucrat, law and order agencies, Income tax and customs authorities etc.

Revise regulator tool and framework as well as proper implementation of the code of conduct of corporate governance as per requirement of the country should be formulated and implemented. In such situation strategic leadership is very much needed in each business organizations so that actively work for implementing the corporate governance. Regular meetings and appropriate steps should be taken to implement the corporate governance. Directors should do their duty with *ut mos care*. Fiduciary accounting procedure will be stopped and there must not be window dressing. Law should be applied in equal rights. Justice should be done irrespective of the person, cast, race, gender. Discrimination should be stopped.

Monetary, fiscal and exchange rate policy should be worked out. Bangladesh bank should work with due diligence. Value chain can be added value through arranging primary and supportive activities. Inbound and outbound logistic should be worked out. This will lead to productivity, enhancing profitability, long run sustainability and creating distinct competencies. Ultimately this may help to raise increase of gross domestic products and fulfillment of basic needs. As a result macro economic condition of the country can be developed as aggregate demand and aggregate supply position will improve and betterment of the

economic situation will lead to remove disparity through rising of the purchasing power and creation of employment opportunity will provide permanent income level .

Though Bangladesh is currently being considered as least developed countries but if democracy prevails without any hinderances and continue for next ten years than it can become not only middle income country by 2021 but also become upper grade. It has enormous potentialities.

### **Recommendations**

1. Restructuring of SEC is being required. Capital market scam which is still going on should be stopped through appropriate measures and if corporate governance can be properly established than it is feasible.
2. Bangladesh Bank should function properly. They are working as a rubber stamp of the Govt. Steps should be taken against Bangladesh Bank as there misleading decision for capital market scam of 2010-11 in Bangladesh. They should appoint independent directors in different banks on the basis of the efficiency but not on the basis of the political biasedness. Independent directors should act properly. They should not interfere in the day to day work. Bangladesh bank ought effort on hopeful and training banks and non-bank financial institutions to incorporate better governance practices. They should be more vigilant and can not ignore their responsibility. Banks and non-banking financial institutions must be buoyant to offer credit facilities and preferential treatment to those companies who are plasticising corporate governance.
3. Investment banks should act properly so that it can be helpful for the economy. Restructuring of ICB is being required so that they can act as an adviser to the small investors. Moreover, advisory firms or private investment banks and also brokerage houses can open separate wing so that they could be properly developed to provide advices to invest in share market to the small investors in lieu of small charges.
4. Accounting procedure of the organisations should be followed as per International accounting standard board. International financial reporting system should be fully adopted in Bangladesh by Securities and Exchange Commission and Institute of Chartered Accountants of Bangladesh. Standard of the accounting procedure of Bangladesh should be properly done. Auditing standard of the country should be fair and without prejudice.
5. RJSC, NGO bureau should be more cautious to develop and implement corporate governance. Separate regulatory bodies are required for Grammen Bank and their sister concerns as well as other big NGO who does not limit their activities on micro credit but also other business activities .Similarly BRAC, Proshika ,Asha etc. those who have sister concern should be treated like Grameen Bank. As such under Micro credit regulatory body's structure may be changed and they can be enacted separate role. They should be more vigilant.
6. Coordination among the initiatives of govt., regulatory bodies, and institutions to effort for encourage corporate governance should be done in the right way. Without implementation of the corporate governance rules and regulations, there will be non-meaningful to prepare code of conduct for exercising corporate governance.
7. More consciousness programs should be starting to set up the requirements of the corporate governance. Even private ownership companies as well as small and medium enterprises should come forward to establish corporate governance.Establishing the sufficient corporate governance

scheme is the essential situation to allow the sustainable expansion of firms and Bangladesh economy. Innovative and appropriate corporate governance is needed in Bangladesh.

8. Each organization should develop their own Code of Corporate Governance. This code of corporate governance should be followed thoroughly. As such organization can appoint a specific person to implement corporate governance who will work as a strategic leader. Ownership problem and control should not be a barrier to develop an organization.
9. Interaction of legal experts with policy makers, retired Judges, lawyers, politicians, financial analyst, economist, member of civil societies business intellects to sketch a strategic guideline to create a favourable legal environment and facilities for overall businesses processes of the country.
10. Govt. should create platform for specialist to work on development of the capital market in Bangladesh. Anomalies should be avoided and law should go in due course and due diligence should be implied. Corrupt personnel should not be appointed in the regulatory bodies.
11. Extensive training should be arranged for all sectors to make all public data easily available and accessible by all stakeholders. Each organization should take initiatives to collect record and make data availability easy and accessible so that dissemination of information can be feasible.
12. Policy makers should also take initiatives to encourage domestic companies to enlist on stock exchange outside the country. And local companies which are not yet enlisted in the stock exchange of the country they should be encouraged to do so. Regarding Govt. share of different nationalized and public companies should be come into the share market. Bureaucratic mannerism should be avoided and red-tapism should be stopped.
13. The country needs transparency in the management of the market efficiently and effectively. Market distortion should be avoided and morality, integrity, values and ethical judgement of each organization should be implied.
14. Separation of the judiciary from the administrative sector should be effectively done so that people can easily capable to get the justice. As such proper logistic support should be provided to the Judges.
15. Macroeconomic environment of the country should be considered so that demographic, social and political situation can work as a complementary to ensure legality of the country. As a whole when corporate governance can be established in all sorts of organizations definitely it will have positive impact. As such Govt., policy makers, members of the Parliament, Judges, bureaucrats, entrepreneur, business magnets, academicians, journalists along with the members of the civil society should move forward to establish corporate governance in the country.
16. Corporate governance law and regulations should be properly implemented. Already we are passing through second decade of Twenty-first century. It will enhance productivity of the organizations and fulfilment of international benchmarking though measuring right yardstick. Audit committee should work independently. Directors should discharge their duties with due diligences. Institutional investors of the country should work properly and they should refrain from market manipulation and insider trading.

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# **An Overview on Fake Indian Currency Notes**

**GEETHA RAJAN.N, ASSISTANT PROFESSOR,  
ABEDA INAMDAR SENIOR COLLEGE**

## **Introduction:**

Fake Indian Currency Note (FICN) is a term used by officials and media to refer fake currency notes circulated in the Indian economy. We all know the importance of money in life. Without money life is miserable. But Indian market is flooded with Fake notes. Even ATM machine dispenses fake notes. It is very important for all of us to identify the fake notes. It is our duty to check the note which we are receiving is a real or not. Exchanging the fake note is a crime. This affects the economy of our country and its development. Even though there are deep studies on fake notes adopting the traditional methods like visual, microscopic and instrumental studies, the introduction of Hi-tech print has made it difficult to distinguish between the counterfeit and original notes.

## **Objective of the Study**

- To study the nature and Sources of FICN.
- To study the Challenges faced by Indian Government.
- To understand the measures taken by the RBI to encounter this issue.

## **Research Methodology**

This study is based on Secondary Data. Various Data has been collected from Training Staff College RBI Chennai, Websites and periodicals etc.

## **Scope of the Study**

- This study is limited to only Indian currency.
- It creates an awareness of fake notes.

## **Review of literature**

**Indian notes have two sides, the side which has face of Mahatma Gandhi is called as Obverse & the other side is called as Reverse.**

From RBI Bank Currency The Reserve Bank has the sole authority to issue bank notes in India. Reserve Bank, like other central banks the world over, changes the design of banknotes from time to time. The



Reserve Bank has introduced banknotes in the Mahatma Gandhi Series since 1996 and has so far issued notes in the denominations of Rs.5, Rs.10, Rs.20, Rs.50, Rs.100, Rs.500 and Rs.1000 in this series. These notes contain distinct easily recognizable security features to facilitate the detection of genuine notes vis-à-vis forgeries. Indian currency note have some characteristics features and a note which does not possess these characteristics is a **counterfeit note or fake note**

The bank notes in circulation have grown significantly over the years and as well as incidence of counterfeit notes has increased too, more so in the recent times. Although the number of counterfeit notes detected in the system would seem insignificant in comparison to the huge volume of the bank notes in circulation, the counterfeiting menace is by no means less daunting. Counterfeit notes pose a huge challenge to the Reserve Bank of India, which has the responsibility to ensure the integrity of bank notes while putting in place infallible distribution channels and custodial arrangements. Towards this end, the Reserve Bank has been constantly taking steps to prevent counterfeiting of the banknotes by introducing new / improved security features periodically, besides taking various measures for arresting circulation of counterfeit notes.

However, counterfeit notes, usually in small numbers, manage to find their way into the banking system time and again. There are also isolated incidents of detection of counterfeit notes in significant numbers pointing to the vulnerabilities in the system. One such incident came to light in July 2008, when the Special Task Force of Uttar Pradesh Police seized a large number of forged notes in Rs.500 and Rs.1000 denomination from a person arrested in Siddharthnagar, UP. On interrogation by the Police, the person revealed that a cashier from the currency chest branch of a nationalized bank at Dumariaganj was involved in the fake note racket. Immediately upon receipt of this information from the UP Police, a team of officers from RBI and the bank concerned carried out a special scrutiny of the cash balances held at the said Currency Chest and detected more than 75,000 pieces of counterfeit notes to the tune of Rs.4.02 crore, many of which were in the denomination of Rs.500 and Rs.1000. The scrutiny also revealed shortage of around Rs.70 lakh in the chest balances. The cashier concerned was arrested by the State Police, who are investigating the matter.

There are two general motives behind the creation of fake money. The first is personal profit. Some people will print their own money and attempt to use it at stores, and will effectively get that merchandise for free. Some sophisticated counterfeiters have created networks in which they sell fake money to other people, and those other people will spend it. For example, the counterfeiter will sell a fake \$100 bill to a person for \$50 of real money. That purchaser will then spend the fake \$100 bill. Doing this allows the counterfeiter to create and use much more fake money, and helps to prevent them from being caught for a short time. The most sophisticated counterfeiters in US history have used national gangs to sell and distribute their fake money. The second motive is to destroy a nation's currency. During World War 2, Germany created a special operation to counterfeit the British currency. If this operation was successful, it would have caused inflation within the British economy and greatly disrupted the operations of many companies, as the companies would not be able to tell which money was real and which was worthless.

The main motive behind printing of the fake notes is to destabilize the Indian economy. It's a major issue for the Indian government, which aims to make the counterfeiting of Indian currency a terrorist offense under the Unlawful Activities Prevention Act.

India suspects that there is a rogue supplier giving material to our neighboring countries where the same is used for printing fake Indian currency. India also suspects certain suppliers of having leaked Indian currency security marks and distinguishing features to agencies to these countries for effective replication, resulting in high-quality FICN being printed.

Based on features of high-quality FICN seizures in India, since 2005, India has identified parameters of the paper, optically Variable Ink and color shift security thread used to print the fake notes.

#### Counterfeit Notes in circulation

Year	FICN detected (Number of pieces)	Value (In Rupees)	Notes in Circulation (NIC) (Million pieces)	FICN as % to NIC	No. of FICN per million NIC
2000-01	102687	3,28,59,860	35,704	0.000288	3
2001-02	124515	3,37,78,270	38,338	0.000325	3
2002-03	211754	3,51,74,760	37,309	0.000568	6
2003-04	205226	2,76,12,540	38,336	0.000535	5
2004-05	181928	2,43,79,460	36,984	0.000492	5
2005-06	123917	1,76,75,150	37,851	0.000327	3
2006-07	104743	2,31,90,300	39,831	0.000263	3
2007-08	195811	5,49,91,180	44,225	0.000443	4
2008-09	398111	15,57,05,000	48,963	0.000813	8

#### Role of government in encountering FICN

The steps taken by the Government to curb circulation of Fake Indian Currency Notes (FICN) in the country include stepping up of vigilance by the Border Security Force and Custom authorities to prevent smuggling of fake notes; dissemination of information on security features through print and electronic media and formation of Forged Note Vigilance Cells in all the Head Offices of the banks. Additional security features have also been incorporated in the bank notes in 2005 to make counterfeiting very difficult. To strengthen the security of bank notes further, incorporation of latest security features is underway. A high Level Committee headed by the Union Home Secretary comprising officials from central agencies and other senior police officials has been constituted to monitor and draw a comprehensive strategy to combat FICN. Similar bodies have also been set up in the States. In addition,

Government of India has nominated the Central Bureau of Investigation as the Nodal Agency to monitor investigation of fake currency note cases. The RBI has also strengthened the mechanism for detection of counterfeit notes by the Banks.

### **Steps taken by the Reserve Bank to curb currency counterfeiting**

To check the menace of counterfeiting of banknotes, the Reserve Bank initiated several measures. These measures include augmenting security features on the bank notes so as to render counterfeiting difficult and expensive and running education campaigns for members of public and cash handlers so as to facilitate detection of counterfeits. Some of the steps taken in this regard are as follows:

- All Currency chest branches of banks (and certain identified non-chest branches which are close to international borders or have heavy cash transactions) have been equipped with Note Sorting Machines to detect and curb the circulation of counterfeit notes.
- The Reserve Bank has been coordinating with the investigating agencies as well as State police authorities for information sharing. State Level Committees headed by Director General of Police involving all agencies concerned have been formed to deal with the issue of counterfeiting.
- Forged Note Vigilance Cells have been formed at all the banks to focus on counterfeiting.
- As a part of the ongoing endeavor to stay ahead of the counterfeiters, new security features/ new designs in the banknotes in all denominations were introduced in 2005-06, incorporating improved anti-counterfeiting design and security features.
- Instructions issued to banks to disburse only sorted and genuine notes through their counters /ATMs.
- The Reserve Bank regularly conducts training programs for employees of banks and other organizations handling bulk quantities of cash like Railways etc. as well as police authorities.
- As a part of the public awareness campaign, the Reserve Bank has placed on its web site extensive information on security features of Indian bank notes. Posters on "Know Your Banknotes" are also displayed at bank branches.
- A film on 'Know Your Banknotes' prepared by Films Division has been released in theatrical circuit and is also been exhibited at prominent places.

### **Role of Indian citizen to counter FICN**

No law exists for preventing the interest of counterfeit note holder's interest because evidence is not available. People can take various precautions to prevent risk from losing their money and caught with fake notes.

First of all, check whether your bank is following the guidelines issued by RBI or not. ATMs should be equipped with proper authentication machines. If it's not there, ask the bank about existing mechanism to detect fake currency. Avoid withdrawing money without proper authentication. While accepting notes from anywhere, check the authenticity by verifying the symbols that is printed on currency notes such as the portrait of Mahatma Gandhi, clauses and signature of governor, seal, etc. RBI releases such verification symbols on their website and media from time to time.

Before leaving from the ATM, show the fake currency facing towards the camera, which available in every ATM room. Though this is not a bank approved step but it can help you to prove the about your genuineness.

Once you receive notes and you find them fake, don't hesitate to file a complaint and get into legal procedure. Return the note back to bank, and they will remove it from the system. File an FIR and give your possible evidence of receiving money from the specific ATM.

If you got fake note from ATM during an odd time, say in the night then lodge your grievance in the complaint register available with the guard. Don't forget to mention the fake note number while writing the complaint. It would be even better if you can manage to take the sign of guard on the complaint to prove your stand. Even after doing all this, you need to prove everything to the bank officials to replace the counterfeit money.

#### **Security features of Indian bank notes:**

## FEATURES OF GENUINE NOTE

REGISTER



WATER MARK



SECURITY THREAD



MICRO LETTERS



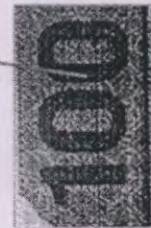
NUMBER PANEL

3SP 42038 J

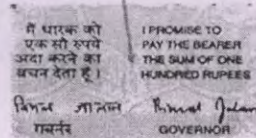
I.D.MARK



LATENT IMAGE



INTAGLIO PRINTING



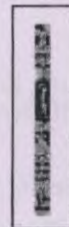
### Watermark



The Mahatma Gandhi Series of banknotes contain the Mahatma Gandhi watermark with a light and shade effect and multi-directional lines in the watermark window.

### Security Thread

Rs.1000 notes introduced in October 2000 contain a readable, windowed security thread alternately visible on the obverse with the inscriptions 'Bharat' (in Hindi), '1000' and 'RBI', but totally embedded on the reverse. The Rs.500 and Rs.100 notes have a security thread with similar visible features and inscription 'Bharat' (in Hindi), and 'RBI'. When held against the light, the security thread on Rs.1000, Rs.500 and Rs.100 can be seen as one continuous line. The Rs.5, Rs.10, Rs.20 and Rs.50 notes contain a readable, fully embedded windowed security thread with the inscription 'Bharat' (in Hindi), and 'RBI'. The security thread appears to the left of the Mahatma's portrait. Notes issued prior to the introduction of the Mahatma Gandhi Series have a plain, non-readable fully embedded security thread.

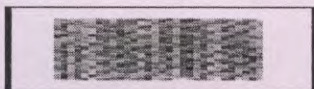


### **LatentImage**



On the obverse side of Rs.1000, Rs.500, Rs.100, Rs.50 and Rs.20 notes, a vertical band on the right side of the Mahatma Gandhi's portrait contains a latent image showing the respective denominational value in numeral. The latent image is visible only when the note is held horizontally at eye level.

### **Microlettering**



This feature appears between the vertical band and Mahatma Gandhi portrait. It contains the word 'RBI' in Rs.5 and Rs.10. The notes of Rs.20 and above also contain the denominational value of the notes in microletters. This feature can be seen better under a magnifying glass.

### **Intaglio Printing**

The portrait of Mahatma Gandhi, the Reserve Bank seal, guarantee and promise clause, Ashoka Pillar Emblem on the left, RBI Governor's signature are printed in intaglio i.e. in raised prints, which can be felt by touch, in Rs.20, Rs.50, Rs.100, Rs.500 and Rs.1000 notes.

### **Number Panel**

Number panels of the bank notes are printed in fluorescent ink. The space between the numbers is evenly distributed. A special, unique and distinct font is used. The same font is printed for all the denominations i.e Re.1 to Rs.1000. These numbers will glow under U.V. lamp.



### **Identification Mark**

A special feature in intaglio has been introduced on the left of the watermark window on all notes except Rs.10/- note. This feature is in different shapes for various denominations (Rs. 20-Vertical Rectangle, Rs.50-Square, Rs.100-Triangle, Rs.500-Circle, Rs.1000-Diamond) and helps the visually impaired to identify the denomination.

### **Fluorescence**

Number panels of the notes are printed in fluorescent ink. The notes also have optical fibres. Both can be seen when the notes are exposed to ultra-violet lamp.

### **Optically Variable Ink**

This is a new security feature incorporated in the Rs.1000 and Rs.500 notes with revised colour scheme introduced in November 2000. The numeral 1000 and 500 on the obverse of Rs.1000 and Rs.500 notes respectively is printed in optically variable ink viz., a colour-shifting ink. The colour of the numeral 1000/500 appears green when the note is held flat but would change to blue when the note is held at an angle.



### **See through Register**

The small floral design printed both on the front (hollow) and back (filled up) of the note in the middle of the vertical band next to the Watermark has an accurate back to back registration. The design will appear as one floral design when seen against the light.

## **Difference between Genuine note and Forged note**

### **Paper quality**

Banknote is printed on a special watermarked paper with substrate cotton and cotton rag. This gives the note a unique "feel" and crackling sound.

Forged notes are generally printed on two pieces of good quality ordinary paper. One can feel the thickness when the note is handled.

### **Number Panel**

Number panels of the bank notes are printed in fluorescent ink. The space between the numbers is evenly distributed. A special, unique and distinct font is used. The same font is printed for all the denominations i.e Re.1 to Rs.1000. These numbers will glow under U.V. lamp.

The numbers on the Forged Note (printed) are mostly small in size. The space between the numbers is not identical. The numbers will not glow under U.V. lamp.

### **Watermark**

Watermark is prepared at the stage of manufacturing the paper. The new banknote contains the portrait of Mahatma Gandhi with a light and shade effect and multi-directional anti-scan lines. When the note is held against light Gandhiji's image is clear in all respects.

Mahatma Gandhi's image is prepared and printed to imitate the original but the image is not clear as it appears in the genuine note. It looks like a hand drawn cartoon picture. One can easily find the difference when the note is held against light.

**GENUINE**



**FORGED**



**Security Thread** Security thread is partially exposed and partially embedded. When held against light, this thread can be seen as one continuous line. This thread contains the words 'Bharat' in Hindi and 'RBI' appearing alternately. Rs.1000 banknote contains the inscription 'Bharat' in Hindi, '1000' and 'RBI'.

In the new series notes colour of the thread shall shift from green to blue when viewed from different angles. It will fluoresce in yellow on the reverse and the text will fluoresce on the obverse under UV light.

Silver color paint is pasted on the forged notes to imitate the security thread. When the note is held against light the thread cannot be seen as a continuous line. In the latest forged notes a material imitating the Security Thread is pasted and a black line is drawn to appear as if there is continuity. One can differentiate this feature by a close look at the note.

A green material is pasted on the forged (XEROX) note to imitate the security thread. The colour shift from green to blue is not available in the forged notes

### **Latent Image**



The latent image showing the denominational value of 20/50/100/500/1000 on the vertical band is visible and clear when the banknote is held horizontally at eye level.

The latent image is not available in most of the forged notes. In some of the Fake notes an attempt is made to imitate this feature. Though it seems to be available, it is not clear like a genuine note.

### **Optically variable ink in Rs.500 and Rs.1000**

The colour of the numeral 500 and 1000 printed at the centre appears GREEN when the bank note is held flat but would change to BLUE when the bank note is held at an angle.

The colour shift of the numeral 500 and 1000 from GREEN to BLUE is not available in FORGED NOTES. This feature is also important to confirm the Forgery.

### **Conclusion**

It is advisable to count the notes always looking at the front side of the notes. While handling / counting bank notes always make it a practice to look at the NUMBER PANEL. The practice of counting the notes by looking at the Number Panel, font size, thickness and shape of the numbers will automatically register in our memory. It is a simple practice like observing any change in the activities of our dear ones whom we meet every day. I.e. our children, dearest friends, etc. This practice will definitely help you to suspect a forged/fake note immediately at the sight of the note. The numbers on the Forged Notes (printed) are mostly small in size. Once you suspect a note you can easily confirm it to be a forged by verifying the Watermark and other security features of the note. This is the least but most what a common man can do on this issue.

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# SERVICE QUALITY AND CUSTOMER BEHAVIOUR MODELS

Dr.P.N.Harikumar, Associate Professor, Post-graduate Department of Commerce,  
Catholicate college, Pathanamthitta, Kerala

Mathew George, Lecturer, Post-graduate Department of Commerce, Catholicate college,  
Pathanamthitta, Kerala

## INTRODUCTION

A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical output. The importance of service sector is growing day by day. Service Industries are present in all sectors. The Government sector has courts employment services, hospitals, loan agencies military services, police and fire departments, post offices regulatory agencies and schools. Services in the private nonprofit sector include museums, charities, churches, colleges, foundations and hospitals. A good part of the business sector with its airlines, banks, hotels, insurance firms, law firms, consulting firms medical practices and real estate firms is in the service business. The traditional services that once dominated the service sector – lodging, foodservice, and housecleaning have been increasingly supplemented by super speciality hospitals, modern banking, insurance, computing, communication, and other business services

### Distinctive Characteristics of services

- i) Intangibility: - Unlike physical products, services cannot be seen, tasted, felt, heard or smelled before they are bought. To reduce uncertainty, buyers will look for signs or evidence of the service quality, drawing inference from the place, people, equipment, communication material, symbols and prices they see. The service providers task is to “manage the evidence”, to tangibilize the intangible.
- ii) Inseparability:- Services are usually produced and consumed simultaneously. Physical products usually undergo a cyclical process viz work in progress, finished goods, goods for resale etc.
- iii) Variability:- The quality of services is subject to a high degree of variability. The quality of services depends on various factors like who provides the services, when and where they are provided, and to whom it is provided
- iv) Perishability:- Services cannot be stored for a future date. So their perishability will be a problem when their demand fluctuates.

### Quality of Services

Quality of goods and services is accepted as an important factor that determines the demand of goods and services. Competitive advantage of firms also depends on the quality of its outputs. Service quality has been revealed as a key factor in search for sustainable competitive advantage, differentiation and excellence in the service sector. Besides, it has been recognized as highly important for satisfying and retaining customers

The term quality in the service sector seems to be different from the term in the goods market. The quality of a commodity can be evaluated and expressed in absolute terms, but it is not possible in the case of service sector. Measurement of service quality is usually done with the help of service quality models (SERVQUAL MODELS).

### Types of Service Quality

The quality of service is usually measured in two dimensions, technical and functional. Technical quality is defined primarily on the basis of the technical accuracy of the activities and procedures. Several techniques for measuring technical quality have been proposed and are currently in use in various service organisations. Functional quality relates to the manner of delivery of various services.

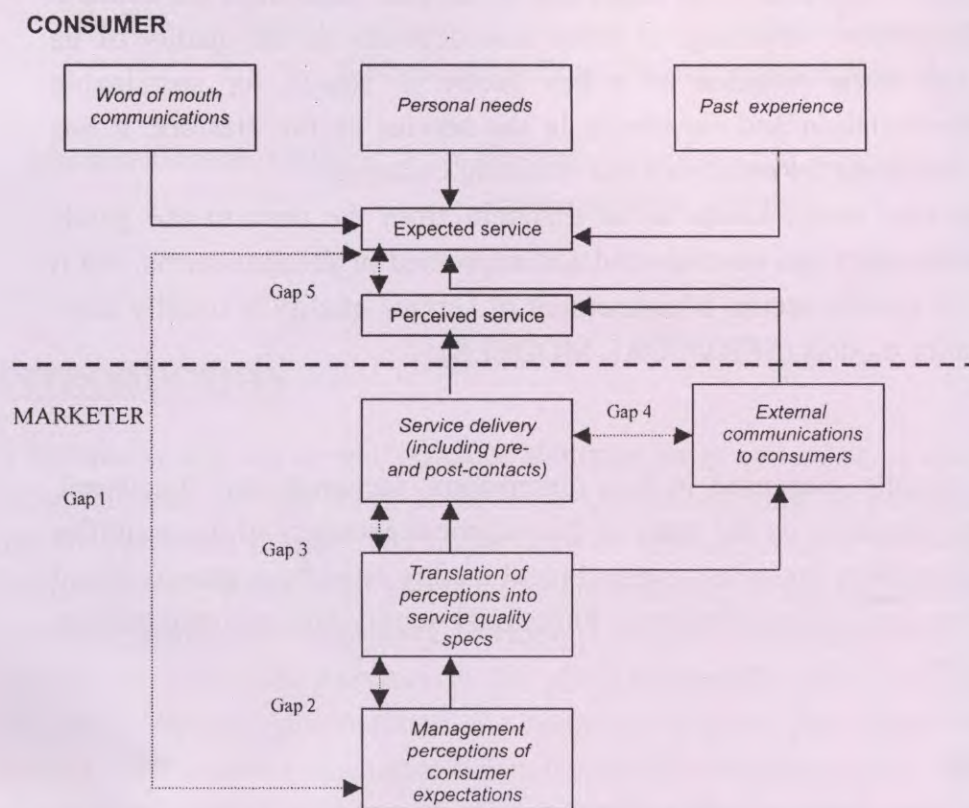
### Measuring Service Quality

Measuring service quality may involve both subjective and objective processes. In both cases, it is often some aspect of customer satisfaction which is being assessed. The most important and most used method to measure subjective elements of service quality is the SERVQUAL method. Objective processes may be subdivided into primary processes and secondary processes. During primary processes, silent customers create test episodes of service or the service episodes of normal customers are observed. In secondary processes, quantifiable factors such as numbers of customer complaints or numbers of returned goods are analysed in order to make inferences about service quality.

### Service Quality Model

Customers generally have a tendency to compare the service they 'experience' with the service they 'expect'. If the experience does not match the expectation, there arises a gap. The service quality model or the '**GAP model**' developed by a group of authors- **Parasuraman, Zeithaml and Berry** at Texas and North Carolina in 1985, highlights the main requirements for delivering high service quality. It identifies **five 'gaps'** that cause unsuccessful delivery. This model shows an integrated view of the consumer-company relationship.

## The Gap Analysis Model



Source: Parasuraman et al. (1985)

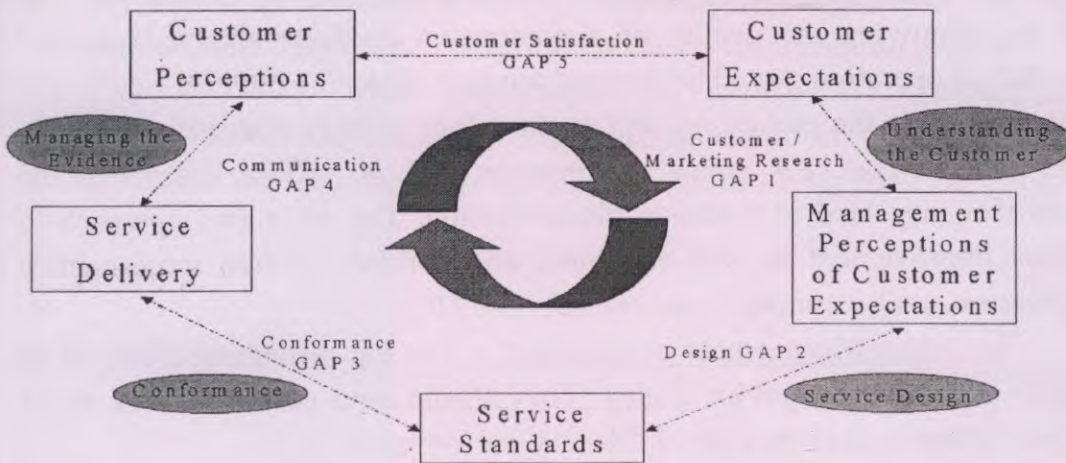
The main idea of the model is focused on the premise that service quality is dependent on the size and direction of the five gaps that can exist in the service delivery process

### FIVE GAPS

1. **Gap between customer expectations and management perception:** It is the gap between customer expectations and those perceived by management to be the customer's expectations. Management does not always correctly perceive what customers want.
2. **Gap between management perception and service quality specifications:** It is the gap between management's perception of consumer expectations and the firm's service quality specifications. Management might correctly perceive the consumers wants but not set a performance standard.
3. **The gap between service quality specifications and service delivery.** It arises due to the inefficiency, incapability or unwillingness from the part of personnel who delivers the service.
4. **Gap between service delivery and external communication.** Statements made by company representatives and ads will affect customer expectation. This gap occurs if the actual services are not according to the statements,.

5. *Gap between perceived service and expected service.* This gap occurs when the consumers misperceives the service quality.

Model of service standards



**Managing Service Quality**

Service quality has been defined as “the outcome of an evaluation process where the consumer compares his expectations with the service he has received” or the difference between expected service and perceived service. Perception is the processes by which we select organize and interprets information inputs to create a meaningful picture of the world. Customers compare the perceived services with the expected services. If the perceived services fall below the expected services customers are disappointed. The customers will get satisfied if their perception is above their expectation

Service Quality of a firm can be improved by adopting some of the best management practises

**Model of effectiveness of service quality**



## Best Practices of Service Quality Management

- i) Strategic Concept:- To attain superior quality companies use various functional strategies. Every functional strategy aim for superior quality in its own area. The sum effect will be superior quality in all areas, thus enhancing the image of entire organisation.
- ii) TQM and Six Sigma.: TQM is a management philosophy that focuses on improving the quality of a company's products and services and stresses that all operation should be directed towards achieving the goal  
Six Sigma refers to the philosophy and methodology used to eliminate defects in products and services. Six sigma programmes seek to reduce defects in the processes that may lead to customer dissatisfaction. The six sigma approach to continuous improvement is very structured and consists of five steps namely define measure, analyse improve and control (DMAIC).
- iii) Top Management commitment: - The top management should be thoroughly committed to service quality. They should have periodical look at the service performance as in the case of financial performance
- iv) High Standards;- The best service providers set high service standards quality. Customers will distinguish between firms offering "merely good" service and those offering "breakthrough" service aiming at 100% defect free service.
- v) Monitoring systems:- Regular monitoring systems should be implemented to audit the service performance of its own and their competitors.
- vi) Satisfying Employees as well as customers:- Positive employee attitude will promote strong customer loyalty. So service firms should satisfy both employees and customers.

## Conclusion

Quality is usually treated as a yardstick for measuring and comparing a product or service. The measurement and management of quality of service is not so easy, as in the case of tangible products. Measurement is usually done with the help of SERVQUAL models and enhancement of quality can be attained by following some best management practices. A business with high service quality will meet customer needs whilst remaining economically competitive.. This aim may be achieved by understanding and improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes. Customers will distinguish between firms offering "merely good" service and those offering "breakthrough" service aiming at 100% defect free service. So every service firms should aim at providing the best service.

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## **Performance Evaluation of Institute of Micro Finance (InM): A Study on Training Operation**

*Jannatul Mawa Nupur, Assistant Professor of Marketing, Faculty of Business Studies, Bangladesh University of Professionals (BUP),*

### **1.0 Introduction:**

Institute of Microfinance (InM) is a non-profit organization established primarily to meet research and training needs of national as well as of global microcredit and related poverty reduction programmers. Initiated and promoted by Palli Karma-Sahayak Foundation (PKSF), InM started its operation on 1 November 2006. It is principally funded by UKaid, Department for International Development (DFID) through its Promoting Financial Services for Poverty Reduction Program. InM has three unique divisions: research, training and programme management with consultancy.

On-going Research Projects: Multiple Memberships (Overlapping) in Microcredit Program, Micro insurance, Poverty and Vulnerability in Bangladesh (Phase-I), Resource-Rich Areas of Bangladesh, Poverty Alleviation through Enhanced Usage of Migrant Remittance, Internal Female Migration in Rural Bangladesh: An Effective Household Coping Strategy.

Completed Research Projects: Baseline Study of Food Security for Vulnerable Group Development and Ultra Poor Beneficiaries Project (Sponsored by PKSF), Identification of Appropriate Micro Insurance Approach for Ultra Poor of Bangladesh. (Sponsored by UNDP), Monga in Greater Rangpur: Intensity, Coping, Vulnerability, and the Impact of Mitigating Strategies.

Module Development: Initially the following modules are developed by InM.

- a) Microfinance Operations and Management.
- b) Basic Book Keeping and Accounting Management for MFIs.
- c) Improving Participatory Managerial Skills and Management Style.
- d) Monitoring and Evaluation of Microfinance Program.
- e) Legal Regulatory System and Governance.

### **1.5 Research Questions and Hypotheses**

Whether the InM is conducting satisfactory training operation among the trainees of different organizations in Bangladesh?

**1.5.2 Hypothesis : Ho (Null hypothesis):** There is a relation between customer satisfaction in training operation and reliability, responsiveness, assurance, empathy, and tangibles.  $H_0 = \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0$

**Ha (Alternate Hypothesis ) :** There is no relation between customer satisfaction in training operation and reliability, responsiveness, assurance, empathy, and tangibles.  $H_a =$  At least one  $\beta$  is not zero. Hypothesis, Variables, Constructs and Operational Definitions are given in Table: A in Appendix.



## 2.0 Literature Review:

A definition of training might include only those programs that take place in an educational or training institution, with the goal of obtaining a certificate, diploma, or degree referred to as credit or "formal learning." A broader definition include structured activities that are not part of a formal educational program and typically do not lead to a formal certification — this type of training is often referred to as non-credit or "informal learning".

View training as having three stages - evaluation necessary at each point: (period of prelearning, learning phase, on job application stage) Argue the need for 3, 6, 12 month follow-up and present a case study outlining methods used over a 12 month period.

Singles out four main reasons to evaluate: check if training led to relevant learning; check if transfer occurred; check if skills/knowledge have become integral part of job performance; assess cost effectiveness.

### ➤ Effective training policy:

The study, *Towards Effective Training For Field Human Rights Work*, is a review of the training provided in major human rights operations in the 1990s (Haiti, Cambodia, Rwanda, El Salvador, former Yugoslavia, etc). It makes concrete recommendations regarding who should be trained - including management and local staff - in what, when, and by whom. Almost ten years on, the findings and recommendations remain all too relevant today. In particular, the absence of systematic organizational learning remains a major weakness at the heart of international human rights fieldwork. This publication was launched by Mary Robinson, the President of Ireland in 1996.

### ➤ Qualified Training officers:

Training officers may perform the following tasks:

- Coordinate a staff training program based on organizational and employee needs.
- Use questionnaires and surveys in consultation with managers and staff to analyze training needs as they relate to the goals of the organization and work area.
- Compile training manuals.
- Develop training resources, which may involve preparing notes and visual displays from researched information or their own knowledge.
- Arrange or conduct training courses, which may involve demonstrating equipments, operating video recorders and cameras, leading group discussions or role-playing activities and employing experts to run sessions.
- Training officers instruct staff and management in many areas including occupational health and safety, operating plant machinery and equipment, driving, industrial relations, preparing for retirement, general clerical duties and supervisory skills.

Training can be used in a variety of ways, including (1) orienting and informing employees, (2) developing desired skills, (3) preventing accidents through safety training, (4) supplying professional

and technical education, and (5) providing supervisory training and executive education (Cherrington, 1995).

Galagan (1983, 84) and Del Gaizo (1984, 30) both refer to a survey of Training and Development identified evaluation of training as the most difficult part of their job. Easterby-Smith and Tanton (1985, 25) report on their British survey involving HRD practitioners in fifteen organizations. In virtually every case the only form of evaluation being done was end-of-course trainee reactions, and the data so obtained seldom used.

Kirkpatrick (1994) has developed a model for evaluating the effectiveness of training within organization. It has four levels:

Level 1: reaction- a measure of how participants feel about various aspects of the program.

Level 2: learning- a measure of the knowledge acquired, skills improved or attitudes changed during training.

Level 3: behavior - a measure of the extent to which participants change their behavior because of training and

Level 4: results- a measure of the final results for the organization that occur due to training, including increased sales, higher productivity, and reduced employee turnover.

The difficulty of standardizing measurement increases from the level on the Kirkpatrick scale. The American society of Training and Development (ASTD) benchmarking survey also includes questions around "initial skill change" as result of training, and "follow-up evaluation of performance on course objectives" (with assessments being obtained from participants and supervisors). These measures are similar but not identical to levels one and three on Kirkpatrick's scale for measuring training effectiveness. Various correlations between learning effectiveness and institutional factor and learning effectiveness and organization outcomes may then be examined

(Bassi & Ahlstrand, 2000. p12-13) Comr. S. Peter, 2008, The Statute of Artificers of 1563 is the first example of state intervention and provided the legal basis for vocational training until 1814 when the 'laissez faire' attitudes of the time opposing any state regulation brought about its abolition.

Nevertheless, the attitudes contained in it, notably restriction of entry and the insistence on time-serving to qualify as a craftsman, lingered on until the latter part of the 20th century. The craft trade unions that emerged from the mid-19<sup>th</sup> century insisted on apprenticeship qualifications for membership, and used craft status as a means of gaining and maintaining influence and power. And the attitudes that had brought about the abolition of the Statute of Artificers, which might be characterized as voluntarism versus state regulation or intervention, are still present in debates in the 21st century.

Marguerite Foxon, 2001, Practitioners need to consider issues of rigor, relevance and economy when evaluating. Apply these three criteria five types of evaluation, and argue for a defined percent of the total training budget to be allocated to evaluation. As Russ-Eft and Preskill have noted,

“They [models] fail to offer any direction on what critical variables need to be studied or how to conduct rigorous, credible, useful evaluations in dynamic, evolving, and political environments” (Russ-Eft&Preskill, 2001, p. 88).

Jan Vandenbroucke, 2004, Inflexible use of evidence hierarchies confuses practitioners and irritates researchers. Different types of question require different types of evidence. Other design elements, such as the validity of measurements and blinding of outcome assessments-quality of the conduct of the study, such as loss to follow up and success of blinding and absolute and relative size of any effects seen, confidence intervals around the point estimates of effects.

Not only are individuals with low education more likely to be unemployed, but when they are unemployed they are also more likely to have longer unemployment spells (Ferrier& Riddell, 2002; Hansen, 2006; Hansen, 2007).

### **1.2 Rationale of the Study:**

The report will mainly focus on performance evaluation of Institute of Microfinance. To know the training activities of a training organization and at the same time the level of their performance regarding trainees' expectations concerned in current period. The study will also explore that to make the training effective a lot of service characteristics should be ensured first by the service provider. Then the trainees will adopt the systems properly. This research study has done to provide some service quality variables that are liable to satisfy the trainees by rendering right services.

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

The major objectives are

- To find out the impact of research on the respondents of InM.
- To analyze the satisfaction level of the trainees on training operation of InM.
- To know the trainees' problems about the training system of InM.
- To provide some suggestions to solve those problems.

### **1.4 Methodology of the Study:**

The Research Variables: Two research variables were used for this study.

- Dependent variable
- Independent variables

#### **1.4.1 Dependent Variable:**

In this study there was only one dependent variable and that was the performance evaluation of Institute of Microfinance.

#### **1.4.2 Independent Variables:** The independent variables are

A. Research

- i. Quality of research report produced by InM.
- ii. Research impact on its respondents.

**B. Training**

- i. Effective training policies.
- ii. Expenses of the training of its trainees.
- iii. Qualified training officers.

**1.6 Data Collection Process:** There were two types of data used to analyze the research are given below:

- Primary data sources.
- Secondary data sources.

**a) The primary data sources:**

Primary data were collected firstly, from the field survey with close ended questions on the 80 respondents, who were the trainees of Institute of Microfinance (InM), especially from 03 sessions of “Micro Finance Operations & Management” module held on 15 January to 15 February, 2012, 20 February to 03 March, 2013 and 10 March to 20 March, 2014. The sampling procedure was Simple Random Sampling. The Institute of Microfinance (InM) has huge numbers of trainees of different sessions. The information has also been collected from the different sources, employees of the organization and MIS officers of various NGOs. [The list of the trainees is given in table 01.]

**1.6 Sampling Plan:**

Total study population was 5,000 and so 80 sample size was taken. The sample size was 80 trainees who got training from Institute of Microfinance (InM). The subject of training was, “Micro Finance Operations & Management”. The sampling procedure was Simple Random Sampling. The Institute of Microfinance (InM) has huge number of trainees of different sessions. It’s too difficult to make survey of all. That’s why 80 trainees have been selected as sample. From NGOs of different areas in Bangladesh the trainees were selected who are also at least two years experienced in Micro Finance Operations.

The sample table is given below:

Name of the organization (NGOs)	Number of respondents
Somaj-O-JatiGathan (SOJAG)	10
Jagoroni Chakra Foundation (JCF)	10
ASOD	08
Bangladesh Extension Education Service (BEES)	08
ManabMuktiSangathan (MMS)	08
AponUddaghSangstha (AUS)	10
JanakallayanSangstha	08
Eco-Social Development Organization	12
Sankalpo Trust	06
Total	80

Table 01: List of the trainees, Source: Field Work

### 1.6 The secondary sources :

Brochure and annual report of Institute of Microfinance (2008), annual report of Palli Karma-Sahayak Foundation (2008), relevant paper and different books, website of Institute of Microfinance.

### 1.7 Questionnaire Design:

16 "Quality Characteristics" which were previously found significant by various studies with few uniquely appropriate characteristics for evaluating the performance level of training operations of Institute of Microfinance (InM) in Lalmatia Branch with 1 to 5 point Likert scale. To determine the result of the study where strongly agree (5), agree (4), neutral(3), disagree (2) and strongly disagree (1). With each statement, there was no right or wrong answers. Close-ended, short length and short time questions were asked to the respondents.

### 1.12 Mathematical Model:

A regression equation allows expressing the relationship between two (or more) variables algebraically. It indicates the nature of the relationship between two (or more) variables. In particular, it indicates the extent to which one can predict some variables by knowing others, or the extent to which some are associated with others. In principal to estimate the performance evaluation of Institute of Microfinance (InM), the key approach is to treat performance evaluation as depended variable, which in term is determined by various independent variables that measure different hypotheses.

The basic model for the study is given below -  $Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + e$

Where,  $PEInM = a + b_1QRR + b_2RIR + b_3ETP + b_4ETT + b_5QTO + e$

Here,  $Y = PEInM$  (Performance evaluation of Institute of Microfinance (InM), that is  $Y$  is the dependent variable).

$a = \text{constant}$ ,

$x_1 = QRR$  (Quality of research report),  $x_2 = RIR$  (Research impact on its respondents),

$x_3 = ETP$  (Effective training policies),  $x_4 = ETT$  (Expenses of the training of its trainees),

$x_5 = QTO$  (Qualified training officers).

The equation will specify the average magnitude of the expected change in  $y$  given a change in  $x$ .

### 1.13 Graphical Model:

The graphical model for the study is:

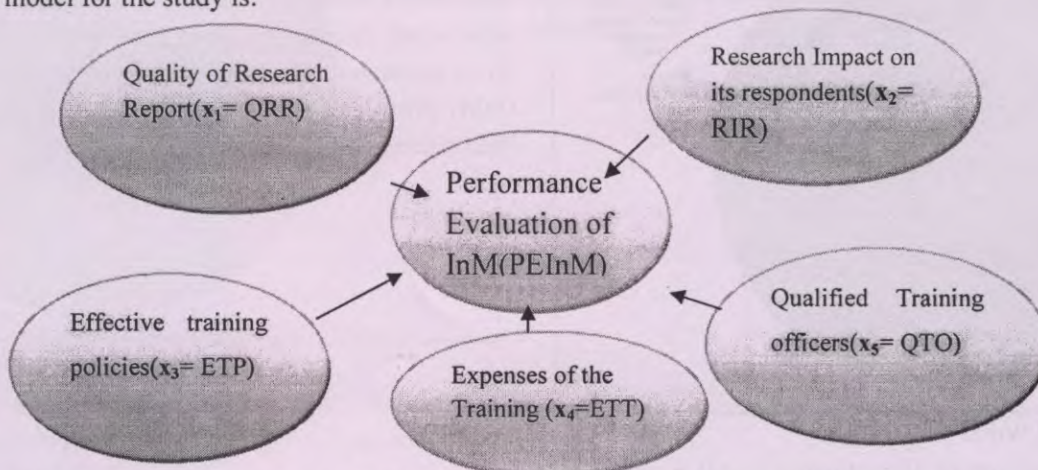


Figure 01: Graphical Model of Performance Evaluation of InM

### 1.15 Field Work

Questionnaire survey: The contact has been made with the respondents, administered the questionnaire, recorded the data and turned in the completed forms for processing this phase.

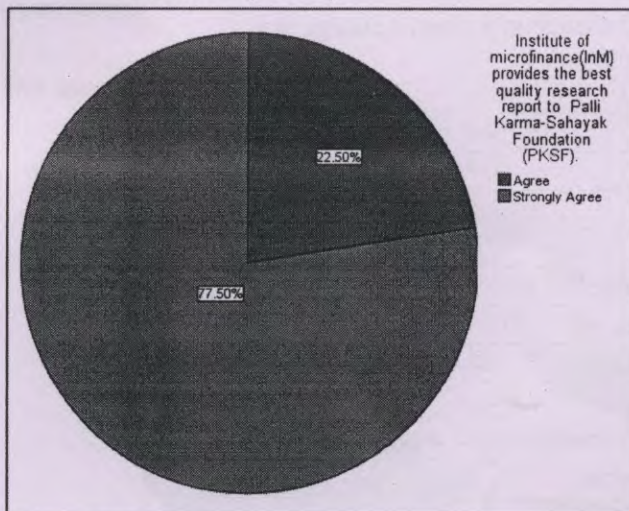
### 1.15 Data analysis

The data which have been gathered from the primary sources and secondary sources is represented and analyzed by 'Pie chart'. To analyze the data have been used simple statistical method such as calculating the mean value, standard deviation, correlation of the data. To represent and analyze those data have been used some tools like- Statistical Package for the Social Science (SPSS), MS Word and MS Excel. After analyzing those data would be able to reach the findings.

## 6.0 Findings and Analysis:

7.0 The evaluation of the performance level of the Institute of Microfinance (InM) is an analytical study. The data which were gathered from the primary sources and secondary sources was represented and analyzed by 'Pie chart'. A total of 140 questionnaires were distributed to the respondents. The author discarded incomplete questionnaires and considered 80 questionnaires containing all information. Finally sample size was 80 in suitable form which was 57.14% of the total respondents. Out of the total respondents 45% are in between 20-30yrs and 32% are 30-40yrs. The male was 63% and the female was 37%, 28% are graduate trainees, 53% are post graduate people, and the rest of are higher school secondary pass.

➤ Institute of Microfinance (InM) provides the best quality research report to Palli Karma-Sahayak Foundation (PKSF).

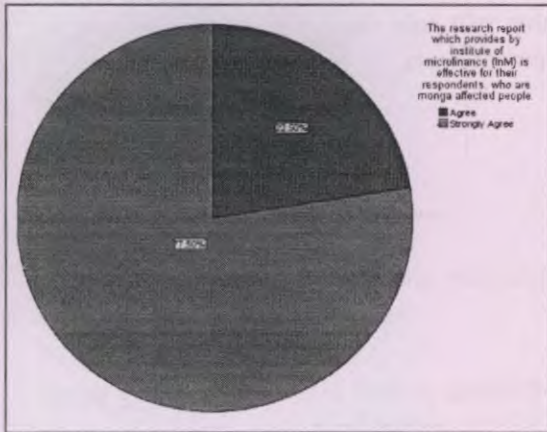


In the figure among 40 respondents 77.50% respondents were strongly agree and 22.50% respondents were agree of above statement. It was represented most of the respondents were satisfied on its research quality. So, Institute of Microfinance (InM) provides the best quality research report to Palli Karma-Sahayak Foundation (PKSF).

Source: Field Work.

Figure: 02 Institute of Microfinance (InM) provides the best quality research report to Palli Karma-Sahayak Foundation (PKSF)

- The research report which provided by Institute of Microfinance (InM) is effective for their respondents, who are monga affected people.

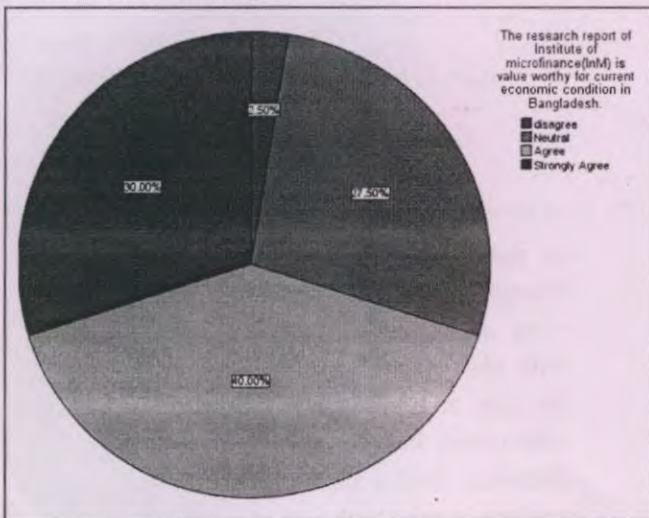


In the above figure 77.50% respondents were strongly agree and 22.50% respondents were agree of above statement. The research report which provided by Institute of Microfinance (InM) is effective for their respondents, who were monga affected people.

Source: Field Work.

Figure: 03 The research report which provided by Institute of Microfinance (InM) is effective for their respondents, who are monga affected people.

- The research report of Institute of Microfinance (InM) is value worthy for current economic condition in Bangladesh

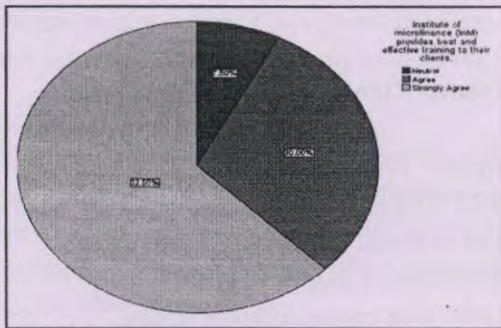


In the figure 30.00% respondents were strongly agree and 40.00% respondents were agree, that is most of the respondents expressed their positive opinion regarding this question. And 27.50% were neutral and only 2.50% said they were disagree with above statement.

Source: Field Work.

Figure 04: The research report of Institute of Microfinance (InM) is value worthy for current economic conditions in Bangladesh.

➤ Institute of Microfinance (InM) provides best and effective training to their clients.

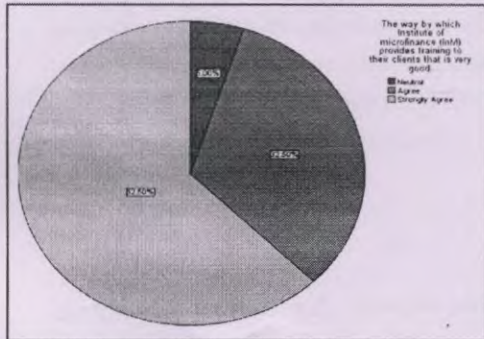


In the figure 62.50% respondents were strongly agree and 30.00% respondents were agree; only 7.50% were neutral with above statement. Here also majority gave their positive opinion, and very few were neutral with this. The training will help the micro credit operation managers and practitioners.

Source: Field Work.

Figure 05: Institute of Microfinance (InM) provides best and effective training to their clients

➤ The way by which Institute of Microfinance (InM) provides training to their clients that is very good.

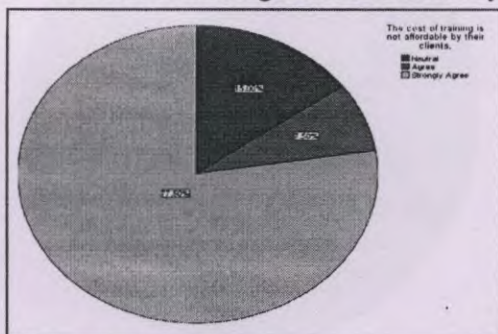


In the figure 52.50% respondents were strongly agree and 32.50% respondents were agree, only 6.00% were neutral with above statement. These programs will produce competent and trained professionals who will be able to continue planning and managing the development of the microfinance institutions.

Source: Field Work.

Figure 06: The way by which Institute of Microfinance (InM) provides training to their clients that are very good.

➤ The cost of training is not affordable by their clients.



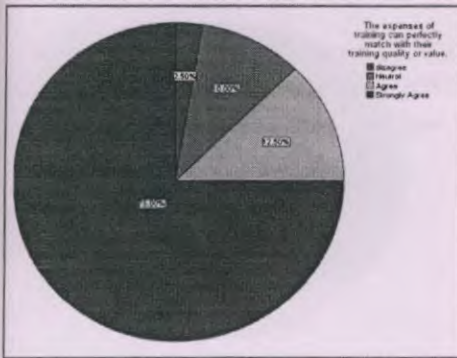
In the figure 77.50% respondents were strongly agree and 7.50% respondents were agree, only 15.00% were neutral with above statement. So, its represents the cost of training is not affordable by their clients in comparison of the training materials, timing concerned professional subjects require high cost of operation.

Source: Field Work.

Figure 07: The cost of training is not affordable by their clients.



➤ The expenses of training can perfectly match with their training quality and value.

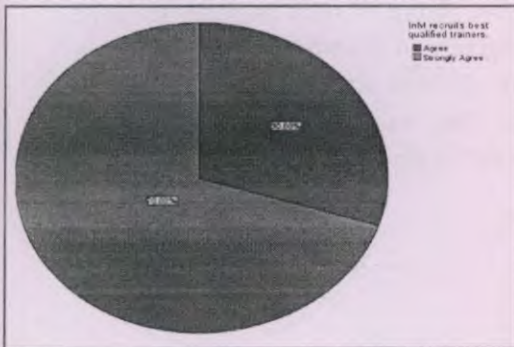


The figure shows that 75.00% respondents were strongly agree and 12.50% respondents were agree, only 10.00% said they were neutral and only 2.50% were disagree with above statement. It shows negative impressions of their respondents.

Source: Field Work.

Figure 08: The expenses of training can perfectly match with their training quality and value.

➤ InM recruits best qualified trainers.

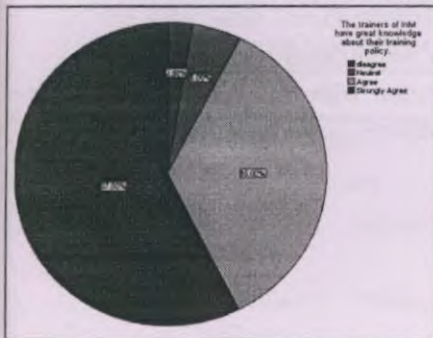


In the figure 70.00% respondents were strongly agree and 30.00% respondents were agree, It shows positive responses of their respondents. The Institute will also provide certified professional training to MFI practitioners and any person interested in the field of Microfinance by their expert trainers.

Source: Field Work.

Figure 9: InM recruits best qualified trainers.

➤ The trainers of InM have competency about their training policies.

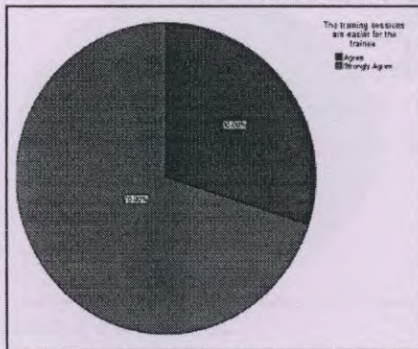


In the figure 57.00% respondents strongly agree and 35.50% respondents were agree, only 5.00% neutral and only 2.00% were disagree with above statement. It also highlights the need for distillation of better field practice, systematically fed into organizational learning and ultimately future training.

Source: Field Work.

Fig 10: The trainers of InM have great knowledge about their training policy.

➤ The training sessions are easier for the trainee.

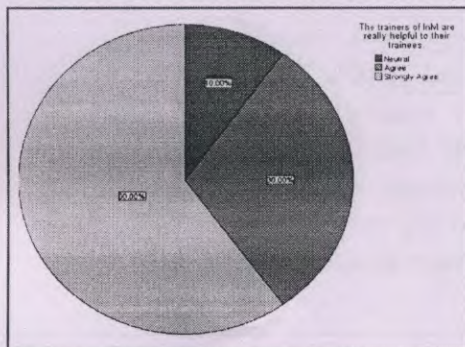


Source: Field Work.

Figure 11: The training sessions are easier for the trainees.

In the figure 70.00% respondents were strongly agree and 30.00% respondents were agree, It shows positive reactions of their respondents.

➤ The trainers of InM are really helpful to their trainees.

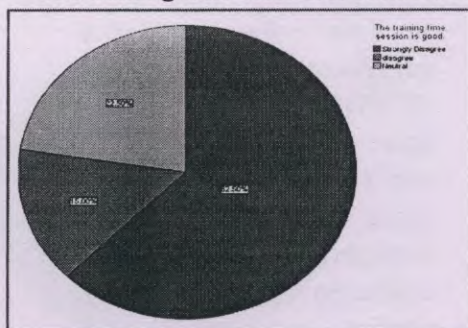


Source: Field Work.

Figure 12: The trainers of InM are really helpful to their trainees

In the above figure 50.00% respondents were strongly agree and 30.00% respondents were agree, only 10.00% were neutral with above statement. The trainers of InM are really helpful to their trainees.

➤ The training time session is suitable for their respondents.

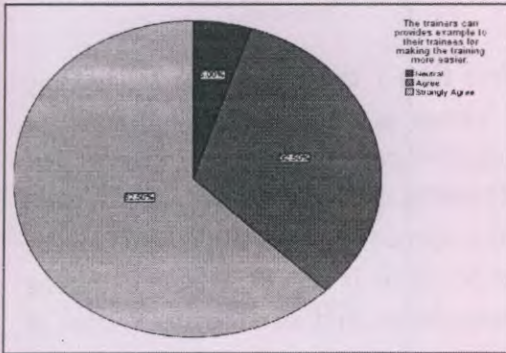


Source: Field Work.

Figure 13: The training time session is suitable.

In the figure 52.50% respondents were strongly disagree and 15.00% respondents were disagree, only 22.50% were neutral with above statement. The training time session is suitable for their respondents.

- The trainers provide examples to their trainees for making the learning easier.

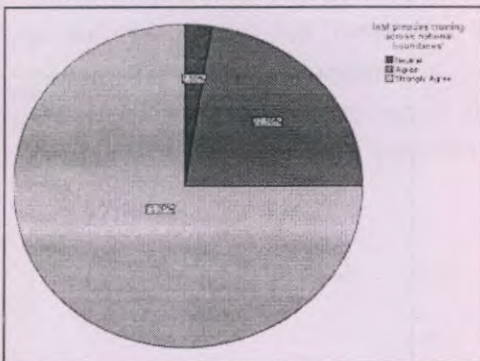


In the figure 52.50% respondents were strongly agree and 32.50% respondents were agree, only 5.00% were neutral with above statement. The trainers provide examples to their trainees for making the training easier so that they can apply it in their functional areas smoothly.

Source: Field Work.

Figure 14: The trainers provide examples to their trainees for making the learning easier.

- InM provides training across national boundaries



In the figure 75.50% respondents said that they were strongly agree and 22.50% respondents were agree with above statement. InM provides training across national boundaries.

Source: Field Work.

Figure 15: InM provides training across national boundaries.

#### 4.2 Descriptive Statistics of Independent variables:

##### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Research quality	40	3.67	5.00	4.5083	.38481
Research Impact	40	4.00	5.00	4.6375	.37532
Effective training policies	40	3.00	5.00	4.5250	.47674
Qualified Training officers	40	3.75	5.00	4.5312	.32614
Cost of training	40	1.50	3.00	2.5375	.45836
Valid N (list wise)	40				

**Table:02 Descriptive Statistics of Independent variables, Source: SPSS**

If mean values are above 3.5 and standard deviation values are less than 1 those variables are holding positive perception by the clients. On the other hand, if mean values are less than 3 and standard deviation are again less than 1 so those variables are holding negative perception by the clients. The mean value of research impact got highest and that was 4.6375. Research quality is 4.5083 and standard deviation is .38481, research quality is in very good position and it is agreed by most of the respondents. The mean value of effective training Policy is 4.5250 and standard deviation is .47674, effective training Policy is in very good position and it is agreed by most of the respondents. And also the mean value of expenses of training is 2.5375 and standard deviation is .45836, expenses of training are in negative position. So it can be said that the mean value depicting the overall trainees' satisfaction. As far as this descriptive statistics is concerned, trainees' satisfaction on training operation is above satisfactory level (with a mean value of 4.63 on a 5 point Likert scale). The table also suggests that the main factors on which the trainees of InM are generally satisfied. As far as the mean values are concerned, trainees are fairly satisfied on research impact, qualified training officers, effective training policy and quality of research report. This satisfaction comes from quality research report, value worthy for current economic condition in Bangladesh, effective training, qualified trainers and training policy. The customers are less satisfied on training expenses, fees of training. However a correlation analysis is to run to identify those means are above the neutral level of satisfaction and to explain the variables affecting the level of satisfaction in training operation.

**4.3 Analysis of correlations:**

		Research Quality	Research Impact	Effective training policies	Qualified Training officers	Cost training	of Performance Evaluation of InM
Research Quality	Pearson Correlation	.211	.357*	.155	1	-.014	.471**
	Sig. (2-tailed)	.192	.024	.341		.932	.002
	N	40	40	40	40	40	40
Research Impact	Pearson Correlation	.357*	.231	1	.155	.007	.565**
	Sig. (2-tailed)	.024	.151		.341	.968	.000
	N	40	40	40	40	40	40

Effective training policies	Pearson Correlation	.153	1	.231	.457*	-.210	.518**	
		Sig. (2-tailed)	.346		.151	.024	.194	.001
		N	40	40	40	40	40	40
Qualified officers	Training Pearson Correlation	1	.153	.457*	.211	-.094	.632**	
		Sig. (2-tailed)		.346	.024	.192	.565	.000
		N	40	40	40	40	40	40
Cost of training	Pearson Correlation	-.094	-.210	.007	-.014	1	.199	
		Sig. (2-tailed)	.565	.194	.968	.932		.219
		N	40	40	40	40	40	40
Performance of InM	Evaluation Pearson Correlation	.632**	.518**	.565**	.471**	.199	1	
		Sig. (2-tailed)	.000	.001	.000	.002	.219	
		N	40	40	40	40	40	40

Table 03: \*\* Correlation is significant at the 0.01 level (2-tailed).

- i) Under a Pearson Bivariate Correlation table performance evaluation of InM and qualified training officers variable are co-related with .632. Where significant level was .000 and number of respondents are 40. And the nearest correlation is between performance evaluation of InM and research impact value was 0.565. The third one is between performance evaluation of InM and research quality.
- ii) On the other hand, under the Pearson Bivariate Correlation, research quality and research impact is correlated at 35.7% where significant level is .000 at two tale tests and the number of respondents are 40. That is if InM change the variable under the research quality 100%, then it will affect the change in research impact at 35.7% and vice versa.
- iii) Then, under the Pearson Bivariate Correlation, effective training policy and qualified training officers is correlated at 45.7% where significant level is .000 at two tale tests and the number of respondents are 40. That is if InM changes the variable under the effective training policy 100%, then it will affect the changes in qualified training Officers at 45.7% and vice versa.

- iv) Under the Pearson Bivariate Correlation, cost of training is negatively correlated with effective training Policy at (- 21.0%) where significance level is .000 at two tale tests and number of respondents was 40. That is, if InMincreases their cost of training it will affect (- 21.0%) on effective training Policy and this relationship is vice versa.

Table:04One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Research Quality	40	4.5083	.38481	.06084
Research Impact	40	4.6375	.37532	.05934
EffectiveTraining policies	40	4.5250	.47674	.07538
Qualified training officers	40	4.5312	.32614	.05157
Cost of training	40	2.5375	.45836	.07247

Table:05 One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Research Quality	74.097	39	.000	4.50833	4.3853	4.6314
Research Impact	78.147	39	.000	4.63750	4.5175	4.7575
Effective training policy	60.030	39	.000	4.52500	4.3725	4.6775
Qualified training officers	87.869	39	.000	4.53125	4.4269	4.6356
Cost of Training	35.013	39	.000	2.53750	2.3909	2.6841

### 5.1 Conclusion:

80 trainees of Institute of Microfinance have been selected as the sample of the study. They gave there independent opinion. A survey has been made some clients of Institute of microfinance. They give there independent opinion. After completing the survey the data has been given input to the SPSS software and got the output about the performance level of the training operation of InM.

### 5.2 Limitations of the Study and Further Agenda for Research:

The significance of the study is:

- The effectiveness of the training programs can be established through this study.
- This study helps to understand, analyze & apply the core concepts of training in an organization.
- Managers would be able to identify the need of training for its employees.
- Managers would know what employees think of the training and development programs and make changes if necessary.

- In future more samples from different training session can be selected for right identification.
- The comparison could be made on the application before and after the training taken.
- From the trainers' side the study can be done for evaluating the training operation.

While preparing the report on the particular topic faced some dilemma which devaluated the weight of the report to some extent. Some problem has been faced on the following situation which is considered as the limitation of the report.

- Report has been conducted within a limited time frame.
- Samples were selected conveniently.
- Unwilling to provide data because of confidentiality.
- The sample size did not represent the total clients' opinion.
- Authenticity of data from secondary sources is not tested.
- Respondents had limited time to respond the questions.
- Current annual report of the organization is not available.

#### 5.1 Recommendations:

- i. InM is in better position on research impact and research quality. Because research quality and research impact are correlated at 35.7% where significant level is .000 at two tale tests and the number of respondents are 40. So, if InM changes the variable under the research quality 100%, then it will affect the changes in research impact at 35.7% and vice versa. That's why InM should keep it stable.
- ii. InM also holds parallel position on qualified training officers and effective training policy. Because effective training policy and qualified training officers are correlated at 45.7% where significant level is .000 at two tale tests and the number of respondents are 40. That is if InM changes the variable under the effective training policy 100%, then it will affect the changes in qualified training officers at 45.7% and vice versa, so InM should keep it same track.
- iii. Only the expenses of training is negatively correlated with effective training Policy at (- 21.0%) where significance level is .000 at two tale tests and number of respondents was 40. That is, if InM improves their expenses of training it will affect negatively (- 21.0%) on effective training Policy and this relationship is vice versa. So, it is strongly recommended that InM should reduce their cost of training.

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Appendix:01

Hypothesis	Constructs	Operational Definitions
H <sub>1</sub> : The Performance level of Institute of Microfinance depends on research effectiveness and Quality of the research report at Lalmatia Branch.	Quality of research report	Institute of Microfinance (InM) provides the best quality research report to Palli Karma-Sahayak Foundation (PKSF).
		The research report which provides by institute of Microfinance (InM) is effective for their respondents, who are monga affected people.
		The research report of Institute of Microfinance(InM) is value worthy for current economic condition in Bangladesh.
H <sub>2</sub> : The Performance level of Institute of Microfinance depends on the positive impact of the research report to its respondents at Lalmatia Branch.	Research impact on its respondents	The impact of the research report of Institute of Microfinance (InM) is Positive to the monga affected people.
H <sub>3</sub> : The Performance level of Institute of Microfinance depends on the effective training policies at Lalmatia Branch.	Effective training policy	Institute of Microfinance (InM) provides best and effective training to their clients.
		The way by which Institute of Microfinance (InM) provides training to their clients that is very good.
H <sub>4</sub> : The Performance level of Institute of Microfinance depends on the expenses of training which is collected from its trainee at Lalmatia Branch.	Expenses of training	The training expenses is affordable by their clients
		The fees of training which is taken from their trainee are high.
		The expenses of training can perfectly match with their training quality or value.
H <sub>5</sub> : The Performance level of Institute of Microfinance depends on highly qualified training officers at Lalmatia Branch.	Qualified training officers	Institute of Microfinance (InM) recruits best qualified trainers.
		The trainers of InM have great knowledge about their training policy.
		The training sessions are easier for the trainees.
		The trainers of InM are really helpful to their trainees.
		The training time session is appropriate for their respondents.
		The trainers provide examples to their trainees for making the learning easier.
InM provides training across national boundaries.		

## THE TALE OF A BEEHIVE

*Author: Kapil Kathuria, Assistant Professor, Department of Business Management,  
Dr. Y S Parmar University of Horticulture and Forestry, SOLAN (HP,) 173230, INDIA,*

### PROLOGUE

Peter Drucker is said to have opined "Culture eats Strategy for breakfast". Some organizations make a conscious effort to instil a culture e.g.

"The safety, honour and welfare of your country comes first, always and every time.  
The honour, welfare and comfort of the men you command, come next.  
Your own ease, comfort and safety comes last, always and every time."

is known as the Chetwode Motto and is inscribed in the Indian Military Academy's Chetwode Hall. It acts as an inspiration to the cadets being trained to be officers for the army.

### THE STORY

Hira Lal was red with anger, livid at the bees, five of which had bitten him the other day, making him stay on leave for a few days. Whenever he passed the entrance he gave dirty looks to the beehive. Hira Lal was a peon at the Knowledge Service Center (KSC) and the bees had made a massive beehive just next to the entrance of the Knowledge Service Center (KSC). Knowledge Service Center (KSC) itself was part of a much larger organization known as the Knowledge Organisation (KO) which was in the business of knowledge creation and knowledge dissemination.

A knowledge worker Dr. PK who was employed at the Knowledge Service Center (KSC) saw the disgusted look on Hira Lal's face and the extra ordinary caution that Hira Lal exercised whenever he left the Center or came in. Dr. PK asked Hira Lal what this behavior was all about. "I will kill them, these murdering beasts, the bees! They bit me the other day and my head still aches. I intend to burn their hive one of these nights, but I need help, as I cannot do it alone. It's not a difficult operation. Some cloth is to be tied at the end of a long pole, this has to be sprinkled with kerosene and lit. The burning end of the pole has to be taken beneath the hole of the beehive, and it will get burnt very quickly, as it is made of wax, but no one in the Knowledge Service Center (KSC) is ready to help me. Can you ask some of the clients to come at night and help me burn the beehive? One of the clients was bitten by bees too and he went about with a massively swollen eye for three days." Why a client the Dr. PK thought, why not another peon? Thinking this, the Knowledge Worker asked Hira Lal to accompany him to the Manager of the Knowledge Service Center (KSC).

Dr. PK and Hira Lal presented Hira Lal's plight to the Manager. It was in this context that Dr. PK asked if other peons in the Knowledge Service Center (KSC) could help Hira Lal. Hira Lal was asked by the Manager to send in one of the peons to the Manager's cabin. After a while Jia Lal, one of the other peons came to the Managers cabin. Dr. PK asked him to help Hira Lal burn the beehive at night. Jia Lal refused to help, saying that this was not his job but that of the other people within the Knowledge Organisation (KO) and not of the Knowledge Service Center (KSC). Dr. PK said that the Center's workers and clients were at grave risk of being bitten and the Knowledge Service Center (KSC) could not wait for the bureaucracy of the Knowledge Organisation (KO) to move at its own pace. To Dr. PK's surprise the Manager did not utter a single word on the topic; he instead gave Jia Lal some other work to be accomplished immediately.

After Jia Lal had left Dr. PK pressed the Manager further on the issue, as he was feeling gravely let down by the Manager. The manager responded that he could not commit this by ordering the burning of the abode of so many bees. He said he had a beehive next to his house too and not once they had bitten him or anybody in his family, and the beehive added to the beauty of the house, as it was adding to the beauty of the Center building. He was of the opinion that even Jia Lal was refusing to burn the beehive due to this value of non-violence. The manager also said that it would just take one phone call for him to get the beehive removed by the relevant department of the Knowledge Organisation (KO), but he was not doing so because of his own nonviolent sensitivities.

Dr. PK left the Manager's cabin flabbergasted, feeling hurt, upset and thinking, "Did the Manager care more for the bees and less for his subordinates and clients? Ah! He had not learnt the Chetwode Motto!! and this made him insensitive to the risks faced by his sub-ordinates or his clients !!!"

## EPILOGUE

A week after this 'Managerial Encounter', Dr. PK arrived at the Knowledge Service Center (KSC) to find the beehive gone! He was informed that Hira Lal had burned the beehive the previous night, all by himself.

\* Names in the story have been changed to protect the identities of individuals and the organization.

### Questions:

1. What is the reason for differences of opinion between Dr. PK and the Manager of the Knowledge Service Center (KSC)? What may have been the prognosis of the events in the case had the beehive not been burnt?

2. What does this incident tell you about the culture and the health of the Knowledge Service Center (KSC)? Do you think that the culture of KSC is helping KSC play its role in the society i.e. fulfill its mission?
3. What aspects of the organizational culture of the Knowledge Service Center (KSC) need to be changed? Why? How can cultural change be brought about?

### TEACHING NOTE FOR 'THE TALE OF A BEEHIVE'

**TITLE OF THE CASE** – The Tale Of A Beehive

**OBJECTIVES** –

The objectives of the case are:

- (A) Helping the students/ trainees see cultural values as an invisible force i.e. priorities that are deeply ingrained.
- (B) Sensitise the students to possibilities of conflict within an organisation arising due to cultural differences.
- (C) Role of organisational culture in accomplishing its role and objectives in the broader societal context.
- (D) Explore the means of socialisation of members of an organisation.

**AUDIENCE**

The case can be used in classes or trainings dealing with organisational cultural and its role in the functioning of the organisation. It can be used both in academic programmes and in management development programmes. The case will work best with a group of 5-6 participants.

It will be better if the participants have some knowledge of organisational culture, its genesis and role in advance of the discussion/ analysis of the case. In this context the suggested reading is:

Schein, E. H. (1984). Coming to a New Awareness of Organizational Culture, *Sloan Management Review*, 25:2, pp. 3-16

**NUMBER OF TEACHING SESSIONS NEEDED**

One session of 75- 90 minutes will allow for an exhaustive discussion on the case. The participants are to come prepared by reading about organisational culture and its role external adaptation by the organisation. The case study and the reading assignment are to be given to the students at least 3 days prior for the participants to read and prepare their responses for initial discussion. They are to discuss the case in small groups of 5-6 students within the class.

**AUTHOR'S ANALYSIS OF QUESTIONS RAISED**

1. What is the reason for differences of opinion between Dr. PK and the Manager of the Knowledge Service Center (KSC)? What may have been the prognosis of the events in the case had the beehive not been burnt?

Points – Participants may point to the possible differences in background, training, religion etc. The prognosis would indicate chances of clients and employees being stung by the bees

in the future and thus enhancing the negative feelings among the employees. These negative emotions would have undermined the achievement of KSC's mission. Prodding on the part of the facilitator would be required for the participants to contemplate the implications at a deeper level. Higher quality responses will emphasise that there are differences in priorities being placed by the two key protagonists and that these priorities have been 'learned' thus indicating that values reflected in the priorities are learned, implying that culture is learned and hence can be unlearned. Even deeper analysis may point to the differences in basic assumptions of the two key protagonists.

2. What does this incident tell you about the culture and the health of the Knowledge Service Center (KSC)? Do you think that the culture of KSC is helping KSC play its role in the society i.e. fulfill its mission?

Points – Higher quality responses will point to the existence of a relatively weak organisational culture as evidenced in the divergent values and priorities on the part of the two key protagonists, with all the implications of a weak organisational culture. It is also evident that values held by protagonists are probably originating in their background and are hence not aligned to the needs of the KSC and Knowledge Organisation as dictated by the role of the organisation in the society which may be reflected in the mission of the KO and the consensus ideology which Chetwode motto seems to instil in military cadets. The participants should be guided to realise that variations of prognosis, if they occur regularly, will result in the organisation underperforming on a regular basis due to values/ priorities of the employees being misaligned with the mission and internal integration needs of the KSC and Knowledge Organisation (KO).

3. What aspects of the organizational culture of the Knowledge Service Center (KSC) need to be changed? Why? How can cultural change be brought about?

Points – The participants may mention flexibility and empathy as desired in the situation. The two themes to be emphasised in the discussion on this issue are need for instilling inter-cultural sensitivity and aligning the culture of the organisation with the mission or purpose (mission as a manifestation of strategy) of the organisation. Here the mission of KSC has been substituted by the business of Knowledge Organisation. Training and teaching can be considered as means of socialisation apart from the leaders of the organisation embodying the priorities and values of the organisation, the case study hints at it by mentioning the training of army officers. Enlightened analysis by participants of the multi-cultural context is likely to surface the need for conflict pre-emption and management, by surfacing it and using conflict management as means of instilling and changing organisational culture. Superior analysis will identify the External Adaptation and Internal Integration needs of creation and dissemination of knowledge and how the organisational members may be socialised with these.

## Performance Appraisal Process {Some hidden corners}

Mr. S, D. Bagade, Associate Professor,

Allana Institute of Management Sciences, Azam Campus Camp Pune

Human Resource Management is having an oceanic scope. It is connected with human beings. They are having feelings. There is no defined rule for behavior. Perhaps ; there is no manual illustrating 'step by step how to do.' in human dealing/s.

By and large; there are nineteen dimensions or categories; within which HRM put into practice .

DreherDoughtery in his book ' Human Resource Strategy ' [published by Tata McGraw Hill] ; has vindicated that ; HRM strategies can be compartmentalized into following clubs.

**1 Reward System Attributes.** In this strategy ; following particular points are encircled. 1 pay level. 2 Pay at risk. 3 Performance Contingent Pay.4 Internal V/S External job pricing.5 Skill based pay.6 Seniority based pay. 7 Benefit System Flexibility 8 Benefit levels

**2 Staffing System Attributes** This is the second container. It covers 1 career system attributes. 2 Potential V/S Achievement Orientation. 3 Organizational Fit. 4 Exit Orientation.

**3 Attributes of T&D system.** In this pack .following attributes can be encompassed.: 1 Skill Orientation 2 Training Method Orientation. 3 Career Pathing4 Succession Planning. 5 Skill Inventories.

**4 Attributes of Performance Management System** In this analytical section; following parameters are sheltered. 1 Measurement Type 2 Measurement Source. There are some organizations; they emphasize on the 'fulfillment of security need of the employee/s.That is promoting security and loyalty. This is by making sure and certain; and confirming high level job security. Research has shown that; higher the sense of complacency; lesser the motivation and as such the result is minimum contribution / commitment only for survival and existence. So far some other organizations are concerned. Their efforts are towards systematically down sizing and restructuring. Whether it is called; restructuring, reformation or redesigning ; it occurs as a need of the hour. However there is one idiosyncrasy of these institutions / establishments ; that they work belligerently to maintain and keep hold of only top performers who hold the requisite characteristics, significant; decisive set of skills and abilities.

Appropriate action is taken to train, coach, teach, mentor without compromising the quality and development process ; ceaselessly; This is done with an in-depth philosophy and accepted wisdom. Embracing ---

▶ ▶ examining training needs.

- ▶ ▶ tailoring training solutions.
- ▶ ▶ adopting and reestablishment of these solutions
- ▶ ▶ evaluating the results of these commencing moves.

However there is one very important question That is : whether the positioning related to the points in training tend to focus on technical and functional skills. OR it does the orientation emphasize the development of dexterity [skills] that might generalize to a variety of situation.

When we talk about the commonly required proficiency or expertise ; it incorporates an ability to exchange of ideas, a state of opposition between ideas, interests, etc; disagreement or controversy. Challenge/s solving , investigation/ scrutiny skill, proficiency in developing business processes etc.

Recently; in Times of India Pune Edition of 07<sup>th</sup> April 2014; in an article ; it is effectively cleared that (page 5) ..... integrity [ shared values of honesty, trust, respect, fairness and responsibility in all endeavors] is essential.

What is discussed in the afore said paragraphs ; in practice there is a significant dissimilarity which can be noticed; when it comes of its application in practice. It is opined that what is needed is to make an effort to create 'multi skilling' and ' cross functionally' trained human resources.

Proficiency record and range: Specifically speaking ; the disparities include educational level, education type, earlier experience, assignment/s given and handled, performance appraisal data, preferences for coursework [a position of responsibility, post of duty, or ...] and geographical [pertaining to the natural features, population, industries, etc., of a region or regions.].

Performance Management System Attributes :[regard as a characteristic of a person or thing }Performance Management and measurement almost covers an astonishing array of types, forms, purposes served. The reason; rationale range from :

- 0 identification of needs of training
- 0 providing feedback [ to help improve a work process
- 0 for making lay off decisions
- 0 for distributing and allocating bonus funds.

There are two basic approaches in distinguishing PMS..

Measurement Type : It is 'resultV/Sprocess' oriented measurementendeavour. Some performance management system[s] illuminate on the

Outcome

Or products of work

Or time taken to accomplish the assignment/s.

Other system/s try to throw the light ; specifically on 'how the work gets done'.

Result oriented measurement system ; reckon the conclusion of task. [ e.g. number of units produced, rupee sales value per month, time taken to complete the specific assignment.] Such arrangement/structure assists in allocating scarce resources like money or promotion. On the other hand process oriented arrangement rate the way work is done and completed.

Measurement Source : Almost all organizations ; currently; contemplate 'performance measurement ' from a multi directional perspective.characterized by 360 degree appraisal with feedback from subordinates, peers, superiors, customers.

Research and its findings state that behavior and related skills that permit employees to participate in the process of monitoring outcomes and work processes, determining the 'root' cause of quality problems and identifying as well as implementing solutions to these identified problems. Over a time period the concerned person is ignited ; inflamed to consistently improve the work processes.The concerned person; collect the data and information, correct the same. Comprehensively compile , examine in detail in order to determine the cause and straighten the problem .so as to tackle the issue.In fact the members work in a team and with a team spirit. Team working is characterized with a significance : To Enhance Application of Management techniques. A great deal of assistance is rendered by the companies who have adopted the TQM technique; in giving the feedback on performance .Measuring results gives the company a yardstick to determine whether objectives are being met ----- but performance data are also needed to help people to improve and develop over time. The reward and performance measurement system need to encourage a lot of cooperation and coaching among team members.

Generally the organizations ; identify the broad competencies which includes : adaptability, communication, creativity, customer focus, problem solving ability, expertise, relationship, result orientation, team orientation and understanding the business.

The focus of the above ; is the base of management annual development plan. Undoubtedly and unquestionably the attention is on building competencies. At the year end ; the supervisor rates the progress, constraints in achieving the target aimed and efforts taken to overcome these hurdles, bottlenecks are noted. This is the base for determining pay rise. Increment.

Matching of job attributes with man [ personality specific] characteristics is also of a significant importance. Some of the dimensions of the personality e.g. extraversion / introversion , emotional stability, agreeableness, conscienceless and openness to experience are essential to be weighed in the proper perspective. These can be scaled either 'high or 'low'.



In an organization ; a super performer was evaluated by the senior [ whose vocabulary was very limited.] He was even denied an annual increment. By – passed for promotion. An antagonism ,bad feeling was created. I interveined. Scanned the document. In the prescribed format ; there was one column. ‘ **Is he dependable?** ‘ The assessor wrote ‘No’ I asked him what is the meaning of this ? He explained : the person can do the work independently. He takes the ownership of the task. { I laughed} Then stated that it means ‘ trustworthiness ‘.

The purpose of quoting this instance is to advocate that assessors needs to be properly taught , coached, ‘how to write performance appraisal report? Following tips as gathered from *google* are reproduced below.

### **Writing self-appraisal:**

#### **Dos:**

- Be enthusiastic and confident about writing your self-appraisal form. It is the time to showcase your hard work of one year.

Your enthusiasm and confidence will reflect in your self-appraisal form.

- Map all your achievements to your existing KRAs. It clearly proves that you met the set expectations of your job profile or exceeded the expectations.
- Showcase your achievements. This is the time to bring out your best and get recognition. You need to project your potential too.
- Give specific examples of your achievements. Achievements should be measurable and evidence based.

Instead of writing, I did coding for a module. Write, I wrote x Kilo Lines of Code, with only n numbers of errors, that too within scheduled time.

- Write about new initiatives you took, innovation you were involved in, process improvement activities you undertook and about mentoring and training of junior employees etc, and how it impacted the overall business in terms of money, efficiency and effectiveness.
- Emphasise on the work, which you perceive is of importance to the career of your immediate manager and other senior managers.

It is but natural that bosses would love to see their dream come true through your efforts, and in return you will be rewarded.

- Wherever possible, praise your managers, colleagues and organisation in a subtle way for helping you to achieve your targets. It sends positive signals to the management in your favour.
- Discuss the various challenges you faced and how did you overcome those. It shows your fighting spirit and will to win.
- Do check the tone and tenor of your overall form. It should give a positive impression. It is very subtle, but can change the course of discussion.
- Use 'I' while writing your accomplishments. It is you who have achieved, and it is your appraisal.
- Be concise in your description. Do not prepare a 20-page appraisal form.

- Do spell check and grammar checks. Silly mistakes will divert the management's attention from your real achievements.

#### Don'ts:

- Do not expect your manager to remember all what you have done. It is your career and you have to take responsibility to put all the achievements on the table.
- Do not criticise anybody, say your boss, colleague or organisation etc, for any failures. It will definitely go against you. he management will become defensive and you will be punished.
- Do not bring the topic of money into your appraisal form. Money will be discussed during your appraisal meeting. If you are able to prove your better ratings, money will follow naturally.
- Never send incomplete form. It simply puts you in dark light. The management will create a negative impression about your loyalty to the organisation, which will go against you.
- Do not write anything for which you cannot produce any proper evidence.
- Do not boast too much about your accomplishments.
- When you are engaged in a lot of activities over a period of one year, a few tasks may not go as per your expectation for various reasons. Accept this fact, but do not let you down too much. See your overall performance in a holistic way.
- Do not give yourself the rating score, which you cannot defend. During discussions, it will be proved that you have poor judgemental capacity.
- Do not write contradictory statements or give contradictory ratings. It shows poorly on your judgemental capacity and shows that you were not serious about the process.
- Do not share your inputs of self-appraisal form with your colleagues. You will save yourself from unnecessary and avoidable workplace politics and gossip.
- Never disparage the appraisal process. It shows poorly on your professional attitude.
- Even if you have made up your mind to leave the organisation for any reason, whatsoever, put your best foot forward and try your best
- Dig out all the appreciation mails you got from your manager, and customers.
- Collect the information about all the awards you received -- your ratings of in-house training sessions and various appreciation mails you received from your peers and juniors.
- Dig out various mail exchanges you had with manager, customer and other entities regarding solving some intractable issues.
- Do collect some negative mails about your behaviour where you crossed some set standards of the organisation -- late coming, issues with colleagues, issues with client etc.
- Please put all these information in a single folder and if possible take print outs and prepare a file.
- **4. Evaluate your performance**
- Revisit your self-appraisal form which you sent for this year's appraisal.
- Match your actual performance with the set KRAs and other expectations.
- It will give you a clear understanding where do you stand against the set expectations.
- Review your yearly performance in a holistic way.
- Emphasise on the positive results.
- Be honest to accept your mistakes and learn from setbacks.
- Compile the list of various challenges you faced during the tenure -- related to new technology, new process, new automated system, client behaviour etc.
- This list will help you estimate your weaknesses and strengths and in a fruitful discussion.

#### • **6. List your future aspirations**

- Analyse your current job role, aspiration, strengths and weaknesses, avenues available within and outside the organisation.
- Accordingly prepare a future career development plan.
- You can influence your manager in helping you realise your mutually beneficial plan.
- If you are on a career crossroads, you have to plan properly.
- Let's consider, you are working as Technical Leader. In your organisation after Technical Leader there are two streams.
- You can opt for a management stream and become a manager or can continue in the technical stream and move up to become an architect.
- In such situations you will have to take a definite decision to move into a specific stream, and be prepared to discuss it with your manager upfront.

Do a role reversal. Think from the perspective of your manager and your organisation.

What type of employees are given a raise and promoted?

What type of employees are shown the door?

Accordingly, you have to tweak your pitch.

#### **8. Prepare your questions and answers**

Think through and prepare a list of probable questions that can come from your manager, and be prepared with your answers.

Also, compile a list of questions you wish to pose to your manager.

You can ask questions related to your strengths, weaknesses, areas of improvement, training needs, promotion, probable career path in the organisation and of course about your salary.

#### **9. Visualise your success**

Have an extremely positive outlook.

Relax.

Run through the whole meeting in your mind.

Visualise the smooth sailing during the discussion, you presenting the proofs of your achievements one by one.

Hear the positive comments being showered on you from your manager, the melody of being given higher raise and even a pending promotion.

Visualise thanking your manager humbly and the applause that follows.

Drench yourself in sweet success.

Make the most of the opportunity and create your wonderful future now.

Before I wish you luck, there are some things you must absolutely avoid in the appraisal meeting.

- Appraisal meetings are not the place to prove you are right and others are wrong. So don't plan to try to win arguments at any cost. Create a positive mind-set about the appraisal meeting.
- During appraisal season, if possible please postpone your leave requests, have a positive relationship with peers and colleagues, and be a positive influence on your customers or clients. More important, be punctual. These small steps will create a positive top of the mind impression on your manager and it will be good for your appraisal meetings. Even your tiny negative behaviour has the potential to eclipse your huge positive outcomes of the past.
- Do not panic and react if you apprehend negative rating. In the worst case scenario, (and that is if you know for sure that negative ratings are on your way), I would strongly suggest you to

calmly open a parallel thread of job hunt and if possible, switch immediately, before the negative verdict is pronounced.

- Don't brood too much about your appraisal. While a little anxiety is normal and helps you in being proactive, be sure to keep it in check. Enjoy your weekends, have wholesome food, go for morning walk and rejuvenate yourself. Take it easy. The day will be yours.

We are aware that appraisal meetings are challenging. But with a well thought out presentation and positive attitude, you can very well navigate through the process and win laurels for you. Good luck!

An efficient project manager has a futuristic thinking.

S/he is able to analyse all the limitations, bottlenecks or the constraints that might crop up during the project.

Thus, incorporating these in the project plan helps in a better execution of the project

The appraisal is tied to compensation. People love feedback when it makes them better and gets them closer to their goals. But receiving constructive criticism that drives the size of your raise down can only be greeted with fear and disappointment. Also, for the managers who have hearts, they don't want a flawed review system to negatively impact someone's take home pay. So they artificially inflate the scores and comments on the review, which of course, helps nobody to get better.

Don't misconstrue my attack on the performance review process as an attack on HR. I'm only upset with the corporate vampires who pretend to be HR professionals so they can defend half-century old notions that drain our souls.

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- Times of India {Pune Edition } 07<sup>th</sup> April 2014.
- Discussions with professionals.
- Experience and observations.
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## CORPORATE GOVERNANCE AND ROLE OF HUMAN RESOURCE MANAGEMENT

Dr. Mukund Dongare, Reader & Head – Dept of Commerce & Research Centre,  
Prof. Ramakrishna More College, Akurdi, Pune

### Part-I:

#### Introductory Comments

This Part-I deals with the discussion to point out various conceptual dimensions of the basic key terms observed in the title of the present study, namely, Corporate Governance and Human Resource Management. The term 'Corporate Governance' has gained an extensive importance in recent global economy. The term has come to mean two things, as such, it is the process by which companies are directed and controlled (primary concept); and secondly, it is the field of study under economics, which investigates many of the issues arising from the separation of ownership and control. Former term focuses broad attention on the functions of corporate governance and later is regarding the reason behind arising of the term corporate governance. In a simplistic fashion, it needs to be pointed out here that, in recent business patterns most of the businesses are corporate houses meaning ownership of the companies are resting in the hands of Equity Share Holders or stock holders and these owners are scattered geographically and even globally due to globalization. This fact creates the conflicting situation of control, because, it is difficult and even impossible to perform business decisions by each share holder. Moreover, this situation creates two dimensions in corporate governance, first is about the ownership of the corporations (Share Holders) and second is Control factors for day to day decisions (Governance). This paper talks about the later dimension of Corporate Governance under shade of HRM.

As the discussion reveals, many authors effortlessly tried to define this concept but no any unique definition could be arrived at. While in defining the term, in a way of summary, major emphasis has been observed on the various attributes of the roles and responsibilities of the Board of Directors<sup>1</sup> (Corporate Governance), such as, some says, corporate governance is (a) *set of processes, customs, policies, laws and institutions* affecting the way in which a corporation is directed. Other says that, corporate governance is a multi-faceted subject, importantly, (b) *it deals with issues of accountability and fiduciary duty*, (c) *advocating implementation guidelines*, and (c) *mechanism to ensure good behaviour and (d) extended protection to share holders*. Some authors point out another focus on (e) *economic efficiency and stockholders view*.

The second key term observed in the title of the research paper is Human Resource management. Before going into the contextual manifestation within these two terms, it appears to be necessary to look into the conceptual framework of the term Human Resource Management. It is felt obvious to examine definition of the HRM in following way:

According to Leon C. Megginson, "The term 'human resources' can be thought of as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce (i.e. peoples at work) as well as value, attitudes and beliefs of the individuals involves". While Michael Jucius calls these human resources as 'Human factors' which refers to a whole consisting of inter-related, inter-dependent and interacting psychological, physiological, sociological and ethical components. All the factors involved in manufacturing activity remains unproductive without insertion of the human factor and as they are productive, they are treated as, human capital or human asset. Application of the management principles to the phenomena of Human Resources certainly called as Human Resources management. According to Prof. Wendell L. French, University of Washington, "HRM is the term increasingly used to the philosophy, policies, procedures and practices related to the management of people working in an organization". Further, according to the Prof. John W. Boudreau, "Human Resource management is a series of decisions that affect the relationship between employees and employers; it affects many constituencies and is intended to influence the effectiveness of employees and employers".

In a nutshell, HRM is a philosophy, policies, procedures and practices related to human resources. It is a process of applying management principles to the Human Factor of production to attain overall goals of the organization.

It was felt necessary to discuss the key terms discussed above; further in *Part-II* certain terms will be examined in the light of objectives mentioned in *Section-I* below. In the Part-II, section-I, basic details of the present research paper has been elaborated in the subsections such as, aims and objectives of the present study; scope and limitations of the study; methodology of the research paper. In a *Section-II*, interpretation and logical reasoning of the research has been presented. Part-III of the present research paper brings out conclusions regarding this research paper.

## Part-II

### Section-I: Aims and Objectives of the Study

Primarily, present research paper deals with the discussion aligned with objectives such as:

- To study the Role of Corporate Leaders in competitive Business
- To understand pivotal role of HRM in accordance with Corporate Governance
- To explore into corporate culture and HR Practices
- To focus attention on Changing Dimensions of leadership

### Scope and limitations of the study

The present study comprised with investigation about dynamic role of HRM and corporate governance. It is about to study various dimensions and intersecting of these both aspects of business terms. The study reveals its scope to the extent of (a) role of corporate leaders, (b) role of HRM in Corporate Governance and (c) changing dimensions of leadership. These issues are out of geographical boundaries and bound to timelessness. The study is based on the explorative analysis of secondary data and investigation to the extent of satisfying objectives, hence, may be, it could be a limitation of this paper.

### Research methodology of the study

An explorative analysis of the secondary data supported by the logical reasoning to come to the conclusions is the founding premise of this research paper. This is the scientific method of investigating into the conceptual phenomena and will form building blocks for further advance researches. In a nutshell, qualitative analysis and explorative reasoning is the methodology utilized for the present study.

## Section – II

As has been clearly indicated in the introductory comments present sections deals with the presentation of analysis of secondary data, literature in the light of objectives mentioned in the Section-I. Logically, present section has been divided into four subsections, namely, *subsection-(a)* deals with the study of Role of Corporate Leaders in competitive Business; *subsection-(b)* elaborates to understand pivotal role of HRM in accordance with Corporate Governance. In *Subsection-(c)*, explorative analysis has been presented regarding corporate culture and HR Practices followed by the focused attention on Changing Dimensions of leadership in *subsection-(d)*.

#### Subsection-(a)

### The Role of Corporate Leaders in competitive Business

***"The global economy, more than any other factor, has created the need for the top management team to effectively exercise strategic leadership in organizations"***

*- Ireland and Hitt<sup>2</sup>*

The corporate leaders are responsible for control and direction of the business activities through strategic business planning. Strategic business planning is as essential as of other business planning. It needs to be pointed out that, efficiency of corporate leadership broadly depends on determining, analysis of external factors and effective decision making to compete with rivalries. Moreover, qualified corporate leadership will benefit business in a certain ways. According to The Department for Education and Skills' 2002 research paper, "Managerial Qualifications and Organizational Performance"<sup>3</sup>, qualified corporate leaders could contribute to the business in three ways, namely, a) better qualified managers are associated with a better qualified workforce, b) highly qualified managers are more innovative, and c) management proficiency and performance appears to be positively linked. Again, proper implementation of the management development programs and leadership training programs have been found closely related to the overall business performances<sup>4</sup>. Importantly, excessive workloads and style of management are found top causes of stress at work<sup>5</sup> which should be avoided by the corporate leaders while managing corporations because it is the source of reducing efficiency of the workforce. Conversely needs to point that poor performance and lack of management ability in the corporate leaders results in increased business cost<sup>6</sup> and could poorly hamper the survival<sup>7</sup> of business.

Further, the key role of corporate leaders observed to be a cultivated and sustained corporate culture in an organization in a way such that, it could contribute as driver to competitive advantage<sup>8</sup>. Schein, informs that corporate culture matters, because the decisions made without the awareness of the operative culture forces may have unanticipated and undesirable consequences<sup>9</sup>.

Organization Change and management of organizational change is the key role of the corporate leaders. Moreover, pointedly noting, the role of the leadership is a key in addressing the issue of organizational change. Certainly it needs to specify here that effective leader can bring effective change for an organization<sup>10</sup>.

Finally, to conclude on this topic, needs to mention that organizations which invest the time and effort in developing courses of action for the five components of leadership development will realize the sustainable competitive advantage that successful leadership development can create<sup>11</sup>.

Along with the leadership role of corporate governance it tends to be important to look after the leading role HRM in corporate governance in subsection-(b).

#### Subsection-(b)

### Role of HRM in Corporate Governance

***Considering the issues of globalization, knowledge-based economy, intense competition and war for talent, against the background of increased demand for good corporate governance, it's important that HR functions of corporations are need to transformed into Strategic Business Partners.***

*-George T. Koranteng, VRA, Ghana*

Firstly, Value addition in each function of organization remained important since 1990s; HR function is also not the exception to this fact. Pointedly, there has been a drive to transform the function to 'a more business-oriented approach dedicated to adding value' to the operations of the institution. By this shift in focus and orientation, the HR function strives to assume a Strategic Partner role<sup>12</sup>. Strategic HR becomes more of a business imperative when it is considered against the background of Good Corporate Governance (GCG)<sup>1</sup>. As a strategic business partner in corporate governance, HR seeks to enhance a) employees' understanding of company strategy and their role in executing it; b) boost the overall skill level of the workforce, especially those functions that add the most direct value to the origination; c) Improve the impact of HR and learning initiatives on overall business results; d) Consider outsourcing administrative HR activities; and e) enhance the leadership, business and management skills of senior HR professionals.

<sup>1</sup> GCG referred to Accountability, Transparency, Predictability, Participation, Effective Board constitution and operation

Secondly, according to the Brent Heslop etc. el from Mercer HR Consulting developed a more revised point of view of HR's role in Corporate Governance. Instead, according to them, it is the time to call it as 'HR Governance'<sup>13</sup>. In the definition of HR Governance, authors pointed out it as an act of leading the HR function and managing related investments to: optimize performance of the organization's human capital assets; fulfill fiduciary and financial responsibilities; mitigate enterprise HR risk; align the function's priorities with those of the business; and enable HR executive decision making.

Thridly, according to the Suzanne J. Konzelmann etc el. from University of Cambridge<sup>14</sup>, HRM assumes a dual role in delivering improvements in production efficiency and in fostering employee commitment to the organization and its objectives. However, different forms of corporate governance priorities stakeholder interests in ways that may bring these two objectives into conflict. To address these questions, authors examined the interrelationship between corporate governance, HRM practices and HRM outcomes in a comparative analysis of companies operating under alternative forms of governance, including private sector, public sector and family-owned firms. The report has been observed in concluding the fact that significant interrelationship has been observed between corporate governance and HR practices.

In conclusion on this subsection, further observations have been made, such as, strategic HRM is more business imperative considered when with corporate governance as a strategic business partner; the next level version of this role may be called as Corporate Governance when considering its important role in governance; there is a significant interrelationship between corporate governance and HRM.

#### Subsection-(c)

#### Corporate / Organizational Culture and HR Management Practices

*"The HR function has recently taken a seat at the firm's strategic decision-making table, not simply as a partner, but, more importantly, as a player"*

*- Ulrich & Beatty<sup>15</sup>*

Corporate culture is meant for the norms, values, artifacts, beliefs and rituals concerning corporate stakeholders. Ojo (2009)<sup>16</sup> claims that the management of an organization needs to explain and imbibe its culture in employees to enable them to be familiarized with an organizational system. Whereas, HRM function includes a variety of activities, and key among them is deciding on the staffing needs, whether to use independent contractors or hire employees to fill these needs; recruiting and training the best employees; ensuring that the organization has a team of high performers; dealing with performance issues; and ensuring that personnel and management practices conform to various regulations<sup>17</sup>. Both organizational culture and human resource management work closely together to produce the shared outcome of employee's performance, which determines organizational success<sup>18</sup>.

Interestingly needs to point out here that, in the research conducted by Dr. Nyameh Jerome<sup>19</sup>, almost 0.9774 correlations has been observed between Organizational Culture and Human Resource management, suggesting that, there is a positive and significant relationship between Organizational Culture and Human Resource Management. Further, research shows that organizational culture has a significant impact on human resource management. The observations also states that, organizational culture has a simple regression (R) of 0.974 with human resources management, and this accounted for 94.9% of the variance in human resources management (R<sup>2</sup>=0.948), which is very substantial. The remaining unaccounted variance (5.1%) is due to other factor(s) not considered in study of Dr. Nyameh, that also have a causal effect on human resource management. The results indicate that organizational culture is a predictor of human resources management.

In a summary, the relationships found within the HRM and corporate cultures evolves lot more logical consequences in the business related areas to the extent of theories and practices. The organizational culture is predictor of human resource management, which suggests significantly that, human resource management practices can formulate the organizational culture and will gives all the benefits arising out of good corporate culture.

#### Subsection-(d)

#### Changing Dimensions of leadership

*The most effective strategic leadership practices in the 21st century will be ones through which strategic leaders find ways for knowledge to breed still more knowledge.*

*- R. Duane Ireland and Michael A. Hitt*



Leadership, as a concept, itself is seems very much dynamic. The changing dimensions of leadership have significantly contributed to the fact that the term yet has not been defined finally. Leadership is often that intangible factor that makes one group more effective than other. In fact, in the 1800's leadership was treated as an inborn characteristic, but in the last 30 years the idea that leadership is can be learned has been emphasized. But in today's scenario it is widely accepted that leadership is neither inborn quality nor it can be learned, perhaps, it is the situation of which contributes stimuli to leader to behave in a certain way<sup>20</sup>.

The third dimension, called as 'Specific Situation' determines what kind of knowledge, skills and abilities does leader need to take sound decisions to lead the organization. In the context of Corporate Leaders and HR leaders due to the globalization and technological advancement this 'specific situation' is changing on the day to day basis. This context of changing situation can be tackled in very skillful manner. In short in the words of Peter Drucker, "*It is possible—and fruitful—to identify major events that have already happened, irrevocably, and that will have predictable effects in the next decade or two. It is possible, in other words, to identify and prepare for the future that has already happened.*"

### **Part-III: Conclusions**

To conclude this research paper, it is obvious to point out certain observations such as, corporate governance, corporate leadership, organizational culture and philosophy of Human Resource management is the certain *angles* of the same circle. The aim and objectives of the business determines the magnitudes of this all terms in a proportionate manner. Separation of ownership and control gives rise to corporate governance; the value and beliefs of corporate leadership evolves the organizational culture which has a direct impact on style and practices of Human Resource management. Further in a circular manner HRM impacts on leadership styles, organizational culture, and corporate governance because HRM is likely to be a key partner in corporate governance. This flow of conceptual circular movement has that much of interrelations which one could not assess exactly where the starting point of this activity is.

Finally in a nutshell, Human Resource Management is the key function, philosophy and practice which have tremendous impact on business enterprises.

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## LEARNING AND DEVELOPMENT : SHIFTING GEARS TO ALIGN WITH MODERN KNOWLEDGE

Rambabu Pentyala, Associate Vice President, HR and Operations,

Process Weaver Inc, Hyderabad

**INTRODUCTION:** Changes in technology create a ripple pattern, altering foundational, long-held views. Certain fields are highly susceptible to change, while others are more conservative. In areas of less personal interest, new approaches and techniques are not viewed as a threat. As changes come closer to our core, they take on a greater sense of threat. In no area is this more evident than learning. Our learning institutions have been created in the spirit of research and openness, yet they have acquired their own neurotic tendencies. Most notable is the strong reaction to change in the classic models of distributing learning. Models of courses, programs, and degrees are still central, even though technology and new needs on the part of learners are creating a climate that requires a more dynamic alternative. Traditional learning design is indicative of the learning field's reluctance to change. In spite of advances in neuroscience, collaborative technology, and globalized business climate, learning is still largely based on design theories created during the early 1900's to 1960's. The environment in which we are immersed has changed. Media and technology has changed. The social environment has been altered. The world has become networked and connected. In this environment of colossal change, the design methodologies used to foster learning remain strangely outdated – created for a time and need which no longer exist.

**Why do we need a New Theory of Instructional Design?** Reigeluth (1993) defines instructional design as “a discipline that is concerned with understanding and improving one aspect of education: the process of instruction.” This definition reflects the predominant view of many designers. The underlying assumption views learning as a process that can be created if only the instructional component is properly managed. Proper instruction increases prospects for learning. In many cases (particularly courses) this view of design is valid. Designing instruction becomes less valuable, however, when contrasted with the knowledge needs of employees, or mature learners who prefer to explore and experiment to create their own connections and pursue personal objectives. Learners and learner needs are changing. Oblinger argues (2003) that “new” students, who have been shaped by world events and technology tools, are entering the education system. These students are not passive consumers of educational resources. Oblinger states “colleges and universities may find that understanding – and meeting the expectations of - the “new students” is important to their competitiveness” (p.42). In a similar sense, the activities of corporate training must also be reflective of today's learners. Effective learning design is no longer a formulaic process. It's a rich engagement of learners and their needs. As learning moves from artificial constructs of courses into a format more symbolic of today's work climate, control must shift to the learner. Courses largely seek to communicate what a designer feels a learner should know. Learner-centred design focuses on giving the learner the ability to decide what he/she feels is important and relevant. A more dynamic design approach is more reflective of the types of challenges individuals will face when learning through experience and other informal methods.

**What is Learning?** Learning has long been debated in realms of religion, philosophy, and more recently, psychology. The challenge of creating a comprehensive definition lies in the different interpretations of both intent and method of learning. Most often, learning is used in an ambiguous manner, without clear definition of hidden assumptions and viewpoints. Adherents of different styles of learning see the world (and solutions to existing problems) in an isolated manner. Rather than exploring more deeply the diversity of learning, learning methods, and learning intent, new situations are unfortunately approached with the intent of shaping the situation to the world view and design methodology. Research (particularly in the field of neuroscience) is beginning to indicate that the primary learning component of our brains is pattern recognition, not information processing. Stephen Downes (2005) extends this concept by offering a challenging vision that learning is not a direct causal interaction between teacher and learner. Replacing the causal model of learning (need highlighted, instructional intervention planned, measurement enacted) with "network phenomenon": "But with online learning comes not only a much wider, more diverse network, but also the idea that (a) the network may be based on non-physical (or emergent) properties, (b) that the individual may choose to belong to or not belong to a network, and (c) that an individual may assume multiple identities or memberships in multiple networks. The theory of distributed representation has a profound implication for pedagogy, as it suggests that learning (and teaching, such as it is) is not a process of communication, but rather, a process of immersion."

Acknowledging that learning is a process beyond simply processing information requires a definition that is valuable in both formal and informal learning activities. Learning is not an isolationist activity without intent or aim. Certain learning experiences build skills; others build attitudes, beliefs, or other "soft knowledge". The ultimate intent of the process is to be able to do or achieve something. In this regard, learning can simply be defined as actuated or actionable knowledge. This definition has two components - knowledge: understanding of an implicit or explicit nature, and actuation: doing something appropriate (defined as contextually aware) with knowledge.

The starting point of learning design is to evaluate the existing views of learning types, learning theories, and design approaches. An integrated or holistic view of the diverse learning landscape permits designers and educators to select appropriate models for appropriate means. Most typically, learning theories have not become obsolete in the sense that they do not work. Instead, they are obsolete in the sense that the world around has changed, and new models are required to meet the needs of new situations. Where the learning theory and design approach closely align with a design concern, even "outdated" theories can become valuable. To remain relevant, it is important for designers to account for diminishing half-life of knowledge and increase in information availability (and amount). Views of knowledge as comprising of "know what" (explicit) and "know how" (tacit) are being usurped with "know where".

Further compounding learning challenges is the importance of "soft knowledge" – i.e. experiences and encounters which are not entirely functions of our cognitive domain. Serendipity is often not acknowledged in more formal instructional design. Yet most sources of innovation are bricolage-like in nature. The sudden recognition of solutions from other domains, or the innovative application of available resources is important. Silo style learning design limits learner access to other competing or complimentary information sources. Exploratory and networked learning, on the other hand, provide opportunities to encounter knowledge from other experts and domains – knowledge which often informs and creates innovative solutions. John Seely Brown (undated, p. 66) communicates this new dynamic

world of learning: "When we look at teaching beyond the mere delivery of information, we see a rich picture of learning, one that embraces the social context, resources, background, and history within which information resides".

**Learning Domains:** Prior to engaging in learning design, it is important to clarify terminology and highlight assumptions. The word "learning" is often used to encompass a broad field with many ambiguous components. For example, is improving one's capacity to be tolerant of others the same type of learning as understanding a mathematical formula? Or is an increased capacity to manage and organize personal knowledge the same type of learning as creating a network of contacts and sustained learning resources? Obviously, different aspects of learning require identification and unique approaches. Learning can be classified by various domains. Figure 1 depicts learning as consisting of accretion, transmission, acquisition, and emergence domains, (these terms do not appear to have a clear origin, though they have been used by Wilson (1997) and Calhoun (undated) without clear attribution to the originating source). Classifying learning in these domains assists designers in evaluating the object of each design task by first determining the nature of learning required.

### Domains of Learning

<p><b>Accretion</b>            Learning is continuous            - Function of environment            - At the point of need            - Variety of sources "learning foraging"</p> <p><b>Benefits:</b> Tight link to need, high relevance, broad range of learning (tacit, explicit), continuous, modelled after "real life"</p> <p><b>Drawbacks:</b> Learners often unaware of learning (devalue process), at odds with how learners have learned in the past (unfamiliar with process)</p>	<p><b>Transmission</b>            Traditional view of learning            - Courses            - Lectures            - Instructor-in-control</p> <p><b>Benefits:</b> Good for structured information, building core knowledge, compliance training</p> <p><b>Drawbacks:</b> Instructor-based, learner viewed as "container to be filled", long development time, at odds with how much learning happens</p>
<p><b>Acquisition</b>            Learner chooses to learn            - Exploratory            - Inquiry-based            - Learner-in-control</p> <p><b>Benefits:</b> Learner highly motivated, relevance, related to personal interests</p> <p><b>Drawbacks:</b> Learner may not be learning "right" skills, feedback from expert may be lacking</p>	<p><b>Emergence</b>            Learner reflection and reasoning            - Metacognition            - Reflection on life experiences            - Cognition</p> <p><b>Benefits:</b> Tacit learning, deep learning, relevance, higher order thinking skills, fosters creativity and innovation</p> <p><b>Drawbacks:</b> Time consuming, hard to do, requires high competence of subject matter</p>

*Figure 1: Domains of Learning*

Each unique learning domain serves a different purpose, and carries a different combination of benefits and drawbacks. A designer's first task is to evaluate the nature of the learning required. Different knowledge needs require different models or approaches. For example, someone new to field or in need

of compliance training will benefit most from courses. Short-term knowledge needs (requirements which are not a part of particular field, but needed for cross-over understanding when dealing with other professionals or a particular project) can often be provided by more information sources like magazines, websites, journals, and newsletters. More developed knowledge need (but with less structure than a course) can be met through apprentice-models like communities of practice. More advanced and continual learning can best be provided through a networked or ecological view of learning. Capable, self-aware learners are able to identify and meet own knowledge needs. This level of learning often occurs as a result of "living life". The process of living is in itself a learning experience that can result in the creation of a dynamic knowledge network, allowing learners to integrate new information with existing knowledge, enabling more effective decisions in work and personal affairs.

**Characteristics of Learning Domains:** Each learning domain possesses certain characteristics in relation to the nature of learning, the role of the designer, and the level of control over content and structure. Figure 2 provides a summary of each learning domain and design influence.

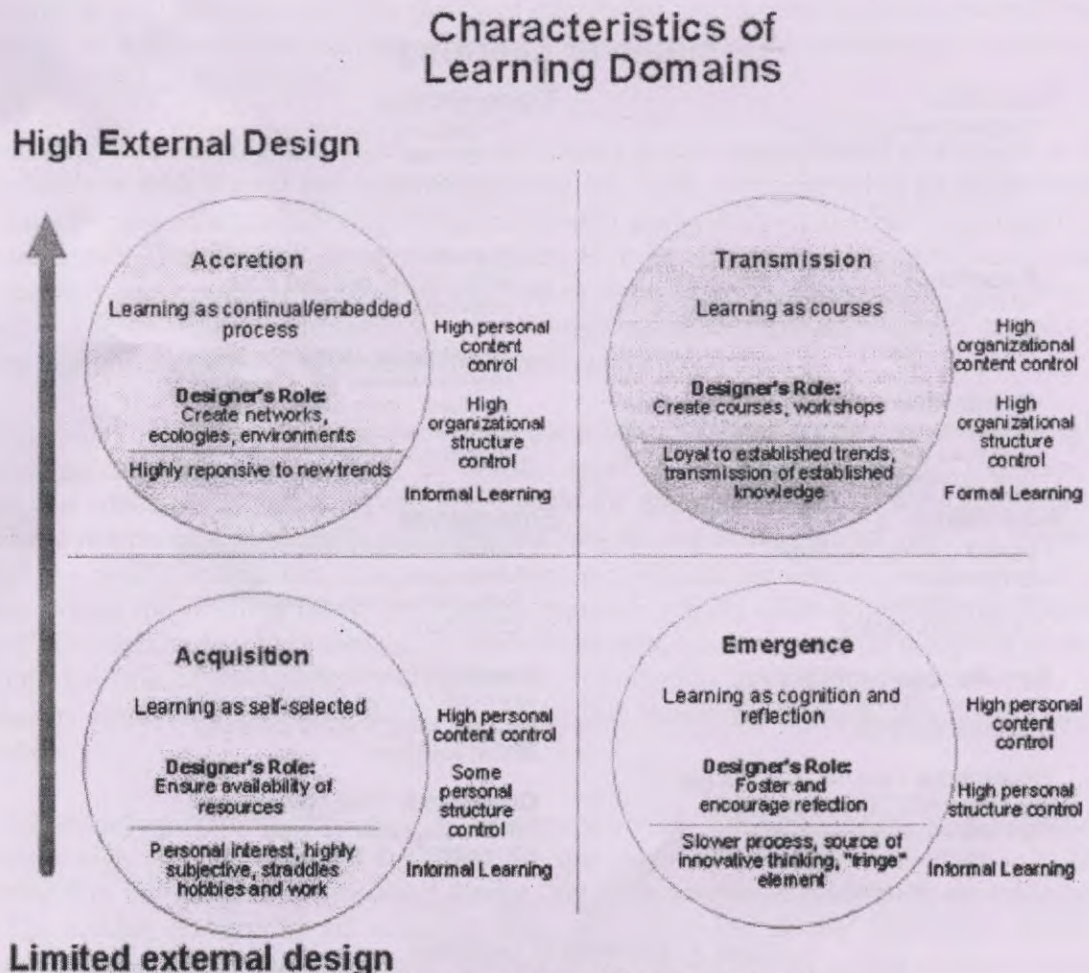


Figure 2: Characteristics of Learning Domains

Most models assume that the creation of an instructional process is the intent of design. This view only addresses the transmission domain of learning. The domains of accretion, emergence and acquisition are often unattended in traditional design. As previously stated, each domain has different object of design. Each different design object is indicative of a different view or theory of learning. Figure 3 expresses the link between learning domain and suited learning theory.

### Learning Theories and Learning Domains



Figure 3: Learning Theories and Domains

The instructional process is the object of design in the transmission domain. Traditional ID models attend to transmission through focus on explicit learning objectives, content analysis, content sequencing, and blueprinting the instructional flow. This model has particular value in creation of courses, programs, and workshops. The instructor (due to activities of the designer) is kept at the centre of the instructional process. Transmission is particularly useful when introducing new bodies of knowledge or meeting compliance-training needs. Much of today's educational system is built on this model of learning. Education is constructed with start and end points (courses, programs, degrees). Learners are exposed to key ideas within a knowledge field by an instructor who is competent in the domain. Transmission occurs through readings, lectures, and more recently, group work and

collaborative activities. Behaviorism and cognitivism are the predominant learning theories utilized in conjunction with the transmission domain of learning.

The capacity for reflective and critical thinking is the object of design in the emergence domain. Emergence is a less common form of learning, but its effects are significant. In a sense, emergence opens doors to new fields of knowledge, leading into the selection of accretion or acquisition domains to continue knowledge development. Reflection and cognition provide learners with the capacity to explore new realms. Serendipitous learning is also an important aspect of the process. The formulation of innovative approaches and new perspectives are functions of emergence learning. Cognitivism and constructivism are the learning theories most reflective of how learning occurs in the emergent domain. Access to resources is the object of design in the acquisition domain. Acquisition is a large part of learning. Designers also seek to improve the abilities of learners to manage and navigate knowledge resources. It is a largely unstructured process where learners select their own objectives and intent for learning. Often, personal interest is the motivating factor. Of all the learning domains, acquisition is the most "fun". Subject matter being explored is highly relevant to the learner's interest and use. Learners may reach beyond current resources to connect with others in the creation of virtual communities. The internet has made the formation of communities based on interest (not geography) possible. Connectivism (Siemens, 2004) and constructivism are the learning theories that most adequately inform the nature of acquisition learning.

Networks, environments, and ecologies are the object of design in the accretion domain of learning. Most learning happens in this domain. Learning at this level is a function of creating connections, foraging for needed knowledge, and "plugging in" to learning sources (as compared to possessing learning). Knowing where to find needed information is valued above possessing information, due to how quickly information evolves and changes. The designer's role in this domain of learning is to create the construct and opportunities for learners to pursue and provide for their own learning. The network itself is the critical learning element. Connecting learners to networks and communities ensures that knowledge is relevant and current.

**Connectivism:** Connectivism as a learning theory provides insight into the dynamics of networks, environments, and ecologies in relation to accretion learning. It consists of the following principles:

- Learning and knowledge rests in diversity of opinions.
- Learning is a process of connecting specialized nodes or information sources.
- Learning may reside in non-human appliances.
- Capacity to know more is more critical than what is currently known. "Know where" replaces "know what" and "know how".
- Nurturing and maintaining connections is needed to facilitate continual learning.
- Ability to see connections between fields, ideas, and concepts is a core skill.
- Currency (accurate, up-to-date knowledge) is the intent of all connectivist learning activities.
- Decision-making is itself a learning process. Choosing what to learn and the meaning of incoming information is seen through the lens of a shifting reality. While there is a right answer now, it may be wrong tomorrow due to alterations in the information climate affecting the decision.



**Learning Ecology:** If course-based learning is out of date for today's learner, what is the alternative? The answer can be found in learning ecologies and networks – structures that emulate continual learning. John Seely Brown (2002) defines a learning ecology as “an open, complex, adaptive system comprising elements that are dynamic and interdependent”. Learning ecologies possess numerous components (Siemens, 2003):

- Informal, not structured. The system should not define the learning and discussion that happens. The system should be flexible enough to allow participants to create according to their needs.
- Tool-rich - many opportunities for users to dialogue and connect.
- Consistency and time. New communities, projects and ideas start with much hype and promotion, and then slowly fade. To create a knowledge sharing ecology, participants need to see a consistently evolving environment.
- Trust. High, social contact (face to face or online) is needed to foster a sense of trust and comfort. Secure and safe environments are critical for trust to develop.
- Simplicity. Other characteristics need to be balanced with the need for simplicity. Great ideas fail because of complexity. Simple, social approaches work most effectively. The selection of tools and the creation of the community structure should reflect this need for simplicity.
- Decentralized, fostered, connected; as compared to centralized, managed, and isolated.
- High tolerance for experimentation and failure.

These ecologies possess numerous characteristics that need to be attended to in the design process. The following components should be present in an ecology:

- A space for gurus and beginners to connect (master/apprentice).
- A space for self-expression (blog, journal).
- A space for debate and dialogue (listserv, discussion forum, open meetings).
- A space to search archived knowledge (portal, website).
- A space to learn in a structured manner (courses, tutorials).
- A space to communicate new information and knowledge indicative of changing elements within the field of practice (news, research).

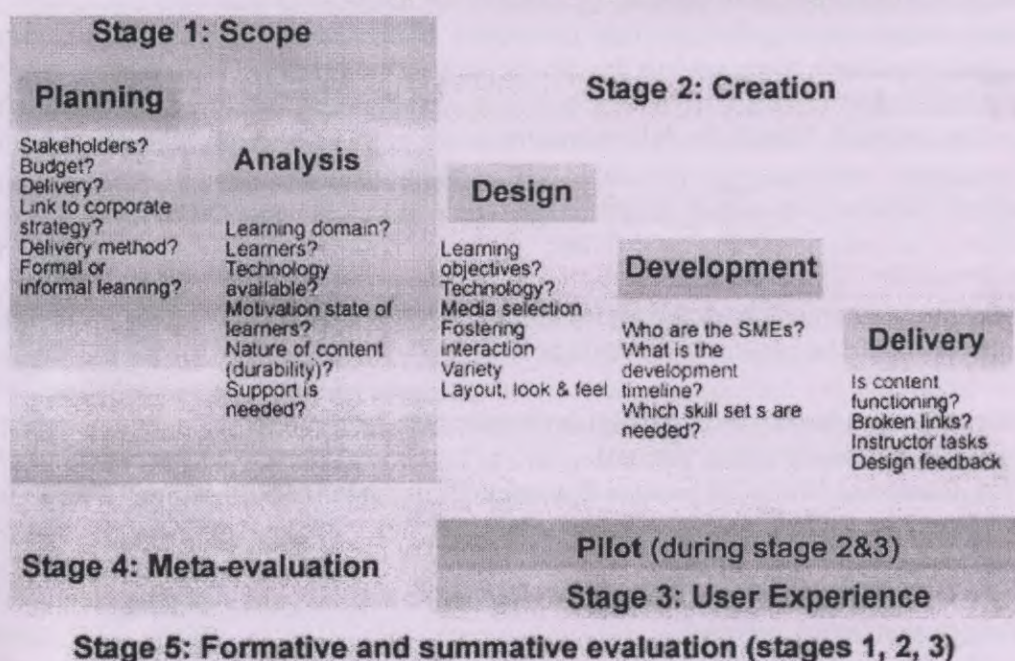
The formation of networks within ecologies adds a personal aspect to learning endeavors. A network consists of two or more nodes linked in order to share resources. A node is a connection point to a larger network. Learning communities, information sources, and individuals can all be classified as nodes (it is important to note that a node does not need to be a person. For example, an RRS aggregator can be classified as a node that delivers information to the larger network). A network, in the context of ecology and communities, is how we organize our learning communities, resulting in a personal learning network. Technology is an important aspect of our current social landscape. McLuhan stated (1967): “Any understanding of social and cultural change is impossible without knowledge of the way media works as environments” (p.26). This environmental view of learning and technology provides considerable insight into how designers approach learning. Linking social and cultural change with ecology-designed learning opens new possibilities for creating integrated, relevant learning.

**Learning Development Cycle:** Learning Development Cycle (LDC) in Figure 4 is a meta-learning design model. The different domains of learning require a model that addresses different approaches,

intent, and desired outcomes. The most critical stage of the design model is the determination of the object of the design process. LDC consists on the following stages:

1. Scope and object of learning design
2. Creation of learning resources
3. User Experience
4. Meta-evaluation to determine effectiveness and accuracy of design process and assumptions
5. Formative and Summative Evaluation of project and learner experience.

## Learning Development Cycle



*Figure 4: Learning Development Cycle*

*Stage 1- Scope:* Most instructional design theories begin the design process with some type of stated learning objectives. In reality, learning objectives often serve more to guide the designer than to guide the learner. Most learners (especially those at the accretion stage) will have their own objectives. When designing an environment or ecology, objectives no longer relate to content. Learners themselves forage for needed content, connections, and interaction. This model closely mimics how most learning happens. Few situations in life and work are clearly and concisely presented. Most often, problems and situations are ambiguous, requiring exploration and experimentation in finding desired solutions. Planning and analyzing the scope of learning design begins with the recognition that no one model (i.e. transmission) is able to attend to the entire scope of learning. Eisner (1992) addresses the value of moving from a static model of learning design: "...sustaining a direction in schooling or maintaining a set of priorities in the curriculum is much more like nurturing a friendship than installing a refrigerator in the kitchen. The latter requires virtually no attention after installation: the same cannot be said of friendship" (p. 305).

*Stage 2- Creation:* During the second stage of LDC, designers design, develop, and deliver learning (regardless of which domain of learning). A key component in traditional instructional design is content type analysis. The main task in this process is to determine the nature of content and the best way in which to present the content. Merrill's Component Display Theory (1983) is based on the assumption "that there are different categories of outcomes and that each of these categories requires a different procedure for assessing achievement and a different procedure for promoting the capability represented by the category" (p. 284-285). Content type analysis has limited value in the design process for the accretion, acquisition, and emergence aspects of learning, as learners will self-select from wider environmental resources. A well-designed resource is simply another node within the larger learning network. Transmission learning receives greater value from detailed content analysis. A pilot phase is also included during the Creation stage, similar to rapid prototyping, where the learning experience is piloted and feedback is actively incorporated into the ongoing design and development.

During the design stage, the main considerations relate to the nature of the content and the planned interaction. Media for presenting content and fostering interaction are also explored and finalized (though the pilot and user-evaluation phase will inform media selection). McLuhan captures the essence of the issue of media and technology selection and use: "In the name of "progress" our official culture is striving to force the new media to do the work of the old". In many cases, learning objectives may be used (either explicitly stated or implicitly utilized during the development process). Certain learning projects will not include explicit objectives. For example, a learning ecology for accretion learning will give learners far greater control in pursuing objectives which are relevant to work tasks or needs.

Blueprinting and sequencing of learning material are less important in emergence, acquisition, and accretion learning. Through the provision of learning ecologies, learners themselves play the critical role in determining needed knowledge. Simply making learning resources available allows learners the capability to navigate the turbulent knowledge waters that define much of work today. Learning is not an "in advance of need" concept. Blueprinting and sequencing is partly unnecessary if adequate ecologies of learning have been designed. Learning occurs not only through content exposure, but also through interaction, reflection, and cognition. Learner motivation should be in the background of the entire Creation stage of LDC. Keller (1987) proposes the ARCS model consisting of four major categories to increase, create, or reward learner motivation: attention, relevance, confidence, and satisfaction. Learners often do not require external motivation when meeting a knowledge need of high relevance (work or personally). Most often when learners are foraging for information, motivation is intrinsic. Learning networks, for example require limited design intervention to foster motivation. More traditional design (like courses and workshops) will benefit from specific focus on Keller's ARCS model.

The development stage of LDC focuses on identifying subject matter experts, creating the development timeline, exploring skill sets needed for completing the project, and doing the actual work of creating the learning. Initiating a process of piloting content and interaction is important at this level. Instead of waiting until the completion of a learning resource, the designer receives valuable information during the creation stage. This information can then be incorporated into ongoing design and development. Depending on budget, scope, and timelines, the design team may include a diverse group including graphic designers, programmers, media specialists, subject matter experts, and end users. During delivery of the learning resource, the activity shifts to implementation. Depending on which learning domain was served during design, the content and interaction process may fall into the care of an instructor, a

network of learners, or an individual support system (for emergence or acquisition). Support activities are also important at this stage. Technical, learning, or general support should be available to ensure the design of content and interaction does not interfere with learning. The support network is particularly important to learners who are taking an online course for the first time, joining a network or ecology, or using resources for acquisition or reflection. Early, successful use of learning resources is critical to continued use.

The design, development, and delivery stages are fluid and interdependent. Thiagi (1999) explores the challenges inherent to this process: "Design involves all activities undertaken before the actual learner interacts with the instructional package in a real-world training situation. Delivery is what happens subsequently. An important principle (and constraint) is that you can trade off resources allocated to these two phases. For example, if you have a high resource level for delivery (subject matter experts as instructors, plenty of instructional time, small groups of learners, and alternative instructional materials), you can skimp on the design. On the other hand, if you have extremely limited resources for the delivery of instruction (nonspecialist instructors, tight learning schedule, and large groups of learners), you need to allocate extra time and other resources to the design process. The basic idea here is that you pay now or pay later."

*Stage 3- User Experience and Piloting:* User experience is an important process in making sure that learning resources are used. Various models of user experience and piloting designs are available to assist in this stage. A simple, fairly integrated model can be found in Peter Morville's (2004) "User Experience Honeycomb". Several aspects of user need are reflected in Morville's model: is the design: useful, usable, desirable, findable, accessible, credible, and valuable? User experience and piloting are similar, though piloting may focus only on content, whereas user experience focuses specifically on the learners reaction to content, presentation, interaction, and general design. Many headaches (for learners, designers, and managers) can be avoided by successfully incorporating reactions and experiences from end users.

*Stage 4- Meta-evaluation:* Meta-evaluation is the process of evaluating the actual effectiveness of the learning design process. Exploring successes and dialoguing on obstacles helps the entire design process to grow in effectiveness during future projects (and will often inform the revision of existing learning resources). Meta-evaluation is critical to continually improving the model and learning design.

*Stage 5- Evaluation:* Evaluation is listed as the final stage of the LDC model simply because not all learning activities require the evaluation of learning. Transmission is the only domain that requires a direct evaluation process. This evaluation may be formative (done during the process of exploring a learning resource) or summative (done after the completion of a learning resource). Evaluation can take a variety of forms, including tests, assignments, and group projects, or alternative methods like e-portfolios, reflective journaling, and performance assessments. PLAR can be an important consideration at this phase. Evaluation is not entirely limited to organizational assessment of the learner. Effective evaluation should allow each learner to provide feedback on the quality of the learning resource, instruction (if it was a part of the experience), relevance, and format. If possible, evaluation should be ongoing though out the learning experience. This may be as simple as encouraging each learner to set up a reflective blog, or contacting learners (email, phone) for direct feedback. Evaluations that only take place at the end of a learning resource (assuming that the resource has an "end") overlook many opportunities for valuable insight for designers.

Learning Development Cycle can be approached in a variety of ways. Most commonly and best suited for most organizations, is the linear model presented in Figure 5. As stated previously, determining the object of the design process is a critical element. Once the design object has been determined, designers move into the creation stage. A feedback loop is included in order to provide ongoing feedback into the entire process. Multiple iterations will inform and guide continued scope and learning resource creation. As with most theories, life usually does not fit into a clear, concise model. Most often, there is overlap between different domains of learning. The design process can then be seen as focusing primarily on one domain, yet still accounting for aspects of another domain. For purposes of espousing a theory, four distinctive domains are used. In actual design situations, a designer will likely select aspects of each domain to create the optimum learning resource.

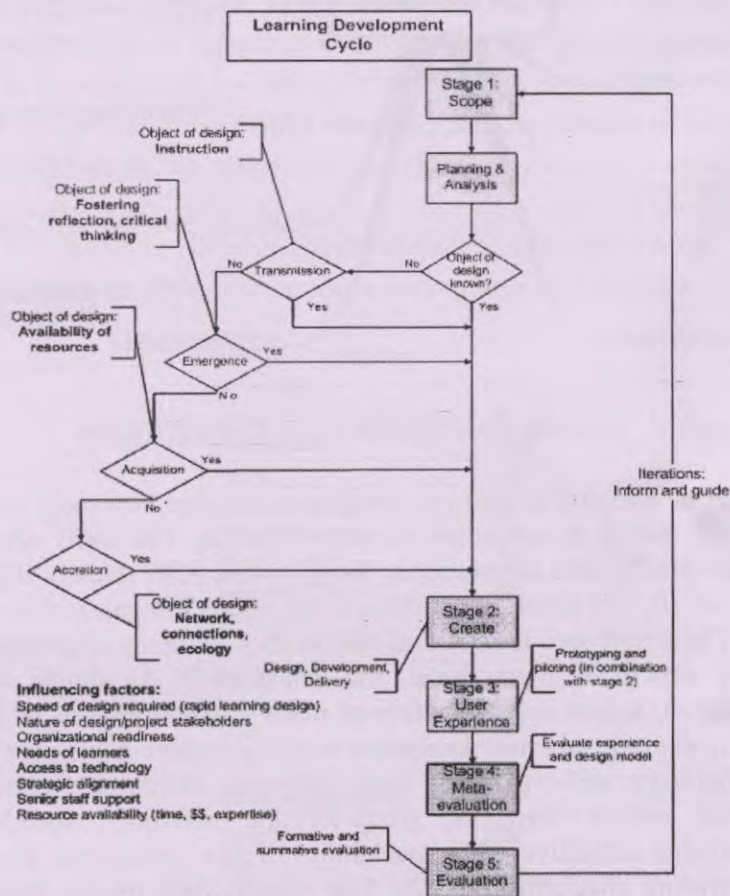


Figure 5: Learning Development Cycle Flow

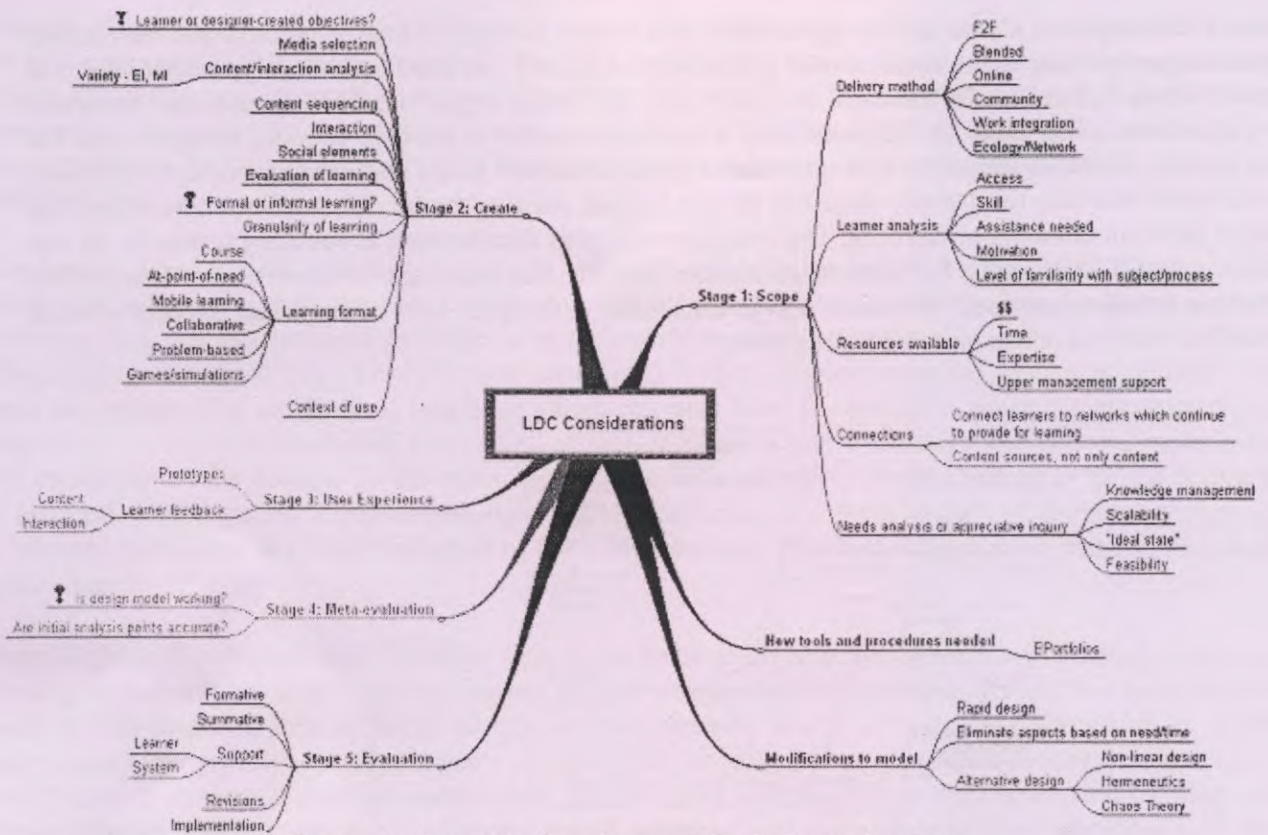


Figure 6: Learning Development Cycle Considerations

**New Tools and Processes:** A new model of learning design also requires new tools and processes. Many of these tools are already in use in a subculture of internet users. The tools are characterized by: sociability, collaboration, simplicity, and connections. Blogs, wikis, RSS (Really Simple Syndication), instant messaging, Voice over IP, and social networking applications are gaining increased attention in progressive organizations. These software tools are at odds with how many organizations are currently designed (top-down, highly structured, hierarchical, and centralized). As simple social technologies continue to expand in influence, a core reorganization of many institutions can be anticipated. Saveri, Rheingold, and Vian (2005) explore this new landscape of collaborative tools. They categorize eight clusters of cooperative technology: self-organizing mesh networks, community computing grids, peer production networks, social mobile networks, group-forming networks, social software, social accounting tools, and knowledge collectives. The availability of new technology requires a shift from “designing systems to providing platforms” (p. 2). The power shift moves from organization to individual and from designer to learner.

**Applications:** LDC has many applications for designing learning today. Most significant is the ability to combine formal and informal learning. Informal learning is experiencing growing recognition as a critical component of most organizations. PLAR provides a bridging solution for individuals entering a new career, and provides colleges with a mechanism to bridge informal learning with formal learning requirements. Few trends should be of more interest to higher education than the opportunity to integrate corporate education within existing structures and delivery models. It is surprising to note universities and colleges have left the outsourcing trend virtually untouched. Higher education appears to be

reluctant to reorganize itself to embrace new climates and environments of learning. Many colleges speak of life-long learning; yet only form relationships with learners for two to four years. The bulk of learning for most people will happen in their work environment. A unique opportunity exists for education providers who are prepared to modify themselves to attend to learner's needs for a lifetime. LDC also creates a tighter link with the natural process of learning and designed learning. As stated previously, informal learning is too significant a concept to be ignored. Integrating alternative views of learning with design broadens the scope of work for many learning designers. The domain of learning designers extends beyond courses and begins to include environments, and self-functioning skills (i.e. how to handle information, how to forage for information, how to think critically, etc.). Ultimately, the learner benefits, as her needs are attended to in greater detail.

**HOW THIS SURVEY WAS CONDUCTED?** During the months of January and February, 2012, I asked leaders from a wide variety of industries through mails and over the phone to give me their point of view on Learning & Development — where it stands today and where it's headed for tomorrow. Respondents provided insights and thoughtful recommendations regarding how companies can make training efforts more effective in the years to come. Using an online questionnaire, which included multiple choice, ranking, and open-ended questions, I was able to gain a high-level strategic view of the most important trends and issues in learning and development. My respondents represented all levels of managers at both small and large companies across a broad range of industries:

**Breakdown by Industry**

Technology	16%
Consumer Packaged Goods	14%
Healthcare	14%
Retail	14%
Financial Services	11%
Education	8%
Services (other)	8%
Industrial Products	6%
Government	3%
Media & Entertainment	3%
Non-Profit	3%
Automotive	0%
<b>Total</b>	<b>100%</b>

**Position in Organization**

Director	28%
Vice President	19%
Manager	17%
Chief Learning Officer	14%
Associate	8%
Other, please specify	8%
President / CEO	6%
<b>Total</b>	<b>100%</b>

Size of Organization

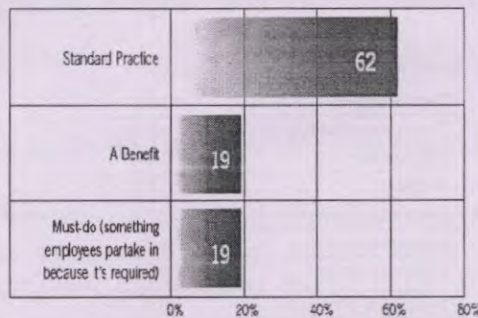
fewer than 5,000 employees	19%
5,001-10,000 employees	14%
10,001-50,000 employees	25%
50,001-100,000 employees	3%
Over 100,000 employees	39%
<b>Total</b>	<b>100%</b>

**Key Findings-The Changing Role of Learning & Development:** Survey respondents clearly agree that the Learning & Development function is on the brink of tremendous change. Leaders expect to see major changes in the role of Learning & Development, how its services are delivered, and how the function is perceived within the organization.

**PART I: TODAY**

A picture of the Learning & Development function looks something like this today:

**Learning & Development as a function is viewed by employees within our company as:**



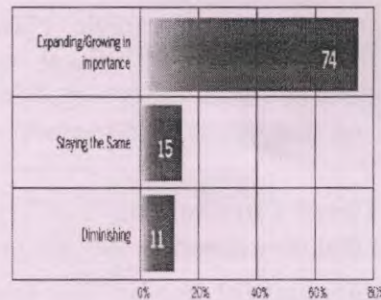
**Standard Practice:** “People expect that there will be training offerings, skill building courses, and people development of some kind. It’s seen as ‘status quo’ by many in the organization.”

**Benefit:** “The reason many people come to work at our company is because we invest in our people, and we do it in a way that doesn’t just build our business but it helps them grow personally.”

The predominant view of L&D being ‘standard practice’ is changing. A full 74% of respondents see the influence of L&D expanding in the coming years. As a function, L&D will not just be “offering courses” and “managing development as best we can” but instead will play a greater role in generating value for the company:

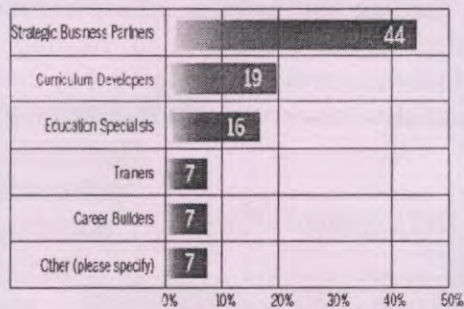


**At my company, the influence that the Learning & Development team has on creating value in the company is:**



In fact, the role of the L&D team is starting to be widely viewed as that of a strategic business partner. This represents a major change: many respondents noted a shift from being perceived as 'pure trainers' or 'curriculum developers' to 'a group that business leaders increasingly rely upon' to shape the leaders of tomorrow.'

**The role of Learning & Development in my organization can best be described as:**



As a result of this shift, training and developing talent is seen as a more crucial responsibility. Courses are offered across a range of key audiences to ensure that the right skills and content offerings are mapped to the correct population. High potentials were viewed as the group with a growing training priority within companies. There was also a heavy emphasis on offering training for managers and those leading teams and business units.

	Importance/Rank
High Potentials	1
Managers	2
New Employees	3
Executives	4
General Employee Population	4

**Prioritizing Training Audiences:** But how do you determine which audiences to train? Certainly audience segmentation within training efforts has increased over the years. As a result, the mapping of a curriculum to skills has become more complex. With so many groups or levels requiring a more specialized curriculum (in an ideal world), successful audience segmentation often requires significant

resources and dollars. Unfortunately, today's L&D leaders are not working with unlimited budgets and have therefore been forced to make tough decisions regarding segmentation. Our respondents shared how they prioritize audiences for training:

**1. Determined by Financial and Growth Results, Strategic Planning:** "Audience priorities for training are determined by Key Result Areas — defined each fiscal year in the areas of Finance, New Growth Initiatives, Quality Indicators, Patient Satisfaction/Service. High Potentials are always targeted as a key audience." "Allocation is based on demands of the marketplace." "[As part of the] strategic planning process."

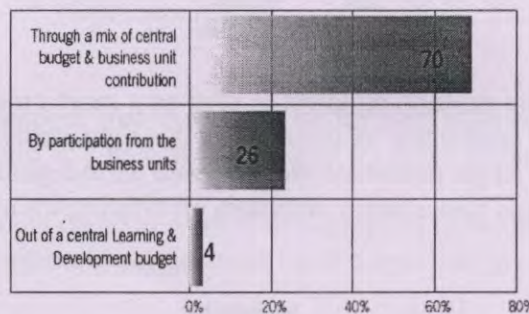
**2. Determined by Job Bands/Existing Tiered Curriculum:** "Leadership programs drive our training buckets — executives have a multi-tier set that they attend as they are promoted." "Job banding."

**3. Determined by Business Unit Heads/Assessment Needs:** "Our talent review process differentiates the investment we make by title, performance level and function." "Based on largest need — we ask ourselves 'where are the gaps? What groups need to do things differently?'" "Talking with managers in businesses to understand needs and challenges." "Leadership potential assessments and conversations."

**4. Open Enrollment — Previous Course Interest Levels:** "It has been more of an open enrollment approach. However, we are evolving to a more custom solution for particular teams as well as in the process of identifying High Potentials and successors which will be key in planning future programs."

**Funding for L&D Programs:** Despite a tough financial climate, respondents were still investing in many forms of training. However, funding for training efforts remains tricky. Most respondents indicated significant challenges related to the mechanics of funding efforts overall. Many L&D specialists commented that if they had more control over budgets, they could develop stronger curricula. The majority of funding for learning and development comes from a mix of central budget and business unit contribution:

**We currently fund our Learning & Development efforts:**

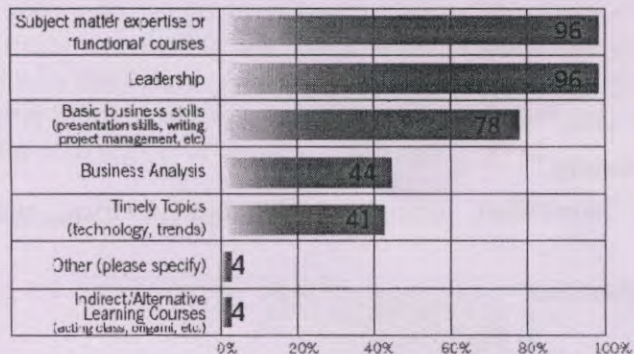


**Course Offerings:** In general, the categories of courses offered today are still fairly consistent with the offerings of a decade ago. However, many voiced enthusiasm that this must — and will — change in the near future.

**Today:** "We have to offer business basics, subject matter expertise and leadership offerings. It's non-negotiable."

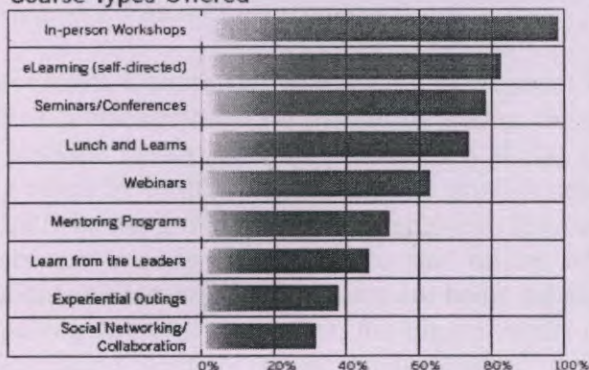
**Tomorrow:** "There is a strong need to provide learning on timely topics. The world is changing so fast that for my L&D group to be seen as a true strategic player in this organization, we need to provide timely insights, not just basic skill courses."

**Our current curriculum offers courses covering the following topics: (select all that apply)**

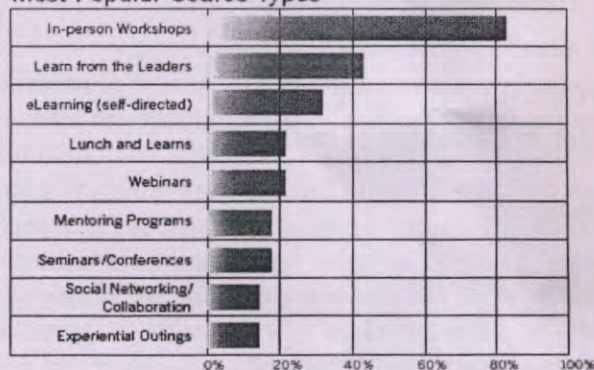


**Course Delivery:** Respondents confirmed that course delivery today still includes the mix of usual suspects (in-person workshops, eLearning, webinars, conferences, lunch 'n learns). However, it's interesting to look at the gap between what's *offered* and what's *popular*. Workshops remain the favored forum for learning, while Learn from Leaders and eLearning follow closely behind. The survey highlighted a sharp decline in seminar and conference participation ("it's far less popular now for obvious reasons..."). Many commented that this option is not viable — or even politically correct — due to the current financial environment.

**Course Types Offered**



**Most Popular Course Types**



Ranking by Course Delivery	What's Offered	Vs. Popular
In-person Workshops	1	1
eLearning (self-directed)	2	3
Seminars/Conferences	3	7
Lunch and Learns	4	4
Webinars	5	5
Mentoring Programs	6	6
Learn from the Leaders	7	2
Experiential Outings	8	9
Social Networking/Collaboration	9	8

**Measuring L&D Effectiveness:** Ultimately, demonstrating success for the L&D function comes down to measurement. Learning & Development must deliver results to get funding and justify its presence in the organization as a strategic need and not a 'nice to have.' But how do the L&D leaders do this? Open

responses pointed to a variety of methods — ranging from Profits per FTE and Return on Capital Expenditures, to ‘hit and miss’ or ‘we don’t measure.’

**Surveys/Evaluations:**

“Employee engagement survey data.”

“Level 3 survey, informal discussions.”

“Through formal evaluations, somewhat through performance metrics, and critical stakeholder feedback.”

“Post-learning event online evaluations.”

“Retention and engagement surveys.”

**Financial/Business Results:**

“Profits per FTE.”

“Through business results.”

“Return on capital expenditures.”

“By results — financial and retention.”

**Lack of Measurement:**

“Hit and miss.”

“We are currently developing this.”

“We do not do a good job of this at all.”

“Not measured.”

**General L&D metrics:**

“Retention.”

“Still based on how learners apply the learning.”

“Number of enrollments.”

“Participation, engagement in functional areas.”

“Mostly anecdotally... highlighting how L&D experiences helped individuals achieve a goal, solve a problem, or meet a business need.”

“Feedback, how practical content is to bring back to the workplace, performance/results.”

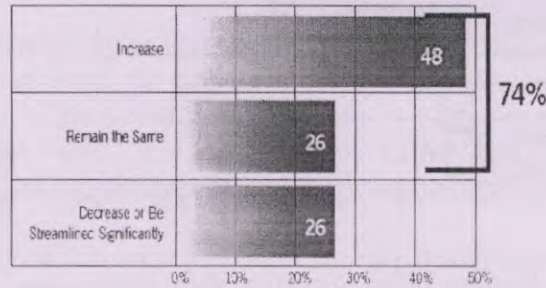
“We measure impact of learning on an employee engagement level. Lots more work to do here.”

“Number of employees trained, retention of those sent to top courses, placement of high potentials based on competencies built through training and on the job practice.”

## PART II: TOMORROW

So what does this mean? Where do we go from here? The outlook, it seems, is quite positive — and quite progressive. While many are feeling the pinch now, respondents feel their role — and their offerings — will only grow in the future. Again, 74% believed that the influence their group has on creating true value is growing in importance. In addition, 74% believed they would maintain or increase their current level of training offerings over the next two years:

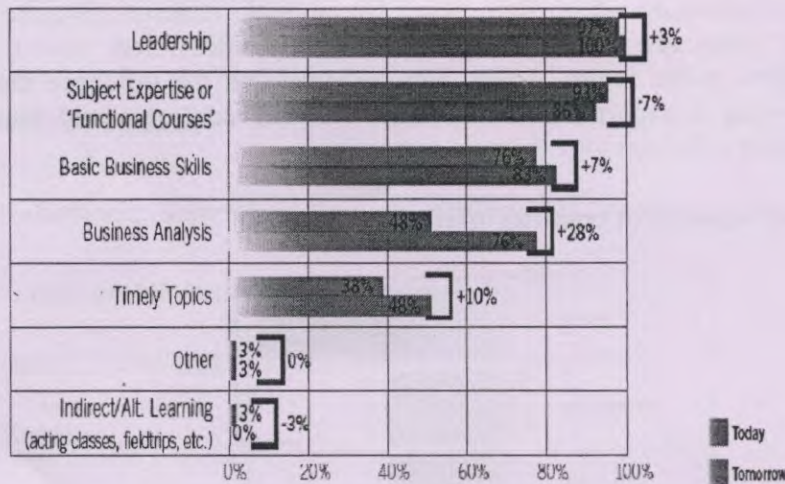
**In the next two years, my number of training offerings will:**



“L&D professionals are challenging historical assumptions about how to manage the significant investment that training represents for a company — assumptions about the products themselves, and even more, assumptions about the operations of this function. The question isn’t growing vs. not growing — it’s about **how** we grow.”

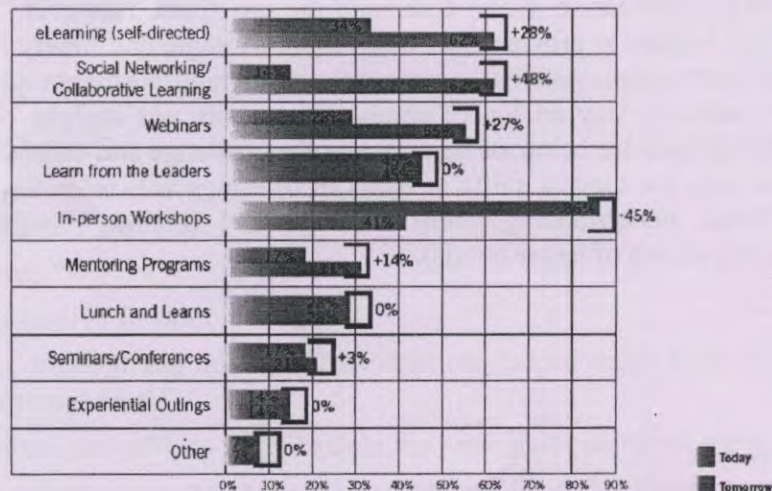
**Tomorrow’s Course Offerings:** One of the most interesting findings from the survey is regarding the types of courses planned for the future. Today, the courses on leadership skills, subject matter expertise, and business basics (writing, presentation skills) command the top spots. However, L&D groups are being asked by business unit leaders to provide courses on more strategic and timely issues. No longer can L&D be the group that gives employees 101 courseware on common business topics. Business unit leaders now require their teams to stay on top of competitive trends and analyze complex business situations. As a result, L&D groups are being asked to rise to the challenge and address these issues via compelling courseware. In fact, the biggest shifts in terms of offerings will be in the areas of Timely Topics (being digitally fluent, understanding global markets) and, Business Analysis (competitive information gathering, staying on top of larger trends).

### Course Topics:



**Tomorrow's Delivery Formats:** Perhaps more important than *what* courses will be delivered is *how* they will be delivered. While in-person workshops remain the most common — and most popular — form of training, there is change on the horizon. When asked the question: “What will be the most popular form of learning in your organization in the next two years?”, the popularity of “In-classroom workshops” fell a full 45%, with the balance shifting in favor of more digital and collaborative learning including: Social media/collaborative learning (+48%), eLearning (+28%) and webinars (27%).

### Course Delivery Formats:



### I identified some common causes behind this shift:

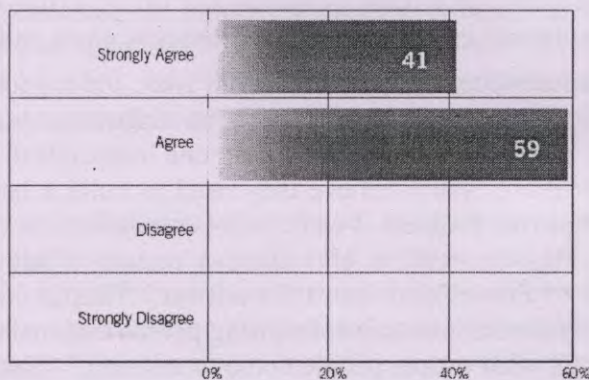
**Education across Generations:** “We have four generations at work, so we need to take a blended learning approach — one size doesn't fit all anymore. Older groups still prefer the facilitated classroom sessions, while younger groups prefer online learning. However, the one thing that transcends all groups

is that they are strapped for time and resources — so learning delivered in more focused, shorter bursts is key, and making these modules available in online (webinars) or self-paced formats (eLearning) is a must.”

**Need for Collaboration and Interactivity:** “I can see a significant increase in the use of online learning in the future. People need it because they can’t afford (time or money) to travel to attend a course or seminar. However, eLearning has a long way to go — it needs to be more engaging and crisp for people to adopt it. Presentations have to almost involve actors vs. talking heads to keep people engaged in a virtual atmosphere. People need to interact with the material more because there isn’t anyone there to facilitate the learning.”

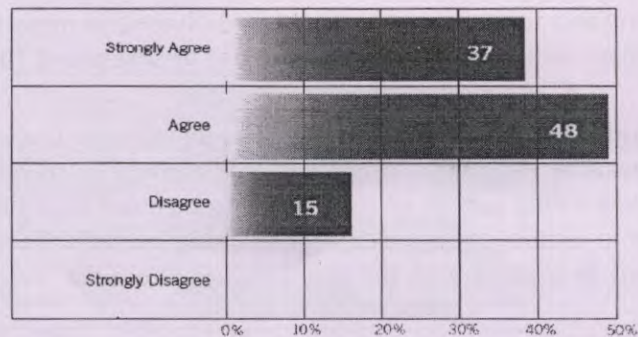
**Increased Focus on Productivity:** “The issue isn’t just about how the content is delivered online versus in the classroom — it’s about time. No one has 2-3 days anymore to be away from their desk in a training session, unfortunately. They need micro-learning — bursts of focused courses that teach them just what they want, when they want it. It’s like getting the Cliff Notes version of a course in terms of its length, but with the richness and key points of the entire workshop.”

**...In the future, the majority of learning will be in shorter timeframes, such as ‘micro modules’ or ‘micro learning’**



**A Shift towards Collaborative Learning:** Most importantly, 85% of respondents believe that future learning will be much more collaborative. With the presence of social networking, email and rapid communication in our personal lives, people expect their training to be collaborative as well. This means more facilitated webinars, more exploration with social networking, and increased usage of dynamic eLearning with simulation and interactivity. In-classroom courses will need to focus less on the ‘preach and teach’ format, and more on the experiential, interactive exercise format of learning.

**...the majority of learning will be collaborative**



**“Learning is about engagement. Talent + Engagement = Strength.”**

**What Skills Will Matter in the Future?** Overwhelmingly, respondents voiced the need for stronger communication skills (in all mediums), collaboration, flexibility and agility. The future seems to be increasingly complicated, and employees will need to manage, communicate and anticipate this continual sense of change very well. “Employees in the future will need a strong sense of inquiry and collaboration. As technology plays an increasingly important part of their lives, they have to know how to use this to stay connected with people — not just data — to be successful.” “Excellent communication and collaboration skills are a must — online and off. It’s time we went beyond writing skills and email skills to teach employees creative ways to collaborate, share and drive change.”

**New Attitudes towards Attendance:** Attendance is always an issue for training. Employees today are pulled in many directions, which results in frequent training cancellations — often at the last minute. While intentions are generally good, employees have, as one respondent put it, “an issue with commitment!” But what’s the solution? Many believe they need to build a better program: “We keep viewing poor attendance as an employee problem. I can’t help but wonder if it’s a course problem. If we want people to commit to training, we need to give them a reason to tear away from their desk. Presenters that drone on in front of PowerPoint aren’t the answer.” “Better courses = more attendees. I’m constantly looking for more dynamic, interactive, inspiring people that make people realize learning can be fun AND productive. That’s what makes people come to training.” “Ensure the courses are well designed (careful analysis and design), useful and compelling.” “Build a better program so that they want to come.”

#### **CONCERNS:**

*Measuring learning (and learning effectiveness):* Most corporations currently track learning in terms of time spent in training, workshops, completion of established software modules, etc. Kirkpatrick’s model of measuring training effectiveness has received some criticism, but is still a fairly useful model of determining the impact of learning. Judith B. Strother acknowledges the current limitation of metrics solutions: “Until a more solid research methodology is developed for measuring e-learning results, we can rely on the mainly qualitative feedback from corporations that are using e-learning to deliver their training”. Determining the effectiveness of a course, program, or learning approach can be difficult. Learning is much more than a direct “return on investment” decision. The very nature of learning alters people and organizations, increasing their capacity for competent action. The metrics applied to learning value are unfortunately often linked on a direct “dollars in, dollars out” model. Capacity creation and advanced organizational effectiveness can be overlooked.



Learning is not an isolationist activity. When learning is viewed as a network, each node (in this case, employee) that improves its own value (value defined as ability to act in a contextually appropriate manner to a challenge or opportunity and increased relevance to the environment around) creates a ripple effect that impacts other nodes, improving the value of the entire network (or organization). Seen in this manner, measuring learning impact is less about dollars in, and more about increased relevance and competence. The industrial input/output model is a difficult template to place over a knowledge era organization. Measuring learning effectiveness requires a global view of the corporation. The overall ability of an organization to achieve its defined vision is a by-product of the quality of its learning. An organization in a deficit stage of vision achievement will require increased learning. Models for measuring (and capacity to measure) this view of learning are currently lacking. Metrics of industrial era evaluation are still dominant. Why would corporations embrace a model that appears to be open in structure? How do organizations measure the effectiveness of learning in this model? LDC still functions from learning objectives (learning design should certainly be clear, but objectives are not always explicitly stated, or even known in advance of learning), but learning is created as guideposts, not directions. The constructs of the ecology permit individual learners broad movements based on personal interests and motivations (but still within the larger organizational parameters created by the designer to serve a specific outcome).

*Learner reactions:* Learners who have been conditioned to receive information in objective-packaged formats will resist (or be confused) by the sudden expectation of independence and knowledge foraging. The image of being a learner almost creates a preconditioned response of passivity. Most people innately possess the skills advocated by LDC, but they often do not see how pursuing a personal hobby is a learning process. Some transitory stage is required to move learners from passive consumers to active knowledge creators.

*Instructor reactions:* Instructors and trainers who are used to highly structured, regimented learning will find LDC approaches (particularly when designed for the accretion, acquisition, and emergence domains of learning) frustrating. Training professionals are required to move beyond knowledge provision (the model of transmission) to a more coach or guide-based role. Instructors will encounter disorienting experiences in this environment. The classroom model is a powerful metaphor (and almost, security device) of control-based learning. Letting go and opening up to serendipitous, learner-centred learning is not an easy task. For many educators, it will evoke an identity crisis. After several experiences with alternative learning formats, the liberation of not having to have all the answers, but rather guiding learners towards answers, is an intoxicating (and motivating) revelation.

**CONCLUSION:** The needs of continual learning, often tightly linked to work, required a new approach and model. LDC has been designed to create an alternative, less-linear view of learning. Learning is the intent of any development activity – communities, courses, networks, or ecology. Selecting the most appropriate design approach will assure greater a more positive and valuable experience for the learner. Taking a panoramic view of learning, and accounting for unique facets and domains, equips a designer with numerous approaches and methods. Instead of only transmitting learning, educators begin to create structures and networks that will foster a lifetime of learning and learning skills. Ultimately, designers continue to play a crucial role in the learning experience. Accounting for varying objects of design (instead of only instruction) creates a tighter integration with the unique nuances of learning today. The monochromatic world of course design is replaced with a vibrant environment where

learning occurs in an integrated ecosystem. Learning is a continuous stream, rather than a dammed up reservoir.

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## **A STUDY OF STAKEHOLDERS RESPONSE TO BUSINESS RANKING**

Dr. Sanjay Kaptan , Prof. & Head , Department of Commerce & Research Centre,  
University of Pune

Harbamon Rongpi , Teaching Associate , Department of Commerce & Research Centre,  
University of Pune

### **Introduction:**

Business organization basically works to satisfy the interest of the stakeholder. A corporation or organization that meets the expectation of the stakeholder has higher chances of success and survival. In long run it is not the profit alone but satisfaction of different stakeholder that really matters. No two stakeholders can have the same set of expectation and can be provided with justice by using same norms of performance. Success in business has different meaning for different stakeholder. Profit, performance, progress and potential of future success are certain simple measures which different stakeholder used to evaluate performance of a business entity. How do stakeholder respond to corporate performance, how do their views and expectation vary and on what parameters the stakeholders rate the corporate success, what is their view about business ranking are few important question that really matter.

This paper throws light on certain key issues related with corporate performance and business ranking and stakeholders response to business ranking.

### **Statement of the problem:**

The term stakeholder is in usage in business terminology for almost last 3 decades. With the changing approach towards corporate performance and achievement; the concept of corporate performance has gained importance. Measuring business success by using profit as the sole criteria is like wearing an old head. On a contrary, the term business performance has become more comprehensive and broad based. It has many dimension and contours that considers business success on different parameters. How the stakeholders react, response and appreciate business performance is an important issue. The present paper evaluates business performance from stakeholders' point of view. Hence, the title of the paper is, "*A Study of Stakeholders response to Business Ranking*"

### **Purpose of the study:**

The paper is written with a basic purpose of understanding as to how the stakeholder responds to published financial data and rating of corporation by different agencies. The purpose of the paper is to analyse the expectations of the stakeholder and what they look for in the rating corporation by different agencies.

The purpose of the paper is to analyse the expectation of the stakeholders and what they look for in the rating of corporation by different agencies.

### **Objectives of the paper:**

The principal objectives of the paper are as follows:

- (i) To examine the expectation of the different stakeholders from published financial statement and disclosed data.
- (ii) To analyse stakeholders view towards rating of business corporation
- (iii) To examine the parameters which are useful to verify the standing and nature of business agencies and shareholders response to such rating

#### **Working definition:**

##### **1) Business rating:**

Business rating is an evaluation of the credit or financial standing of a business organization or firm.

##### **2) Financial performance:**

Financial performance is refers as a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation

##### **3) Stakeholders:**

Stakeholder is a person/group/ organization that have interest or concern in an organization, who can affect or be affected by the organization's actions, objectives and policies.

#### **Review of Literature:**

Jaepil Choi and Heli Wang in their article, titled, "Stakeholder relations and the persistence of Corporate Financial Performance" have analysed a few aspect of stakeholders' relationship and corporate financial performance. the authors claims that there exist a positive effect of a good stakeholders relation on superior financial performance and efficient resource utilization by the firm.

John C. Narver & Stanley F. Slater in the article, "The Effect of a Market orientation on Business Profitability" have noticed that there is a need for development of market orientation and the need to analyse its effects on market profitability.

Dan R. Dalton, S.Trevis Certo and Rungpen Roengpitya in their article, "Meta-Analysis of Financial Performance and Equity: Fusion or Confusion" have noticed that there is a need for consistent linkage and systematic relationship between financial performance of the business firm and the kind of capital structure they have.

#### **Discussion:**

##### **1) What the stakeholders expect from the financial statement:**

The financial statement tells about the performance and achievement of a firm. It is the mirror image of the performance of the firm. However, often the mirror image is deceptive. The mirror image tells something which is not very close to reality. Hence, it often depends on the viewer as to how he perceive and understand the reality by examining the image. Usually, different stakeholders have different expectation from the firm as such their approach towards analysis of financial statement differs, many

times the stakeholders look at the financial statement with a selective approach and therefore they evaluate the performance from their own point of view. Following tables explains what different stakeholders expect from financial statement.

Sr.No.	Stakeholder	Expectation from financial statement
1	Shareholders	Profitability, solvency of the firm, short term and long term solvency, profitability, turnover and return on assets and investment
2	Bankers	Short term and long term solvency, profitability, turnover and return on assets and investment
3	Creditor	Short term and long term solvency
4	Investors	Profitability, return on equity, earning capacity, earnings before interest and taxes, debt serving capacity
5	Tax authority	Return on capital employed, return on investment, profitability, asset turnover ratio
6	Debenture holders and bond owner	Short term and long term solvency, profitability, return on investment, debt service capacity
7	Broker and stock market operators	Short term solvency, working capital, turnover ratio, dividend pay-out ratio, debt serving ratio

## 2) Business rating: the stakeholders approach:

Stakeholders associated with the business have different objective. They do not consider any particular parameters of business performance as sufficient and complete. While reviewing the financial performance of a business a stakeholder look at the financial statement and performance from his own point of view. When a business performance; basically it is not any particular criteria or parameters that is considered as most important and unique. Business ranking is the sum total of all the parameters taken together. It is the general assessment of total performance. Hence, it is an average and representative indicators of business performance. It will be inappropriate to consider business ranking as a useful parameters from one particular stakeholder point of view. Different stakeholder review, analyse and assess the business ranking from their own point of view.

What purpose and interest of the stakeholder is satisfied by the business. Ranking and rating works as a tool for financial and investment decision making. What is the credibility of such business ranking from stakeholder point of view is a very important issue.

The stakeholder expectation from business ranking and rating can be understood from the following table:

### Interest of stakeholder in business ranking

Sr.No.	Stakeholder	Parameters	Implications
1	Equity holder	Performance of the company, position in the competitive market, growth potential, opportunity of success, future of the company, new trends, growth prospect implication	Whether to continue the investment in the company by retaining or selling of the investment

2	Banker	What is the financial solvency, creditability, ability to repay and competence of the company to stand in the competitive environment	Whether to continue the existing loans with the business, whether, further loans be extended, what kind of credit recovery mechanism should be implemented and further, how the company will respond to financial crisis.
3	Investors	Return on total investment, earning capacity of the firm, present and potential capacity to enhance profitability and ability to stand in the competition	Whether to continue with investment, whether to have new and additional investment, what are the alternative for transfer of investment from one firm to another
4	Tax authorities	Earning before and after taxes and interest, capacity to earn profit. Assets generation capacity, accumulation of reserves and retained earnings	Whether the company is brought under the right tax structure and bracket; whether, the earning capacity of company is rightly adjudged and how the company pays for its dues.

**3) Suitability of parameters for business performance rating:**

Business ranking being one of the important and essential aspects of performance evaluation helps every associated stakeholder to understand as to how a business organization has performed in a particular period and what the implications of such performance are. Business performance is a sensitive issue; it influence financial, credit and investment and economic decision. Appropriately analysed financial performance does have a great importance from every stakeholder's point of view. There are a large number of aspects associated with financial performance analysis. There are related with stakeholders' interest, their purpose and way of looking at financial statement and performance. The interest of the stakeholders varies with time period. The short term and long term interest can't be satisfied by using the same set of parameters. The issues related with solvency, creditability and profitability cannot be addressed by using same set of parameters. The criticality and complicated nature of financial statement, the inter-relationship of different asset and liabilities cannot be understood by using single or unique norms of evaluation. Therefore, approach of financial statement analysis varies from stakeholder to stakeholder.

#### 4) *How the stakeholders respond to business ranking?*

Stakeholder cannot respond to business ranking in a same way. All the stakeholder cannot respond to business ranking in the same way. Their response has multiple variations. This variation occurs because of following reasons:

- (a) Stakeholder keep on changing their expectation from financial statement
- (b) All the stakeholders do not look at business ranking with the same set of objective. There are sometime diagonally opposite objective which the stakeholder wants to pursue.

In many cases there are certain hidden motives which the stakeholders want to satisfy through analysis of financial statement. Hence, expecting uniform response from different stakeholders to financial statement is not appropriate. In normal course, the stakeholders responds can be assess in following ways:

- a) How the financial statement reveals the truth about the solvency, profitability and liquidity.
- b) How the financial statement explains the future prospect of success
- c) What are the issues related with financial soundness, long-term survival, ability to meet challenges and capacity to stand in competition.

#### **Conclusion:**

Thus from the above discussions; it is clear that different stakeholder look at financial statement from different point of view. Their interest and motive varies to a great extent. As such, the approach of the stakeholder also varies.

Through, different stakeholders have different reasons to evaluate financial statement; however, their analysis and interpretation and proper evaluation is still essential for every stakeholder. Unless and until, financial statements are properly prepared with due and complete disclosure the purpose of business rating cannot be rightly achieved.

The stakeholders want not only rating of business organization but equally necessary that the rating should be based on even, rational, transparent and clear parameters.

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## **A STUDY ON THE ACCOUNTING INFORMATION SYSTEM OF INDIAN TELECOMMUNICATION COMPANIES**

**Mr. Shahid Sayed, Assistant Professor , Department of Commerce,  
Abeda Inamdar Senior College, Pune.**

### **➤ INTRODUCTION**

#### **Accounting :**

American Accounting Association (AAA) defines accounting as “the process of identifying, measuring, and communicating economic information to permit informed judgments and decisions by users of the information”. So accounting is the art of classifying business transactions and summarizing the same. Accounting is instrumental within organizations as a means of determining financial stability. Accountants are responsible for determining an organization’s overall wealth, profitability, and liquidity. Without accounting, organizations would have no basis or foundation upon which daily and long-term decisions could be made. The budgets for marketing activities, profit reinvestment, research and development and company growth, all stem from the work of accountants. Accounting is one of the oldest and most respected professions in the world, and accountants can be found in every industry from entertainment to medicine.

#### **Information**

Information and data are interchangeably used by business people. Information can be defined as data that have been converted into meaningful and useful context for specific end users. In business the information plays a vital role in feeding business information to the decision centers to make decisions.

#### **System**

A system is an entity consisting of interacting parts (called sub- system) which attempt to achieve a multiplicity of goals. In business entity the system have to function effectively and efficiently. For which its sub-system must interact with each other. This interaction is achieved principally through the effective communication of relevant information among the sub-system. In any organization, the system of communication follows from the top level management to lower level management .

Accounting Information System (AIS) is a tool which, when incorporated into the field of Information and Technology systems (IT), is designed to help in the management and control of topics related to organization’s economic-financial area. But the stunning advance in technology has opened up the possibility of generating and using accounting information from a strategic viewpoint. To better understand the term ‘Accounting Information System’, the three words constituting AIS should be elaborated separately. Firstly, literatures document that accounting could be identified into three components, namely information system, language of business and source of financial information .Secondly, information is a valuable data processing that provides a basis for making decisions, taking action and fulfilling legal obligation. Finally, system is an integrated entity, where the framework is focused on a set of objectives Benefits of accounting information system can be evaluated by its impacts on improvement of decision-making process, quality of accounting information, performance evaluation, internal controls and facilitating company’s transactions.



Accounting information systems (AIS) provide valuable information to a range of external users and internal users of accounting data. The purpose of accounting information system is to produce financial statements such as the Statement of Comprehensive income the Statement of Financial Position and other reports used by managers, creditors, current and potential investors and others. The data produced by AIS is considered as an essential source of key information for the organization. It plays a major role in informing financial decisions either operational or regarding investment or funding. These decisions contribute in improving the organization's position and give competitive advantage which is reflected in the market value of the organization, and therefore its sustainability in the marketplace. In particular, Accounting Information Systems (AIS) maintain and produce the data used by organizations to plan, evaluate, and diagnose the dynamics of operations and financial circumstances. In particular, Accounting Information Systems (AIS) maintain and produce the data used by organizations to plan, evaluate, and diagnose the dynamics of operations and financial. Providing and assuring quality data is an objective of accounting. With the advent of AIS, the traditional focus on the input and recording of data needs to be offset with recognition that the systems themselves may affect the quality of data. Indeed, empirical evidence suggests that data quality is problematic in AIS .AIS data quality is concerned with detecting the presence or absence of target error classes in accounts.

### **Objectives of the Study**

1. To study the aspects of accounting information system.
2. To study the role of accounting information system in BSNL companies
3. To suggest measures for the effective use of accounting information system for the proper functioning of BSNL companies

### **Research Methodology:**

The data for this study is collected through secondary method i.e. various reference books related to the topic.

### **Scope of the study**

Telecom companies in India are tending to use data quality to improve the quality of their services, increase efficiency and customer satisfaction, and offer wider choices with lower costs to the customer. The purpose of accounting information system is to produce financial statements such as the Statement of Comprehensive income, the Statement of Financial Position and other reports used by managers, creditors, current and potential investors and others.

Findings from this study would extend current understanding of how effective AISis carried out in these companies. Such findings are a necessary foundation for the eventual development of effective telecommunication companies.

### **❖ Information about AIS**

In order to understand data quality issues in AIS in particular, it is important that the term AIS is clearly defined. There are various definitions of AIS. AIS is seen as a subsystem of a management information

systems, and its major function is to process financial transaction, as well as non-financial transactions that directly affect the processing of financial transactions

- **AIS Definition**

The definition of AIS has evolved over the years from one focusing on the provision of more formal, financially quantifiable information to assist in decision-making processes to one that embraces a much broader scope of information. The dimensions used to reflect the design of AIS include focus, orientation, time horizon, aggregation, integration, timeliness, financial and non-financial, and quantitative and qualitative

Defining AIS has been difficult today and research in this area is quite diverse. It includes behavioural studies of audit decision – making tools, field studies of organizational systems, design, development of general ledger systems, and development of accounting models that effectively utilize advancement in computer technology, application of different technology solutions to AIS situations, and many other types of studies.

Therefore, an accounting information system is one that translates representations of economic activities into a format that is valuable to accountants and to their customers i.e., business decision makers, who need information about economic activities.

- **Role of Information in Organizations**

Data, Information, and Systems Organizations store and process large amounts of data, which may or may not convert into information. Data refers to recorded descriptions of things, events, activities and transactions. A database consists of stored data items organized for retrieval. Information is data that has been processed so that it has meaning and value for the recipient. This means that information is subjective; what one person perceives as information another may see as data. It depends on their interests and role. People can also use information to create knowledge - the expertise, understanding and experience that comes from learning.

- **Accounting Information Systems Functions:**

The basic functions of accounting systems, in developing information about the financial position of a business and the results of its operations; every accounting system performs the following basic functions:

1. Interpret and record the effects of business transactions.
2. Classify the effects of similar transactions in a manner that permits determination of the various totals and subtotals useful to management and used in accounting reports.
3. Summarize and communicate the information contained in the system to decision makers.

The differences in accounting systems arise primarily in the manner and speed with which these functions are performed. Ensure the fully control, which confirm accuracy recording and manipulating the data related to business activity. Also, protect those data and organizations assets.

- **Advantages of Accounting Information System (AIS)**

The following are advantages of AIS:

- It provides useful information for making decisions.
- It serves primarily those users who have limited authority, ability or resources to obtain information and who rely on financial statements as their principal source of information about enterprises' economic activities.
- It provides information useful to investors and creditors for predicting, comparing and evaluating potential cash flows in terms of amount, timing and related uncertainties.
- It supplies information useful in judging the management's ability to utilize enterprise resources effectively in achieving primary enterprise goals.

## ❖ **TELECOM INDUSTRY OVERVIEW**

- **INTRODUCTION**

The Indian telecommunications industry is one of the fastest growing in the world. India's telecommunication network is the second largest in the world based on the total number of telephone users (both fixed and mobile phone). Government policies and regulatory framework implemented by Telecom Regulatory Authority of India (TRAI) have provided a conducive environment for service providers. This has made the sector more competitive, while enhancing the accessibility of telecommunication services at affordable tariffs to the consumers. In the last two decades, the Indian Telecom Sector and mobile telephony in particular has caught the imagination of India by revolutionizing the way we communicate, share information; and through its staggering growth helped millions stay connected.

- **History of Bharat Sanchar Nigam Ltd (BSNL)**

Bharat Sanchar Nigam Ltd. was incorporated on the 15<sup>th</sup> of September 2000. It took over the business of providing of telecom services and network management from the erstwhile Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), with effect from 1st of October 2000 ongoing concern basis. It is one of the largest & leading public sector units providing comprehensive range of telecom services in India. BSNL has installed Quality Telecom Network in the country & is now focusing on improving it, expanding the network, introducing new telecom services with ICT applications in villages & winning customer's confidence. Today, it has about 43.74 million line basic telephone capacity, 8.83 million WLL capacity, 72.60 million GSM capacity, 37,885 fixed exchanges, 68,162 GSM BTSs, 12,071 CDMA Towers, 197 Satellite Stations, 6,86,644 Rkm. of OFC, 50,430 Rkm. of microwave network connecting 623 districts, 7330 cities/towns & 5.8 lakhs villages. BSNL is the only service provider, making focused efforts & planned initiatives to bridge the rural-urban digital divide in ICT sector. In fact there is no telecom operator in the country to beat its reach with its wide network giving services in every nook & corner of the country & operates across India except New Delhi & Mumbai. Whether it is inaccessible areas of Siachen glacier or North-Eastern regions of the country, BSNL serves its customers with a wide bouquet of telecom services namely

Wireline, CDMA mobile, GSM mobile, Internet, Broadband, Carrier service, MPLS-VPN, VSAT, VoIP, IN Services, FTTH, etc. BSNL is numero uno of India in all services in its license area. The company offers wide ranging & most transparent tariff schemes designed to suit every customer. BSNL has 90.09 million cellular & 5.06 million WLL customers as on 31.07.2011. 3G Facility has been given to all 2G connections of BSNL. In basic services, BSNL is miles ahead of its rivals, with 24.58 million wireline phone subscribers i.e. 71.93% share of the wireline subscriber base. BSNL has set up a world class multi-gigabit, multi-protocol convergent IP infrastructure that provides convergent services like voice, data & video through the same Backbone & Broadband Access Network. At present there are 8.09 million broadband customers. The company has vast experience in planning, installation, network integration & maintenance of switching & transmission networks & also has a world class ISO 9000 certified Telecom Training Institute. During the 2010-11, turnover of BSNL is around Rs. 29,700 Crores.

- **Role of accounting information system in BSNL**

System in BSNL Company. There were around 6 different type of Characteristics for which the data has been collected i.e. Age, qualification, present job at company, experience at present job, type of account system and level of job in different level of management using multiple types of account systems.

### **1. Education and training**

This indicates that education and training of employees and management at all level has been seen as essential in order to have data quality insurance and improvement efforts to be of success. The adequate education and training program can help to create an empowered workforce that leads to better data quality performance.

### **2. Regular training**

Regular employee training is essential for an organization's success. Despite the importance of training, a trainer can encounter resistance from both employees and managers. Both groups may claim that training is taking them away from their work. However, a trainer can combat this by demonstrating that training is actually a crucial part of employees' and managers' work.

### **3. Input controls**

Input controls are computer controls designed to provide reasonable assurance that transactions are properly authorized before processed by the computer, accurately converted to machine readable form and recorded in the computer, that data files and transactions are not lost, added, duplicated or improperly changed, and that incorrect transactions are rejected, corrected and, if necessary, resubmitted on a timely basis.

### **4. Adequate and sufficient documentation**

The adequate and sufficient required document are easily accessible and can be used to get complete information about accounting information system in BSNL companies if this role is followed perfectly the clients can get quick and easy information.

### **5. Effective employee relations and employee satisfaction**

Happiness at work has traditionally been seen as a potential by-product of positive outcomes at work, rather than a pathway to success in business. With the major advances in technology, particularly

in a modern office environment, a greater range of information has become easily available to employees. Staff today generally has a much broader knowledge of business environments, and therefore their minimum expectations of what a modern workplace should provide to keep them happy and motivated are fairly high.

#### **6. Organization's abilities and skills**

Organizational skills are the things an employee and manager use to help make their company better, and to develop their own careers. Along with communication and computer skills, organizational skills is one of the most important transferable job skills a worker can possess. Companies need workers who can stay organized and focus on the projects at hand. However, company managers must also organize the work of their employees. Organizational skills in the workplace can include general organizing, planning, and time management, scheduling, coordinating resources and meeting deadlines

#### **❖ Conclusion and Suggestions :**

The results from this research are likely to help organisation's top management, middle management and accountants, to obtain better understanding of AIS and DQ (Data Quality) issues. The findings of the study will provide accounting practitioner guidelines and appropriate solutions for effective accounting information systems in these organizations. The study will assist the practitioner to identify the obstacles in their work, and arrive at suitable solutions.

Finally, the findings of this study might be of interest to telecom private companies in India. The information provided might assist decision makers in formulating strategies to encourage the effective use of data quality among accounting system and businesses in India. This study has gained its significance because; in recent years, many national and foreign companies are working in India.

#### **Suggestions:**

The accounting function has an important role in the successful operation of today's business world. This function canters on providing relevant decision-making information to individuals and groups both within and outside of a company's system. So BSNL Company should maintain more efficient accounting information system for future sustainable development.

1. Organization with low efficient accounting information system should concentrate on Timeliness, Completeness and Consistency to increase the data quality.
2. BSNL should unify the measures for improving the efficiency of accounting information system as there exists significant difference in the usage of the components of advance security plans and systems among different sample states.
3. BSNL company should apply proper measures to increase the level of performance to the expected level for effective accounting information system
4. Top managers of BSNL should further intensify their commitment of in supporting data quality activities.
5. BSNL should employ more top managers for the effective diversification of accounting information system for better performance

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## **DISCARDED PET BOTTLES USED TO BUILD SUSTAINABLE STRUCTURES**

### **—A GREEN MARKETING INITIATIVE**

Dr. Shaila Bootwala, Professor, Abeda Inamdar Senior College, Pune

#### **Introduction:**

Plastic is one of the world's worst pollutants due of its non-decomposable nature. Every bit of plastic ever manufactured still remains on Earth in some form or the other. However, environmentalists have found a method to use PET bottles as construction material, more specifically as "bricks"!

It is difficult to think of a bottle as a brick. But a mud-filled bottle is stronger and more durable than a brick and whatever one can do with a brick; can be done with a brick bottle too.

The use of plastic bottles for construction does not only provide a solution to the bulk waste from mineral water and soda among other beverages, but provides shelter and conserves the environment.

Packing sand into plastic bottles is a technique that started nine years ago in India, South and Central America. Named "bottle brick" technology, the compacted sand inside the bottles is almost 20 times stronger than bricks.

Andreas Froese, a German Bio Constructor, is the inventor of the 'Bottle Brick', and "art ECOTEC", which involves the use of disposable PET bottles, debris and earth as raw material for construction. Till date Ecotec has recovered and used 3,00,000 PET bottles in 50 different construction projects

#### **An Idea is born:**

ECO-TEC was founded in 2001 in Honduras as a result of an idea sparked by Andreas Froese, a German Bio-Constructor. With the knowledge that 80% of plastic bottles produced each year are not recycled, and the need for so many homes, an idea was born.

The first home using plastic bottles and soil as a blend material was built in Honduras in 2002. It features a 30 ton green roof. Incredibly, no cement was used to build the home. In 2005 in Honduras they built a bottle roof by forming a dome and using small bottles without filling the bottles. The company has since built over fifty houses and other community-enhancing structures (such as a church, parks and a school) in Honduras, Colombia, Bolivia and Mexico. They have also built an aqueduct and water tanks which hold up to 20,000 litres of water.

The building materials used are simple, sustainable and eco-friendly. Structures are made using earth, sawdust, sand, car rings and plastic bottles. Plastic bottles, which replace bricks, are filled with rubble, earth or sand. The cost of construction is reduced by up to 40%. Similar to an adobe house, the buildings follow a bioclimatic design which keeps the inside cool when it is warm outside, and vice versa.

All materials are gathered locally. The bottles are gathered through clean-up campaigns and recycling drives.

ECO-TEC also believes in empowering locals by teaching them the construction methods needed to build their own structures. The company sends consultants to sites to teach and lead local people in the building process. People with disabilities and the unemployed are recruited to join in the construction. They have also shared their knowledge with students at various universities.

ECOTEC-Africa is a franchise of ECO-TEC Environmental Solutions and was established in 2011 in Uganda. Much needed homes, latrines and water tanks are starting to appear in Uganda and Nigeria, with the hope of building many more in the future.

Other projects using plastic bottles have appeared in Serbia, Taiwan, Argentina, Tokyo, Europe and the United States. It appears as though ECO-TEC has sparked an exciting trend in reusing and recycling.

ECO-TEC projects have a social, economic and ecological impact and they are filling an important gap in the global construction industry. Over time, these construction methods can be learned and used by many more people to address the worldwide housing shortage and at the same time address the problem of excessive use of plastic bottles.

### **Use of Bottle Bricks in India**

The Samarpan school is the first educational facility built with PET bottles (6,000) in New Delhi. The school's structure has virtually no cracks in the wall since it was built and is completely waterproof.

The Bottle brick construction is visible in many places in Chennai. Some of them are as under

1. PET plastic bottle bench at Samarpan Foundation Site/Farm in Red Hills, Chennai
2. PET bottle benches at Taj club house Chennai
3. PET bottle bench at SRM Easwari Engineering College Porur Chennai
4. PET bottle bench at Womens Christian College Chennai



### **“Bottle Brick” Building Process:**

The building process of PET bottle structures is simple. The bottles are first cleaned out, after which they are compactly filled with mud. They are then placed side by side and the space between the bottles is filled with mud and building waste and cemented together to construct the floor and walls.

To have a perfect plastic bottle house, one needs to collect bottles preferably of the same size and height which are filled with soil with no provision for air spaces.

If the bottles are not perfectly filled with soil and are not of relatively the same sizes, they can crumble down and produce an uneven structure. Thus it is very important that the bottles are of the same size and are filled perfectly.

The bottles are aligned by strings to keep them firm and still in shape.

The size and design of the house can be alternated according to the desire of the individual.

### **Advantages of building a structure out of PET bottles:**

- The mud-filled plastic bottles are non-brittle and can withstand abrupt shock loads. For example, in 2009, when a 7.1-magnitude earthquake shook Honduras and destroyed over 100 homes, the PET bottle structures did not suffer any damage.
- Structures made from PET bottles are estimated to last over 100 years as these bottles are non-biodegradable and have a lifespan of over 1,000 years.
- There is less carbon emission while building with bottles as compared to building with bricks, which are baked. The process is also more energy-efficient, and it takes less time to fill bottles with mud than to make a clay brick.
- The bottle walls act as heat insulators and are strong, durable and versatile.
- These structures are easy to build, reduce land and water pollution and will lead to the creation of an array of jobs for different sectors of society.
- The best part about bottle brick structures is that they are cost effective. This is because a lot less is spent on building material. The houses are estimated to cost 1/3 of a house made of concrete and bricks.
- The technology is cheaper as cement can be alternated by mud or clay and bottles which are the largest input can be sourced free of charge.

**Conclusion:** This technology is fast spreading around the world and its future seems very bright.

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## GROWING TOURISM IN PUNJAB- AN ARISING SECTOR CREATING POTENTIAL FOR EXPLOITATION OF OPPORTUNITIES

*Shivani Nischal, Senior Research Fellow, Department of Commerce, Guru Nanak Dev University, Amritsar, Punjab*

*Dr.G.S.Bhalla, Professor, Department of Commerce, Guru Nanak Dev University, Amritsar, Punjab*

### **Introduction**

The state of Punjab is situated in the north-west of India and lies between latitude 29.30° to 32.32° North and longitudes 73.55° to 76.50° east. It is bounded by Pakistan on the west, Jammu and Kashmir on the north, Himachal Pradesh on the northeast and Haryana and Rajasthan on the south. Due to its rich historical legacies, forts, religious shrines, wetlands, arts and handicrafts, the state of Punjab offers variety of savers for different types of visitors. Punjab is gateway to states like Jammu & Kashmir and Himachal Pradesh for tourist destinations. Though the state is considered as a transit point for visitors to the above states, it has its own places of tourist importance, spread over in different districts. With a variety of offerings to visitors, Punjab was expected to draw large number of visitors from all over the country. Unfortunately, the state has not been successful in attracting visitors from other parts of the country. The current survey conducted shows that visitors from outside the state accounted for merely 17.2 percent of total visitors in the state. There are notable service deficiencies which adversely affect the flow of visitors to the state and some of them are lack of tourist information and guidance, inadequate tour operators, absence of travel circuits, limited availability of public conveniences etc. The present study was intended to bridge the gap in information relating to intra-state and inter-state flow of visitors to all the important destinations in the major districts of Punjab. The study is perhaps the first of its kind and is bound to serve as a spring board for continuous updating not only of visitors statistics but also provide valuable inputs to concerned authorities for developing infrastructure facilities, disseminating and marketing tourism sites located in Punjab. A sample size of 800 visitors per district per month per destination was fixed for the destination survey. When there is more than one destination in a district, the sample size has been distributed more or less in equal proportion. The State level data has been derived by aggregating the district level data for all the selected districts. A sample size of 200 visitors per district per quarter was fixed for interview at the exit point(s) of the headquarters of each district. The State level data has been derived by aggregating the districts level data for all the districts. The field survey was conducted for a period of 2 months during July 2011 to August 2012 at selected destinations.

For collection of information three questionnaires were developed. These are 'Survey at Destination', 'Survey at Exit point', and 'Survey of Accommodation units'. Data collected from field surveys was analyzed and estimates for various parameters were made using a pre-determined estimation procedure.

At ticketed destination with differential pricing for domestic and foreign visitors, the data on number of foreign and domestic visits separately during a day were collected from sale record of tickets. If the destination had common ticket for both domestic and foreign visitors, then an assessment of the

distribution of visits by domestic and foreign visitors were made by counting the visitors at the entry points. At non-ticketed destinations, on a particular day the total number of visitors was assessed by counting the number of such visitors at specified time slot at entry point(s). The above assessment was made separately for domestic and foreign visitors. If there were more than one entry point to a particular tourist destination, all the entry points were covered for counting the visitors under the broad classification. If there was no specific entry point, the investigators were deployed at appropriate points based on flow of visitors to such a destination. During the course of field survey an attempt was made to collect data on number of overnight visitors staying at accommodation units, overnight visitors staying with friends and relatives, other overnight visitors and same-day visitors, separately for domestic and foreign visitors. The survey at the tourist destinations could not capture the following categories of visitors:

- (a) Visitors staying with friends and relatives and not visiting any tourist destination;
- (b) Visitors staying in accommodation units but not visiting any tourist destination;
- (c) Same day visitors not visiting any tourist destination

**Table 1.1 List of places of attraction in Punjab**

Sr. No.	Attraction	Places
1	Pilgrimage	Amritsar, Patiala, Fatehgarh Sahib, Anandpur Sahib, Bathinda, Muktsar, Rupnagar
2	Heritage / Forts / Palaces	Patiala, Fatehgarh Sahib, Bathinda
3	Handicraft	Patiala, Jalandhar, Muktsar, Hoshiarpur
4	Business	Jalandhar, Kapurthala, Ludhiana
5	Nature	Amritsar, Kapurthala, Rupnagar

To get an idea about the total number of persons visited the district; information regarding visitors called at tourist destinations was supplemented by incorporating information on the above categories of visitors.

All the accommodation units viz hotels, tourist lodges, *dharamshalas*, motels, Govt. and Private Guest houses, etc. in the selected towns were listed with the help of local bodies. The accommodation units so listed were grouped under two broad heads namely classified hotels and non-classified accommodation units. From the selected accommodation units, **particulars of the accommodation units** and information about overnight visitors were collected. For collecting information about the number of visitors and other details for a particular month, the selected accommodation units were visited in the 1st week of the succeeding month. Places like Golden Temple and Wagah Border at Amritsar, Hosiery related market area at Ludhiana, Devi Talab Mandir

at Jalandhar, Janam Asthan Sri Guru Arjan Dev Ji at Tarn Taran, Gurudwara Anandpur Sahib at Rupnagar and Damdama Sahib at Bhatinda were the destinations of 85 percent of total domestic visitors covered during the study. Foreign visitors were found at 12 destinations in eight districts. Golden Temple and Wagah Border at Amritsar, Nangal Dam at Rupnagar, and Hussainiwala Indo-Pak Border at Ferozpur were the most visited destinations by foreign visitors in Punjab. The domestic leisure overnight visitors visited on an average 1.41 destinations during his/her visit to Punjab. On the other hand, domestic leisure day visitors visited on an average 1.13 destinations during his / her visit. In the case of foreign leisure overnight visitors, on an average 1.62 destinations were covered during his / her visit to Punjab. In case of foreign leisure day visitors on an average only one destination was covered. The overall ratio of Domestic Non-Visitors and total Domestic Visitors counted has been worked out to 0.76.

The domestic overnight visitors (tourist) accounted for 48.5 percent and day visitors accounted for 51.5 percent of total number of domestic visitors. The Foreign visitors were mostly overnight visitors (96.7 percent) and the remaining 3.3 percent were day visitors. The domestic non-leisure overnight visitors were marginally greater (51.6 percent) than the domestic non-leisure day visitors (48.4 percent). The non-leisure foreign visitors were all overnight visitors and none of them was a same day visitor. While 50.1 percent of the total domestic visitors were overnight visitors, the remaining 49.9 percent were same day visitors. Further, about 97 percent of the total foreign visitors were overnight visitors and the remaining three percent were same day visitors. About three-fourth of the domestic visitors stayed with friends & relatives and elsewhere and the remaining one-fourth stayed at accommodation units. In the case of foreign visitors the fact is just the opposite as 73.5 percent of them stayed at accommodation units and the remaining 26.5 percent shared accommodation with their friends & relatives or elsewhere.

The visitors from Punjab accounted for 82.8 percent of the total visitors while visitors from other States accounted for only 17.2 percent. Among the 29 surveyed destinations in Punjab, the most visited destination is Golden Temple (along with the Jallianwala Bagh). This destination attracted over 35.41 percent of the total number of visitors including the frequent visitors. The other important places of visit were Wagah Border (11.47 percent), Hosiery market in Ludhiana (8.90 percent), Devi Talab Mandir in Jalandhar (6.08 percent) and Janam Asthan Sri Guru Arjan Dev Ji in Tarn Taran (3.99 percent). Field survey reveals that the domestic visitors in the age group of 15 – 34 years constituted the largest segment while visitors above 60 years of age were few. Foreign visitors in the age group of 25 – 44 years constituted the largest segment. About 90 percent each of all visitors were Domestic Overnight visitor and Domestic day visitor. The remaining 10 percent each were female Domestic Overnight visitor and Domestic day visitor. In case of foreign visitors 94 were percent male overnight visitors and the remaining six percent were female overnight visitors.

The percentage share of married domestic overnight visitors in the total sample was much higher (77 percent) as compared to unmarried visitors (23 percent). The same tendency was observed in case domestic day visitors. The percentage share of married foreign overnight visitors was also higher (78 percent) as compared to unmarried visitors (22 percent).

The education level of visitors influence travel behavior to a great extent. It has been observed that about 65.5 percent of domestic overnight visitors was graduate and above. In case of domestic day visitors nearly 37 percent were found graduate and above. The education level of foreign overnight visitors was also significant. It is observed that about 60 percent of foreign overnight visitors were graduate and above and 40 percent were found having technical & professional skill. The share of businessmen in the total number of visitors has been found highest in all cases. In case of domestic overnight visitors nearly 35 percent have been reported businesspersons and in case of domestic day visitors the figure is around 26 percent. The fact is also true to foreign overnight visitors as 41 percent of them are businesspersons. Holiday, Leisure & Recreation', 'Business', 'Social Activity', 'Pilgrimage / religious Activity' are some of the purposes of visits by domestic as well as foreign visitors. The field survey has revealed that the main purposes of visit is 'Holidays, Leisure & Recreation' as 95 percent of Foreign visitors and 43 to 49 percent of domestic visitors visited Punjab for the same reason. Table 1.2 displayed average number of places visited by foreigner visitors.

**Table 1.2 District wise distribution of average number of places visited by domestic leisure visitor staying at different places**

District (1)	Average Number of places visited by foreign visitor staying at			Average Number of places visited by foreign .		Total (Col5+Col6)
	Hotels (2)	F&R (3)	Elsewhere (4)	Overnight Visitor (5)	Day Visitor (6)	Day Visitor (7)
Amritsar	1.84	2.15	1.45	1.86	1.27	1.54
Barnala	1.00	1.00	1.00	1.00	1.00	1.00
Bhatinda	1.00	1.00	1.00	1.00	1.00	1.00
Faridkot	1.00	1.00	1.00	1.00	1.00	1.00
Fatehgard Sahib	1.32	1.32	1.16	1.28	1.10	1.19
Ferozpur	1.00	1.00	1.00	1.00	1.00	1.00
Gurdaspur	1.17	1.27	1.32	1.24	1.12	1.18
Hoshiarpur	1.11	1.18	1.15	1.15	1.00	1.07
Jalandhar	1.00	1.00	1.00	1.00	1.00	1.00
Kapurthala	1.00	1.00	1.00	1.00	1.00	1.00
Ludhiana	1.23	1.33	1.17	1.26	1.04	1.14
Mansa	1.00	1.00	1.00	1.00	1.00	1.00
Moga	1.00	1.00	1.00	1.00	1.00	1.00
Muktsar	1.00	1.00	1.00	1.00	1.00	1.00

Nawanshahar	1.00	1.00	1.00	1.00	1.00	1.00
Patiala	1.46	1.27	1.18	1.34	1.10	1.21
Rupnagar (Ropar)	2.19	1.78	1.02	1.62	1.04	1.29
S.A.S Nagar	1.27	1.18	1.19	1.21	1.17	1.19
Sangrur	1.00	1.00	1.00	1.00	1.00	1.00
Tarn Taran	1.00	1.00	1.00	1.00	1.00	1.00
<b>State(Punjab) :</b>	<b>1.43</b>	<b>1.52</b>	<b>1.20</b>	<b>1.41</b>	<b>1.13</b>	<b>1.27</b>

(Source: Punjab Field Survey Results, 2013)

The exit survey has brought forth information regarding travel behavior of visitors during the reference period. It is observed that around 13 percent of domestic overnight visitors travel once in a month and about 55 percent travel once in 3 months. Further, around 28 percent of domestic overnight visitors travel once in 6 months or once in a year. Likewise, 25 percent and 32 percent of domestic day visitors travel once in a month and once in 3 months respectively. Further, about 17 percent of domestic day visitors travel once in 6 months and 13 percent once in a year. Expectedly, all the foreign overnight visitors travel less often. During the field survey it revealed that 97 percent of domestic overnight visitors made their own arrangement for travel. Significantly, a negligible (0.38) percentage of domestic overnight visitors availed package tour facilities. However, 90 percent of foreign overnight visitors availed packaged tour facility. The domestic overnight visitors from within the state, overnight visitors from outside the state and foreign visitors extensively used railways to reach their tourist destinations. However, the same day visitors from within the state used buses as the main mode of transport. The reason being excellent road net work and efficient bus services in Punjab state. Most of the foreign overnight visitors used Railways (64.5 percent), air (18.2 percent) and taxis (17.3 percent). About 46.9 percent of domestic overnight visitors stayed with their friends and relatives, followed by about 27 percent stayed in Gurudwaras / Temples / Monasteries and other temporary free stay facilities. Further, about 13.6 percent of domestic overnight visitors lived in private guest houses / Inns / Rest houses etc. Furthermore, only four percent lived in star hotels and six percent in non-star hotels and motels. The foreign visitors stayed at star and non-star hotels.

The preferred eating places of domestic visitors (both overnight and day visitors) were restaurant, fast food outlets and dhabas. A majority (42.3 percent) of overnight visitors) enjoyed the hospitality of friends & relatives and Gurudwaras. The Day visitors preferred restaurants, fast food outlets, dhabas and Gurudwaras as eating places. About 46 percent of foreign overnight visitors preferred the place of lodging for eating and about 23 and 12 percent had food at restaurants and cafeterias respectively. Information collected during the exit survey shows that the annual household income of 79 percent of domestic overnight visitors was in the range of Rs.1 - 2 Lakhs. The annual household income of 89 percent of foreign overnight visitors was in the range of \$.60001 to \$100000 and that of 11 percent visitors was above \$100000. During the exit survey the visitors were asked to comment on level of satisfaction they had gained on 16 services. It is observed that 7 out of 16 services were rated 'Satisfactory' by 60 percent and more domestic overnight and day visitors. Further a large section of domestic visitors (50 percent and above) were not satisfied with the standard of services in regard to remaining 9 services. The foreign visitors who availed package tour facilities and stayed mostly in hotels did not complaint about the services.

Friends & relatives, newspapers and websites are the major sources of information to domestic visitors. The major sources of information to foreign visitors are websites, Indian Tourism Bureau in their country, travel books & magazines, Indian Tourism Offices and travel agents in India. Only 35 domestic visitors availed package tour and the average expenditure on package and non package component of the visit has been worked out to Rs.6355. As many as 131 foreign visitors availed package tour of different category and their average expenditure (per head per day/night) on package and non package component of the visit has been worked out to Rs.28575. The district wise census of accommodation units was conducted quarterly. The district wise and quarter wise data of accommodation units was aggregated to arrive at State level data. In all 403 accommodation units which included 58 star hotels, 280 non star hotels and 65 Dharamshala / Gurudwaras/ Temples/ Monasteries were surveyed. A complete census of the accommodation units was done for collecting data on parameters such as number rooms, number of beds, and number of guests per district and per month and occupancy rate per month/day. The occupancy rate during the reference period varied from 58.95 to 70.59 percent.

So In Conclusion, we can say that In Punjab there is lack of tour operators, information on tourist facilities, Tourist guides, public amenities and quality accommodation. They are either less developed or not at all available. There is an urgent need for improving the services which are stated to be unsatisfactory by visitors who were interviewed during the exit survey. The absence of tour operators indicate that tourist circuits have not yet been developed in the State. The development of such travel circuits will undoubtedly encourage the growth of tour operators and this in turn will facilitate tourist movement across a number of destinations in the State.

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# **LANDLOCKED COUNTRIES :**

## **LOGISTICS CHALLENGES IN CONTEXT OF ECONOMIC DEVELOPMENT**

**Raisa Abdul Hakim Sheikh**  
Abeda Inamdar Senior College , Pune

### **INTRODUCTION**

Landlocked countries face many challenges to compete effectively in the world markets. They experience high trade transaction costs, with logistics representing a significant proportion of the GDP, which at times can more than double that of other emerging economies or treble that of developed countries. Losing access to the sea is generally a great blow to a nation, politically, militarily, and particularly with respect to international trade and therefore economic security. Due to their remoteness, landlocked countries are dependent on neighbouring transit countries for their external trade and suffer from high trade transaction costs. Huge transport costs, inadequate infrastructure and bottlenecks associated with importation and exportation requirements can be a serious stumbling block to their integration into the global economy, impairing export competitiveness or the inflow of foreign investment.

### **DEFINITION**

A landlocked country is defined in the United Nations Convention on the Law of the Sea as a State that has no sea coast. In practical terms, landlocked countries are located in the interior of continents, hundreds or even thousands of kilometres from maritime ports. A landlocked country is a country entirely enclosed by land, or whose only coastlines lie on closed seas. Landlocked developing countries have significantly higher costs of international cargo transportation compared to coastal developing countries.

### **LANDLOCKED COUNTRIES**

**There are 48 landlocked countries in the world.**

- |                              |                      |                   |
|------------------------------|----------------------|-------------------|
| 1. Afghanistan               | 17. Kazakhstan       | 34. San Marino    |
| 2. Andorra                   | 18. Kosovo           | 35. Serbia        |
| 3. Armenia                   | 19. Kyrgyzstan       | 36. Slovakia      |
| 4. Austria                   | 20. Laos             | 37. South Ossetia |
| 5. Azerbaijan                | 21. Lesotho          | 38. South Sudan   |
| 6. Belarus                   | 22. Liechtenstein    | 39. Swaziland     |
| 7. Bhutan                    | 23. Luxembourg       | 40. Switzerland   |
| 8. Bolivia                   | 24. Macedonia        | 41. Tajikistan    |
| 9. Botswana                  | 25. Malawi           | 42. Transnistria  |
| 10. Burkina Faso             | 26. Mali             | 43. Turkmenistan  |
| 11. Burundi                  | 27. Moldova          | 44. Uganda        |
| 12. Central African Republic | 28. Mongolia         | 45. Uzbekistan    |
| 13. Chad                     | 29. Nagorno-Karabakh | 46. Vatican City  |
| 14. Czech Republic           | 30. Nepal            | 47. Zambia        |
| 15. Ethiopia                 | 31. Niger            | 48. Zimbabwe      |
| 16. Hungary                  | 32. Paraguay         |                   |
|                              | 33. Rwanda           |                   |



## LANDLOCKED DEVELOPING COUNTRIES

- **Central Asian cluster** (6): Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan
- **European cluster** (9): Austria, Czech Republic, Hungary, Kosovo (partially recognized), Liechtenstein, Macedonia, Serbia, Slovakia and Switzerland
- **Central and East African cluster** (10): Burkina Faso, Burundi, Central African Republic, Chad, Mali, Niger, Rwanda, Uganda, Ethiopia, South Sudan
- **South African cluster** (4): Botswana, Malawi, Zambia, Zimbabwe
- **Caucasian cluster** (3): Armenia, Azerbaijan, Nagorno-Karabakh (unrecognized)
- **South American cluster** (2): Bolivia, Paraguay

## PROBLEMS FACED BY LANDLOCKED DEVELOPING COUNTRIES

According to the World Bank (1999), LLDCs are paying around 50 percent more in transport costs than coastal countries, and have up to 60 percent lower volumes of trade. Inefficient customs and transit transport procedures are considered to be the main cause of delays and high transport costs and represent a greater obstacle to trade for LLDCs than tariffs.

In spite of technological improvements in transport, landlocked developing countries continue to face structural challenges to accessing world markets. As a result, landlocked countries often lag behind their maritime neighbours in overall development and external trade. The relatively poor performance of many landlocked countries can be attributed to distance from coast, dependence on neighbours' infrastructure; dependence on sound cross-border political relations; dependence on neighbours' peace and stability; and dependence on neighbours' administrative practices. These factors combine to yield different sets of challenges and priorities in each landlocked country. Landlocked countries not only face the challenge of distance, but also the challenges that result from a dependence on passage through a sovereign transit country, one through which trade from a landlocked country must pass in order to access international shipping markets. While rivers were a more common form of trade, the principle of dependence on neighbours applies equally to the more modern transport modes of roads and railways.

## IMPACT OF BEING LANDLOCKED

- High overall transport costs
- Lower competitiveness
- Reduced trade flows
- Lower GDP
- Customs procedures and transport the single greatest trade cost component
- Higher than import tariffs in landlocked developing countries
- Red tape costs 10 per cent of the value of exports (in developing countries)
- Larger inventories (due to inefficient customs and transport) increase production costs by about 5 per cent

## **FACTORS THAT HAMPER ECONOMIC DEVELOPMENT IN LANDLOCKED DEVELOPING COUNTRIES**

LLDCs have to cope with many factors that hamper their economic development. Many of them cannot benefit from economies of scale in production and consumption because of small population size, which is caused either by the country's small geographic size (Bhutan, Lesotho) or by low population density (Mongolia, Niger). In a third of LLDCs, climatic conditions make economic development particularly difficult and risky, as a single prolonged drought can destroy long-term investments in economic activities such as ranching, which provides a source of livelihood for many people in those countries. Remoteness and isolation from world markets affect most LLDCs. Four Central Asian LLDCs (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) are located at least 3,500 kilometres from the nearest maritime ports. Another seven face more than 1,500 kilometres of overland transport for their imports and exports, while the remaining, with the exception of Malawi, Paraguay and Swaziland, are situated more than 1,000 kilometres from maritime ports. Given the long distances and the structure of their exports, which are dominated by low-value bulky commodities, freight and related transit costs are burdensome relative to the low value of exports.

## **INTERNATIONAL SUPPORT MEASURES**

The United Nations Millennium Declaration, adopted by heads of State and Government on 8 September 2000, laid out a set of development goals which call for the creation of an environment at national and international levels conducive to development, among other things. It recognized the special needs and problems of the landlocked developing countries, which were also addressed by recent major United Nations conferences such as the Third United Nations Conference on the Least Developed Countries (Brussels, 2001), the International Conference on Financing for Development (Monterrey, 2002) and the World Summit on Sustainable Development (Johannesburg, 2002). The International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation has been convened pursuant to General Assembly resolution 56/180, entitled "*Specific actions related to the particular needs and problems of landlocked developing countries*", to review the current situation of transit transport systems, including the implementation of the Global Framework for Transit Transport Cooperation of 1995, and to formulate, inter alia, appropriate policy measures and action-oriented programmes aimed at developing efficient transit transport systems.

***The General Assembly convened the UN Conference (2003): adopted the Almaty Programme of Action "Addressing the Special Needs of landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries"***

## **ALMATY PROGRAMME OF ACTION**

The objective of the present Programme of Action is to address the special needs of landlocked developing countries and establish a new global framework for action for developing efficient transit transport systems in landlocked and transit developing countries, taking into account the interests of both landlocked and transit developing countries.

## **THE PROGRAMME OF ACTION :AIMS**

- Secure access to and from the sea by all means of transport according to applicable rules of international law
- Reduce costs and improve services so as to increase the competitiveness of their exports;
- Reduce the delivered costs of imports
- Address problems of delays and uncertainties in trade routes
- Develop adequate national networks
- Reduce loss, damage and deterioration en route
- Improve safety of road transport and security of people along the corridors.

## **PRIORITIES AND RECOMMENDATIONS**

### **1.Fundamental transit policy issues**

International conventions on transport and transit, as well as regional and bilateral agreements, ratified by landlocked and transit developing countries are the main vehicles by which the harmonization, simplification and standardization of rules and documentation can be achieved.

It is important for landlocked and transit developing countries to review and revise their regulatory frameworks, where necessary, to allow a greater participation of the private sector.

### **2.Infrastructure development and maintenance**

Landlocked and transit developing countries need to give a high priority to developing and modernizing existing facilities and to increasing the commercial orientation of transport and infrastructure by eliminating non-physical barriers to transit transport.

- **Rail transport**

The possibility of establishing new railway connections and rehabilitation programmes for existing railway facilities as a matter of priority, in conjunction with new technological improvements and innovations, should be examined at the bilateral, subregional and regional levels. Landlocked and transit developing countries should, as a matter of priority, improve the maintenance of track and rolling stock, purchase new rolling stock and expand the railway network, where justified by traffic volume.

- **Road transport**

For the expansion of roads, transit infrastructure sizeable resource allocations are required. The subregional and regional infrastructure development plans should give high priority to transit corridors linking landlocked developing countries to the transport network in transit developing countries, as well as to the regional network

- **Ports**

Landlocked and transit developing countries should seek cooperative arrangements to improve port facilities and services for transit goods, including the modernization of existing terminals, the establishment of new ones and the simplification of procedures where appropriate. A greater cooperation and coordination should be promoted between public and private institutions dealing with transit traffic in ports (customs administration, security personnel, port authorities, commercial banks, clearing and forwarding agents, insurance companies).

- **Inland waterways**

The efficiency of transit services along such waterways requires better infrastructure, appropriate legal frameworks to govern river/lake navigational operations and more effective environmental and safety measures

- **Pipelines**

Pipelines provide a cost-effective means of transport for both oil and natural gas. The planning and construction of pipelines require close cooperation between landlocked and transit developing countries

- **Air transport**

Air transport offers landlocked developing countries a means of avoiding the transit problems associated with overland and overseas freight movements. However, only very high-value and low-bulk commodities can support the costs of airfreight rates. Physical infrastructure facilities (aircraft, runway, air navigation system, airport handling and storage) need to be expanded. Pooling of air transport arrangements at the regional, subregional and bilateral levels should be further promoted to permit economies of scale. Training programmes at the national and subregional levels should be expanded.

- **Communications**

Cargo monitoring systems, which give advance and tracking information on cargo moving within interfaces and along modes, could significantly reduce delays.

### **3. International trade and trade facilitation**

Trade is an important engine for economic development. However, the participation of landlocked and transit developing countries in international trade, which is crucial for their development prospects, is not as significant as it could be. Also, a good number of the landlocked and transit developing countries are not members of the World Trade Organization.

### **4. International support measures.**

The accession of landlocked and transit developing countries to the World Trade Organization should be further accelerated. In this respect, the accession process for landlocked and transit developing countries should take into account their individual level of development, including special needs and problems caused by the geographical disadvantage. The development partners should provide assistance in this matter. The implementation of the present Programme of Action requires individual and concerted efforts by the landlocked and transit developing countries; their development partners; the organizations and bodies of the United Nations system; relevant international organizations, such as the World Bank, the regional development banks, the World Trade Organization and the World Customs Organization; the Common Fund for Commodities, regional economic integration organizations, and other relevant regional and subregional organizations.

### **5. Implementation and review**

The implementation of the present Programme of Action requires individual and concerted efforts by the landlocked and transit developing countries; their development partners; the organizations and bodies of the United Nations system; relevant international organizations, such as the World Bank, the regional development banks, the World Trade Organization and the World Customs Organization; the Common Fund for Commodities, regional economic integration organizations, and other relevant regional and subregional organizations.

## **Conclusion**

Landlocked developing countries, as a group, are among the poorest of developing countries, with limited capacities and dependence on a very limited number of commodities for their export earnings. Lack of territorial access to the sea, remoteness and isolation from world markets have contributed to their relative poverty, substantially inflating transportation costs and lowering their effective participation in international trade. The trade-reducing effect is strongest for transport-intensive activities. Most, if not all, landlocked developing countries are commodity exporters. The very high transport costs which they must bear constrain export development since that burden limits the range of potential exports and markets in which goods can be competitively and profitably traded. The price of imports tends to soar because of high transit transport costs. Efficient transit transport systems can be established through genuine partnerships between landlocked and transit developing countries and their development partners at the national, bilateral, subregional, regional and global levels and through partnership between public and private sectors.

In this context, UNCTAD supports LLDCs to tackle persisting and emerging challenges by providing advisory services and organizing high-level expert group meetings, among others to address key challenges facing these countries. The UNCTAD's global midterm review of the Almaty Programme of Action called upon the international community to provide technical expertise and capacity-building support to further progress in collaborative arrangements between landlocked and transit developing countries.

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## GUIDELINES FOR AUTHORS

- ☞ Manuscript should not exceed 5000 words (12-15 A4 size pages, typed 1.5 spaces, Font size 12, and Font type -Times New Roman).
- ☞ **Language Used** - English
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