COSMOS

BI ANNUAL REFEREED JOURNAL Vol. IX No.3 - JULY 2018 ISSN : 2249 - 6408

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

Published by
M.C.E. Society's Abeda Inamdar Senior. College of Arts, Science & Commerce,
Azam Campus, Camp, Pune - 411001.

EDITORIAL

Dear Readers,

Cosmos, a biannual publication of the M.C.E Society's Abeda Inamdar Senior College of Arts, Science and Commerce, is one of the premier refereed scholarly Interdisciplinary journal of Commerce, Management and Economics discipline. Since its beginning, Cosmos has played an important role in the dissemination of knowledge grounded in scholarly research, as well as in shaping the content and boundaries of the discipline. Purpose of this journal is to contribute to the development and dissemination of multidisciplinary knowledge on management, commerce & economics to increase exchange of ideas among scholars, researchers and practitioners.

This issue of cosmos has varied research articles ranging from Fundamental Analysis: A Useful Tool for Equity Investment, Global Leadership Competence versus Creativity and Innovation, Crop Insurance Schemes in India, A Study on Key Trends in Apparel Retailing, A Study of Knowledge Management and Information Technology for Development of E-Commerce, Internet Marketing - A New Method of Effective Business and Corporate Social Responsibility and Sustainability are they inter-related? : A study.

The present issue of cosmos has interesting papers which will certainly add to the existing body of knowledge in the respective areas. To highlight some of them here, the first paper on 'Fundamental Analysis: A Useful Tool for Equity Investment' gives the basic guide lines to the investors to check the fundamental soundness of the company and to decide the direction of the price movement and to predict the future trend of the stock. The paper helps to find out the best investment opportunities among selected samples. The paper on Global Leadership Competence versus Creativity and Innovation discusses the increased complexity of the task and relationship functions of leadership and argues that the 21st century requires high levels of Cultural Intelligence (CQ). The article elucidates Hollander's leadership concepts, emphasizing the importance of culture and proposes a developmental model of Global Leadership Competence.

Our journal is truly global source journal, which is reflected in the varied national and cultural origins of the contributors, as well as the topics and case studies covered. The main objective of Cosmos is to provide an intellectual platform for the National and International scholars. Cosmos aims to promote interdisciplinary research in all Commerce, Management Studies and economics and become the leading journal in inter disciplinary sciences in the world.

Dr. Aftab Alam

Managing Editor

Head, Dept. of Business Economics

Abeda Inamdar Senior College, Pune

Fundamental Analysis: A Useful Tool for Equity Investment

Dr. Darshan M. Thakor [1]
Evening Commerce College, Surat

Abstract

Investors have many alternatives to invest their money. According to their nature and risk bearing capacity they select any one of the alternatives or the proper mixture of them. Investment in equity market is one of the best investment alternatives, but the risk is comparatively higher than the government securities. Many investors invest their money in stock market on random basis and their aim is to minimize the risk and maximize the return, but many a times they suffer a big loss. The fundamental analysis gives the guidelines to the investors about minimizing the risk and maximizes the return for the long term investment. This paper gives the basic guide lines to the investors to check the fundamental soundness of the company. To decide the direction of the price movement and to predict the future trend of the stock. Moreover to find out the best investment opportunities among selected samples. The study is analytical in nature and based on secondary data.

Key words: Investment, Equity, Security, Fundamental and Return

Introduction

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

Many investors invest their money in the stock market on random basis and their aim is to minimize the risk and maximize the return, but many a times they suffer a big loss. The fundamental analysis gives the guidelines to the investors about minimizing the risk and maximize the return for the long term investment.

Objectives of the Study

This paper gives the basic guidelines to the investors to check the fundamental soundness of the company. To decide the direction of the price movement and to predict the future trend of the stock. And to find out the best investment opportunities among selected samples.

Methodology:

To get the scenario of the soundness of the selected companies, secondary data have been collected from the different companies. The data have been analyzed and presented in the table and chart format.

Scope of the Study:

The study is restricted to the banking sector only. Banks are selected on a random basis. i.e. Axis bank, HDFC bank, Indusind bank, Kotak bank and Yes bank. Five year data have been collected and analyzed for the study purpose, i.e. March 2013 to March 2017.

Fundamental Analysis:

The Fundamental analysis is mainly analysis of three things

- Economic analysis
- Industry analysis
- Company analysis

1. Economic analysis: Economic analysis is concerned with the growth of the economy. It contains mainly macro-economic factors like GDP, rate of saving and investment in the economy, the rate of inflation in the economy, interest rate, budget, tax structure of the country, balance of payments, monsoon & agricultural growth, infrastructure facilities, government policies etc.
2. Industry analysis: Industry analysis is the analysis of a group of the companies or firms which have a similar technological structure of production and product. Main factors covered by the industry analysis like the growth rate of industry, product life cycle, cost structure of the industry, nature of the product, government policies, labor turnover situation in the industry, research and development etc.…
3. Company analysis: Company analysis is helpful to analyze several information's relating to the companies which evaluate the present value as well as the future value of the company. Company analysis is based on two parts study of financial and study of other factors, e.g. competitive edge, earnings, capital structure, management, financial performance, profit earnings ratio etc.…

Earnings per Share:

Table 1: Earnings per Share

Earning per share					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	100	119.56	28.04	31.18	13.88
HDFC BANK	100	125.01	144.18	172.06	200.85
INDUSIND BANK	100	132.02	166.90	189.31	236.21
KOTAK BANK	100	107.02	132.53	62.48	101.65
YES BANK	100	123.68	132.37	166.50	201.13

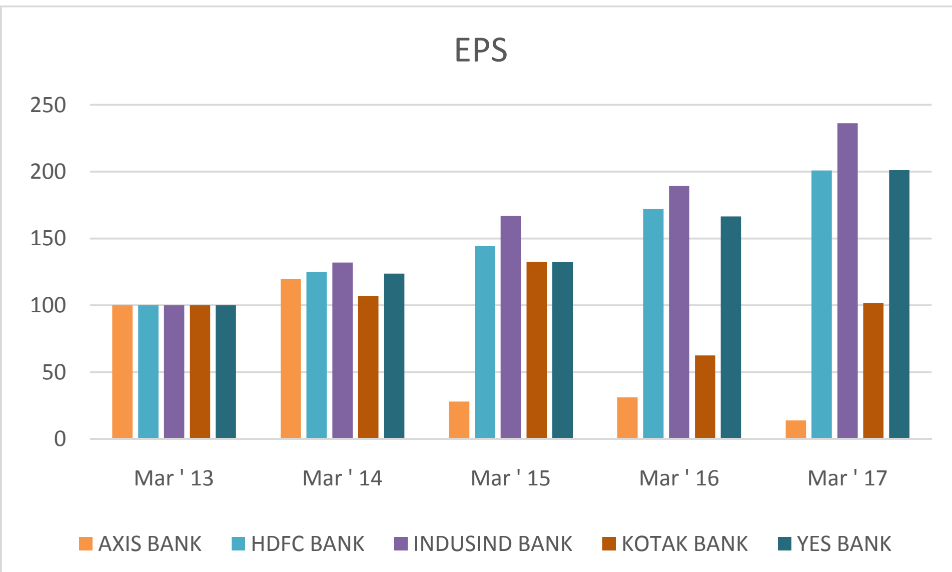


Chart 1: Earnings per share

Earnings per share (EPS) are the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability. Analysis of EPS shows that Indusind Bank reported continuous uptrend during the five year research period, which was 100%, 132%, 167%, 189% and 236%. On the other hand Axis bank reported pathetic position during the research period March 2013 to March 2017 which was 100%, 120%, 28%, 31% and 14% respectively. HDFC bank and Yes bank recorded almost similar growth and uptrend in EPS, which was 100% in March 2013 to 200% and 201% separately. Kotak bank showed almost static position in the research period, which was 100%, 107%, 132%, 62.48% and 101% respectively.

Operating Profit per Share:

Table 2: Operating profit per share

Operating profit per share					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	100	141.66	34.51	45.41	40.30
HDFC BANK	100	134.96	164.59	203.78	253.44
INDUSIND BANK	100	145.34	147.43	159.89	233.65
KOTAK BANK	100	115.35	99.54	61.95	100.60
YES BANK	100	109.39	118.16	154.98	155.44

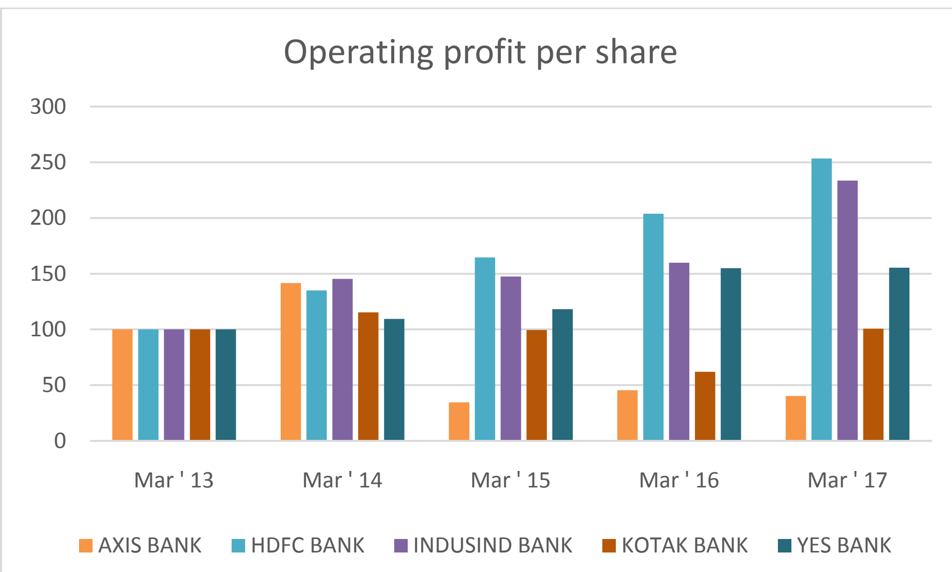


Chart 2: Operating profit per share

Operating earnings are profit earned after subtracting from revenues those expenses that are directly associated with operating the business, such as the cost of goods sold, general and administrative, selling and marketing, research and development, depreciation and other operating costs. HDFC bank is the clear out performer in this ratio, which has reported almost 30% cumulative growth in the operating profit ratio, which was 100%, 135%, 165%, 204% and 253% respectively.

The Indusind bank is the second most stable company in this ratio; the company reported growth from 100% in March 2013 to 233% in March 2017 periodically. Axis bank is again a worst performer in this ratio, which is 100%, 142%, 34%, 45% and 40% respectively during the research period March 2013 to March 2017.

Kotak bank remained steady during the research period, except March 2016 when the company reported 62% operating profit compared to March 2013. Yes bank recorded stable growth in operating profit per share ratio, which was 100%, 109%, 118%, 155% and 155% during the research period March 2013 to March 2017.

BOOK VALUE PER SHARE

Table 3: Book value per share

Book value per share					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	100	114.98	26.64	31.54	32.91
HDFC BANK	100	119.07	162.54	188.88	229.38
INDUSIND BANK	100	117.91	137.73	203.86	236.60
KOTAK BANK	100	125.94	144.70	103.22	118.56
YES BANK	100	121.95	172.66	202.45	298.34

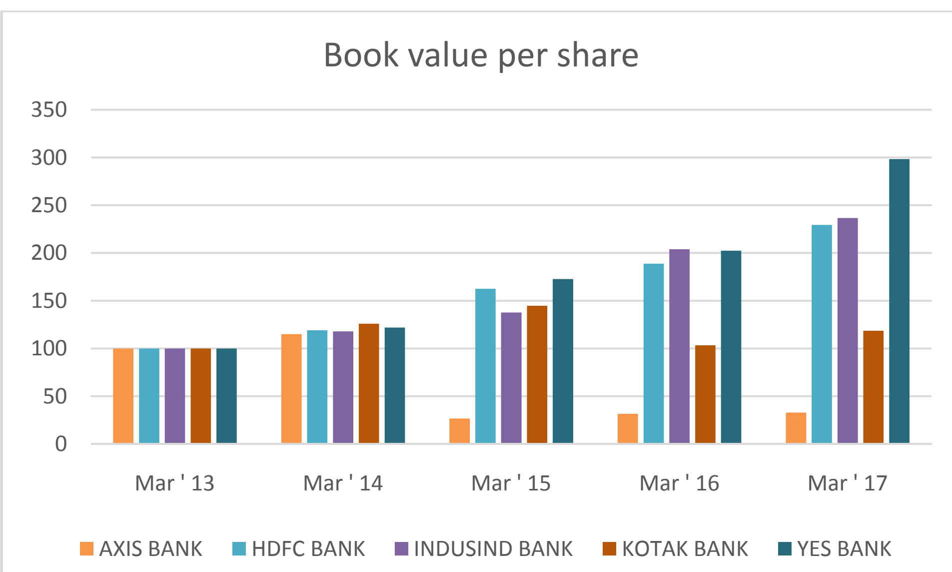


Chart: Book value per share

The book value of equity per share (BVPS) is a ratio that divides the common equity value of the number of common stock shares outstanding. The book value of equity per share is one factor that investors can use to determine whether a stock price is undervalued or overvalued. Yes bank is the shining star in this ratio the bank reported three times, value during the research period, which was 100%, 122%, 173%, 202% and 299% respectively. HDFC bank and Indusind bank reported similar uptrend in the research period. Of HDFC bank it was 100%, 199%, 162%, 189% and 229% and for Indusind bank it was 100%, 118%, 138%, 204% and 237% respectively. Similar case to the above two ratio Axis bank has reported the same panicking down trend in the ratio which was 100%, 115%, 27%, 32% and 33% respectively during the research period.

NET PROFIT RATIO:

Table 4: Net profit ratio

Net profit margin					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	100	106.51	108.82	105.30	43.36
HDFC BANK	100	107.46	109.85	106.41	109.44
INDUSIND BANK	100	112.24	121.79	129.95	131.01
KOTAK BANK	100	101.30	113.48	75.40	113.96
YES BANK	100	103.32	110.46	119.64	129.27

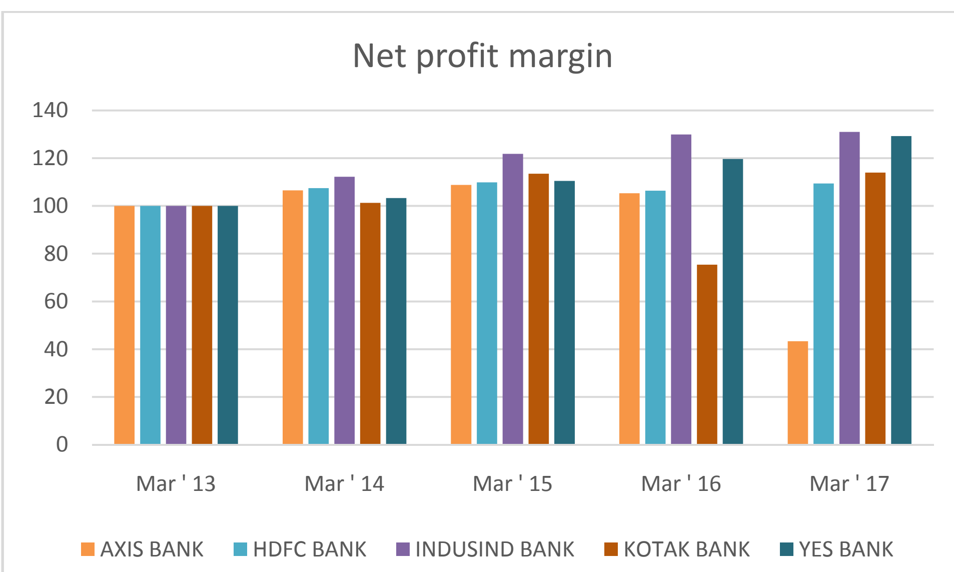


Chart 4: Net profit ratio

Net profit margin is the ratio of net profits to revenues for a company or business segment. Typically expressed as a percentage, net profit margins show how much of each rupee collected by a company as revenue translates into profit.

All the banks reported stable net profit margin during the study period except Axisbank, which reported dramatic downturn in March 2017 which was down by more than 50% compared to the based year. Indusind bank is the outperform in this ratio, its net profit margin is growing at the stable rate, which was 100%, 112%, 122%, 130% and 131% respectively. Kotak bank showed the consolidated view in the research period, which was 100%, 101%, 113%, 75% and 114% periodically. Yes bank and HDFC bank showed a stable view in this ratio, but compared to the HDFC bank Yes bank has maintained good net profit margin, which was 100%, 104%, 110%, 120% and 129% individually.

CURRENT RATIO:

Table 5: Current ratio

Current ratio					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	100	101.56	101.56	287.50	270.31
HDFC BANK	100	111.11	107.41	192.59	137.04
INDUSIND BANK	100	114.63	114.63	153.66	120.73
KOTAK BANK	100	75.64	51.28	146.15	141.03
YES BANK	100	108.99	96.63	132.58	--

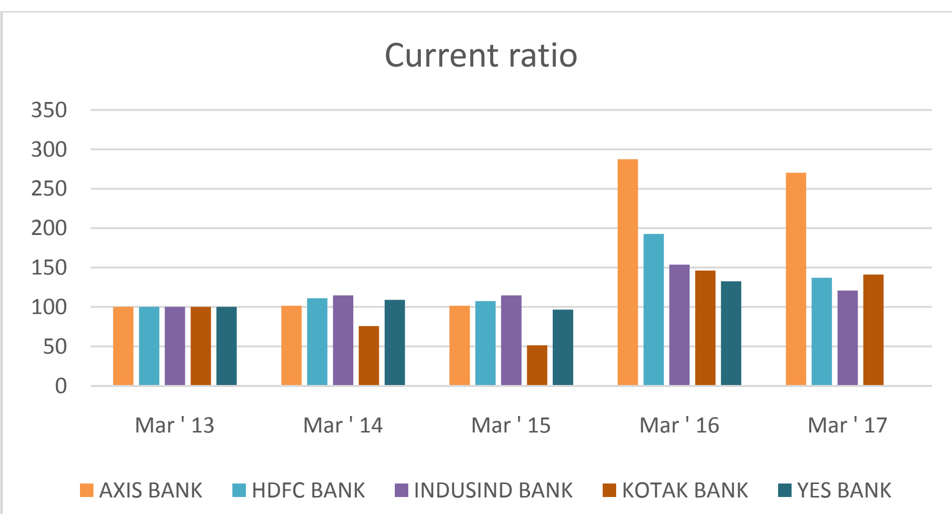


Chart 5: Current ratio

The current ratio is a liquidity ratio that measures a company's ability to pay short-term and long-term obligations. To gauge this ability, the current ratio considers the current total assets of a company relative to that company's current total liabilities.

Yes bank has maintained this ratio with high discipline which was 100%, 109%, 96% and 132% respectively during the research period March 2013 to March 2017.Kotak bank is also most stable performance in this ratio, which was 100%, 75%, 51%, 146% and 141% respectively. On the other hand the worst performer is the Axisbank, which current ratio has horrifically increased during the study period which was 100%, 102%, 102%, 287% and 270% respectively. HDFC bank is consolidating during the research period, which was 100%, 111%, 107%, 193% and 137% respectively.

OTHER EVALUATION:

	AXIS BANK	HDFC BANK	INDUSIND BANK	KOTAK BANK	YES BANK
PE Ratio	495.95	29.22	31.26	57.55	19.31
Price to Book value	2.15	4.81	4.73	6.27	3.17
Return on Assets	0.04%	1.64%	1.63%	1.54%	1.35%
Net NPA to Book value	26.15	2.45	3.13	4.44	5.1

On the basis of the Price to earnings ratio Yes bank is trading at the P/E of 19.31 lowest in selected samples HDFC bank at 29.22 second lowest and Axisbank with the highest P/E at 495.95 times.

On the basis of price to book value Kotak bank has highest which is 6.27 times, HDFC bank 4.81 times, Indusind bank 4.73 times, Yes bank 3.17 times and the cheapest is Axis bank which is trading at 2.15 times of its book value. On the basis of return on assets is concern HDFC and Indusind bank gave the highest return on assets which is 1.64% and 1.63%, respectively, Kotak bank gave 1.54% return and the lowest is from Axis bank which is 0.04% during the year. So far as NPA to book value is concerned all four samples controlled their NPA with the great amount of discipline where HDFC, Indusind, Kotak and Yes bank NPA to book value is 2.45, 3.13, 4.44 and 5.1 but Axis bank NPA is in horrific condition where its NPA touched more than 26 times to its book value.

Conclusion:

The stock market is one of the most variable and highly fluctuating markets. The investor is always seeking guidance to invest in it. The study reveals that four banks among the five banks are fundamentally sound during the study period March 2013 to March 2017. Indusind bank is clearly one of the most fundamentally sound stock in the selected samples. From the above analysis of selected samples one can say that the Indusind bank is the overall out performer in criteria's and stood first in the list. Yes bank is the second most reliable stock in the criteria's. HDFC bank is also quality wise same stock like Yes bank and stood 3 in the criteria's. Kotak bank stood fourth in the list. The Axis bank is the worst performer in the list and investors need to avoid buying this bank.

Earning per share					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	110.68	132.33	31.04	34.51	15.36
HDFC BANK	28.27	35.34	40.76	48.64	56.78
INDUSIND BANK	20.3	26.8	33.88	38.43	47.95
KOTAK BANK	18.23	19.51	24.16	11.39	18.53
YES BANK	36.27	44.86	48.01	60.39	72.95

Operating profit per share					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	66.33	93.96	22.89	30.12	26.73
HDFC BANK	21.97	29.65	36.16	44.77	55.68
INDUSIND BANK	10.52	15.29	15.51	16.82	24.58
KOTAK BANK	15.11	17.43	15.04	9.36	15.2
YES BANK	26.1	28.55	30.84	40.45	40.57

Book value per share					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	707.5	813.47	188.47	223.12	232.83
HDFC BANK	152.2	181.23	247.39	287.47	349.12
INDUSIND BANK	145.78	171.89	200.78	297.19	344.91
KOTAK BANK	126.53	159.35	183.09	130.61	150.01
YES BANK	161.94	197.48	279.6	327.84	483.13

Net profit margin					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	19.05	20.29	20.73	20.06	8.26
HDFC BANK	19.18	20.61	21.07	20.41	20.99
INDUSIND BANK	15.19	17.05	18.5	19.74	19.9
KOTAK BANK	16.91	17.13	19.19	12.75	19.27
YES BANK	15.68	16.2	17.32	18.76	20.27

Current ratio					
	Mar ' 13	Mar ' 14	Mar ' 15	Mar ' 16	Mar ' 17
AXIS BANK	0.64	0.65	0.65	1.84	1.73
HDFC BANK	0.54	0.6	0.58	1.04	0.74
INDUSIND BANK	0.82	0.94	0.94	1.26	0.99
KOTAK BANK	0.78	0.59	0.4	1.14	1.1
YES BANK	0.89	0.97	0.86	1.18	-

REFERENCE:

1. Frank K. Reilly and Keith C. Brown in their book, "Investment Analysis And Portfolio Management" 2002
2. Frank J. Fabozzl and Harry Markowltz In their book, Theory and practice of Investment Management" 2002
3. Donald E Fischer and Ronald J Jordan in their book, Security analysis and Portfolio management' 2006
4. https://www.axisbank.com/shareholders-corner
5. https://www.yesbank.in/about-us/investors-relation
6. https://www.indusind.com/investor.html
7. https://www.hdfcbank.com/aboutus/cg/Financial_Information.htm
8. https://www.kotak.com/en/investor-relations.html
9. https://www.moneycontrol.com

Global Leadership Competence versus Creativity and Innovation

Rambabu Pentyala
M.A. Litt., (Eng.), M.B.A. (Hr, Mktg & Sys Mgmt)
Vice President-Marketing Operations and Sales Strategy
Unique Trees Pvt Ltd

Abstract

Globalization is demanding new leadership competencies. This paper discusses the increased complexity of the task and relationship functions of leadership and argues that the 21st century requires high levels of Cultural Intelligence (CQ). I expanded Hollander's leadership concepts, emphasizing the importance of culture and propose a developmental model of Global Leadership Competence.

Keywords: Globalization, Leadership, Culture, CQ, Creativity, Innovation and Task Relationship.

Introduction:

Creativity has always been at the heart of human endeavor. Allied to innovation, which creates unexpected value, it is now recognized as central to organizational performance. (Some hold that the capacity to harness intellectual and social capital—and to convert that into novel and appropriate things—has become the critical organizational requirement of the age.) The shift to knowledge economies has been abrupt and there is a flurry of interest in creativity and innovation in the workplace. Innovation is considered, quite simply, an imperative for organizational survival. It may even be the key to some of the biggest challenges facing the world, such as global warming and sustainable development. Notwithstanding, we are still far from a theory of organizational creativity: the avenues for promising research that might contribute to its emergence are innumerable because of the increasing use of systems approaches and the growing number of agents involved in knowledge flows. Leadership is a complex process involving the interactions of leaders, followers and situations.

This paper argues that in addition to high levels of intellectual intelligence (IQ), and emotional intelligence (EQ), twenty-first century leaders also need cultural intelligence (CQ) to navigate the unique complexity of a global environment. I modified Hollander's approach (1978), depicting the Leaders-Followers-Situation dynamic, by introducing task, relationship and the three intelligences, IQ, EQ and CQ. Further, I proposed a model of global cultural development called the Global Leadership Competency model that will help leaders in their developmental path to effective global leadership. The following Leadership Process Framework (following Figure) expands Hollander's original framework to capture and depict a dynamically organic system of interconnectedness. Leaders and followers interact within and across boundaries. Similarly, situations independent of leaders and followers (such as unrelated market forces) can affect leader and follower dynamics. Situations can also engulf leaders and followers (e.g., natural disasters or radically new market forces that render industries extinct). Followers generally outnumber leaders and their greater numbers inherently indicate a diversity of needs, skills, and abilities.

Therefore, in the diagram they are depicted as a larger circle relative to the leaders' circle. The largest circle is drawn with dotted lines to indicate the magnitude, uncertainty, complexity and fluidity of situations (which can also include *other* leaders and followers). While there are many factors that contribute to the dynamics of a human system (e.g., leaders, followers and situations), task and relationship interactions are highly influenced by the leaders' IQ, EQ and CQ.

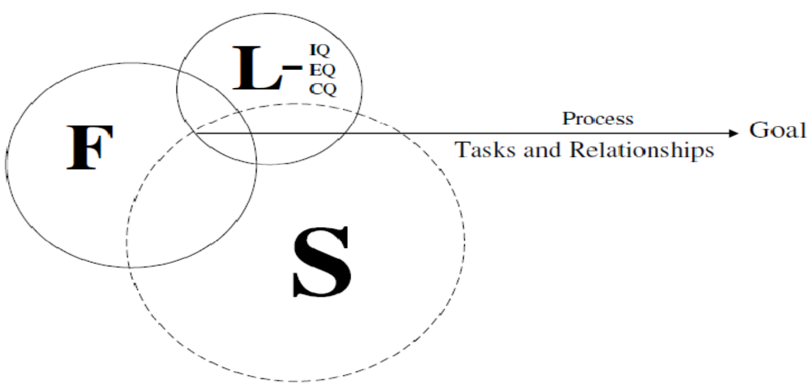


Figure: leadership process framework

Definitions:

Creativity is the mental and social process—fuelled by conscious or unconscious insight—of generating ideas, concepts, and associations. Innovation is the successful exploitation of new ideas: it is a profitable outcome of the creative process, which involves generating and applying in a specific context products, services, procedures, and processes that are desirable and viable.

Naturally, people who create and people who innovate can have different attributes and perspectives.

The complexity of leadership process:

Viewed from an historical perspective, leaders, followers and situational dynamics have always existed, but the emphasis on the role, importance, and impact of each element has changed over time (Hooper and Potter, 2000; Higgs, 2003). The focus has largely been on leaders and has evolved from simplistic command and control leadership styles to transactional exchange, to transformational (Bass, 1998; Avolio, 1999; Tejeda, 2001). Studies of leaders and leadership in recent decades have given us multiple perspectives as well as deepened our insight into the leadership process. The three elements are a critical part of the leadership equation (Hughes, 2006). While working with followers of diverse backgrounds and job characteristics in given situational variables, there are two basic categories of activity that shape leader's effectiveness: Task and Relationship.

Through extensive leadership research (Halpin & Winer, 1957; Blake, Mouton, Barnes, Greiner, 1964; Fleischman, 1973), task and relationship are distinguished in two dimensions: "*Initiating Structure*" (task behavior) and "*Consideration*" (relationship behavior). Task behavior is the extent to which a leader engages in one-way communication, explaining what each follower is to do, as well as when, where, and how tasks are to be accomplished. Tasks emphasize deadlines, structure projects, and standardize procedures: the desired outcomes as well as the desired means are all concerns in the leadership process. To cope with such high task demands, leaders are expected to be equipped with high IQ attributes such as analytical, logical and reasoning skills. Such "rational" behavior was highly valued in the industrial age. Many organizations generally base leader selection on high IQ (Neisser et al., 1996; Ree & Earles, 1992, 1993).

Relationship behavior or "Consideration" is the extent to which a leader engages in two-way communication by providing socio-emotional support, 'psychological strokes,' and facilitating behavior. Industrialization has, for over a century, emphasized mechanization, efficiency, time management and any approach that would result in high levels of productivity by employees. People were viewed and treated mechanistically, resulting in unprecedented social and health problems and alienation (Weiner, 1954; Braverman, 1974; Morgan, 1997). Even theories concerning relationship (Fiedler, 1967; Evans, 1970; Hersey and Blanchard, 1977) in the second half of the twentieth century departed little from the emphasis on tasks and productivity.

21st century leadership imperative:

The concept of relationship began to change in the 1960s. The dehumanizing elements of the industrial age began to shift as the work of psychologists such as Sigmund Freud and Carl Jung gained ascendance. Their psychodynamic approach recognized that human beings, whether leaders or followers, have qualities and needs in common, regardless of rank. Further, despite a western bias in favor of reason, there is growing awareness that we all function using our emotions (Calne, 1999; Muramatsu and Hanoch, 2004). A second compelling phenomenon is that workers, particularly those in western countries, have high needs for self-actualization in work and life (Hofstede, 1980). They are no longer simply working to live. They live to work, and work must be fulfilling. Interconnectivity and mutual influence exist inherently amongst people working or living together. In order to gain respect, trust and support from subordinates, leading by feel (emotional intelligence) has become even more important for leaders than in past ages (Goleman, 2004).

Task and human relationships are increasingly occurring beyond a company's local territory or with other nations of different cultures, resulting in an increasing demand for new leadership competencies and behaviors in order to cope effectively with global conditions. There are also situational changes in expanding from a local to an international environment. Kegan (1994) goes further, arguing that modern culture's demands on people require a more complex consciousness than ever before. The most complex organism in any system is invariably the human being (Potter, undated). Unquestionably, effective management of relationships is the key to effective leadership (Hollander, 1978; Goleman et. al., 1999). Increasing social, cultural and business complexity necessitates change in the nature of competent leadership. Leadership must address human needs and unlock human potential by transforming human behavior. Leaders themselves must be capable of having a transcendent impact on the individuals who work in their organizations (Potter, undated). Tasks are principally intellectual and rational (IQ) activities. To use an information technology analogy, they might be thought of as the *hardware* of human activity. Relationships are an emotional (EQ) activity, the *software* of human activity. Cultural intelligence (CQ) encompasses IQ and EQ. CQ entails the capacity to decipher, interpret and integrate both rational and emotional behaviors, while comprehending the deeper meaning (and meaning-making) of life. Leaders with high CQ are able to adapt to new global environments as well as effectively interact with people of diverse cultures (Earley and Ang, 2003). The western

Enlightenment tradition valued intelligence as measured by IQ. It was (and still is) the recognized criteria of leadership and general competence in western business research literature. In the 1990s, emotional intelligence (EQ) began to gain ascendance (Goleman, 1995). In addition to the vital need for high IQ and EQ, global leaders are now facing an unprecedented challenge to develop a new set of competencies. That new class of competencies is cultural intelligence.

The challenge:

It follows, then, that innovation begins with creativity. In the world of organizations, be they private or public, lack of either leads to stagnation, and leaves an organization unable to perform or meet change. However, creative thinking cannot be turned on and off at the flick of a switch. And innovation does not occur in a vacuum; it requires effective strategies and frameworks, among which incentives are paramount. Creativity flourishes in organizations that support open ideas: these organizations create environments that inspire personnel and maintain innovative workplaces; those that fail are large organizations that stifle creativity with rules and provide no slack for change.

There is a role for management in the creative process: but it is not to manage it; it is to manage for it. Why? Because creativity does not happen exclusively and tacitly in a person's head but in interaction with a social context wherein it may be codified. For any organization, operating in an external environment, an interactionist model of creativity and innovation needs to encompass organizational context, organizational knowledge, and inter and intra-organizational relationships, not forgetting the (increasingly multicultural) creative makeup of the individuals (antecedent conditions, cognitive style, ability, intrinsic motivation, knowledge, personality) and teams (group composition, characteristics, and processes) who operate in it. Table 1 reveals just how much focus can shift perception even at a simple, generic level.

Table 1: Which Best Demonstrates Creativity? (1 = most popular choice)

	Business / Employers	School Superintendents
Problem identification or articulation	1	9
Ability to identify new patterns of behavior or new combination of actions	2	3
Integration of knowledge across different disciplines	3	2
Ability to originate new ideas	4	6
Comfort with the notion of "no right answer"	5	11
Fundamental curiosity	6	10
Originality and inventiveness in work	7	4
Problem solving	8	1
Ability to take risks	9 (t)	8
Tolerance of ambiguity	9 (t)	7
Ability to communicate new ideas to others	11	5

Dilemmas of an hr manager:

The IT enabled services (ITES) industry is being looked upon as the next big employment generator. It is however no easy task for an HR manager in this sector to bridge the ever increasing demand and supply gap of professionals. Unlike his software industry counterpart, the ITES HR manager is not only required to fulfill this responsibility, but also find the right kind of people who can keep pace with the unique work patterns in this industry. Adding to this is the issue of maintaining consistency in performance and keeping the motivation levels high, despite the monotonous work. The toughest concern for a HR manager is however the high attrition rate. In India, the average attrition rate in the ITES sector is approximately 30-35 percent.

It is true that this is far less than the prevalent attrition rate in the US market (around 70 percent), but the challenge continues to be greater considering the recent growth of the industry (read the less time span) in the country. The US ITES sector is estimated to be somewhere around three decades old. According to Vaibhav, assistant manager-HR, IT&T, keeping low attrition levels is a major challenge as the demand outstrips the supply of good agents by a big margin. Further, the salary growth plan for each employee is not well defined. All this only encourages poaching by other companies who can offer a higher salary. The much hyped "work for fun" tag normally associated with the industry has in fact backfired, as many individuals (mostly fresh graduates), take it as a pas-time job. Once they join the sector and understand its requirements, they are taken aback by the long working hours and later monotony of the job starts setting in. All this has induced the companies to take necessary steps, both internally and externally. Internally most HR managers are busy putting in efforts on the development of their employees, building innovative retention and motivational schemes (which was more money oriented so far) and making the environment livelier. Outside, the focus is on creating awareness through seminars and going to campuses for recruitment.

Though the industry has taken a lot of initiative in conducting training for new entrants and agents, it is development of the skills of middle management (comprising of the team leaders and supervisors), which needs to be taken care of. Due to the vertical movement in the industry, most individuals get promoted a rank or two above their current position. However, since they do not have any management background, things start becoming difficult for them (considering most who join the industry are just graduates). All this not only affects the scale, service and quality of the company, but also on the personality of the individual who feels at loss. According to most industry experts, with technologies, techniques, processes and methodologies being redefined and reinvented by the day, the contact centre manager needs to constantly handle changes in management philosophy and operational practice to successfully and consistently deliver customer goals. The ITES companies are consequently now busy designing development initiatives for their employees. In spite of so many initiatives, industry experts feel that the major concern is that nobody has really taken it as a “career choice” but a “pass-time” or “time-gap employment”. If a mature industry has to evolve, the picture needs to be changed wherein it becomes “the” choice industry like its software counterpart.

Why cultural intelligence is important?

In corporations of the past, the presence of cultural dynamics often went unnoticed. It is not unusual, even today, for people in organizations to say, "that’s the ways we do things here…" unaware as they say it, of the importance of the unwritten rules and habits that constitute organizational culture. Culture and the values associated with it, have always existed in organizations. In the past, the word “culture” was regarded as an abstruse concept concerning creativity and aesthetics, relevant to “the Arts” not the business world (Bell, 1996). Despite a century of study, it is only recently that culture is being widely recognized as critical to organizational transformation and leadership success. Today, few leaders question the fact that their organizations *have* a culture. Realizing the significance of the role culture plays in their organization's profitability and overall performance; leaders in every sector are expending more attention on defining and highlighting the shared values and guiding principles for their organizations. Concurrently, the advancement of electronic technology has allowed an increasing number of nations to join the world marketplace, creating a diverse and complex global environment that requires organizations to engage in adaptive strategies in order to remain competitive. This new environment affords challenges and expanded opportunities, while heralding change, competitive pressures, complexities and confusion (Fishman, 2005; Friedman, 2005).

A natural consequence of globalization is an increasingly diverse workforce and burgeoning complexity of the social environments within which organizations operate. With many more nations engaging in the global marketplace, each bringing different patterns of thinking, ways of trading, negotiation styles, and business practices, leaders must have a finely tuned awareness of global perspectives, the capacity for recognizing cultural synergies, and the ability to engage in continuous learning (Senge, 1990; Adler, 1991; Friedman, 2005). In a speech to employees before leaving GE, Jack Welch was quoted as saying, "The Jack Welch of the future cannot be me. I spent my entire career in the United States. The next head of General Electric will be somebody who spent time in Bombay, in Hong Kong, in Buenos Aires. We have to send our best and brightest overseas and make sure they have the training that will allow them to be the global leaders who will make GE flourish in the future." (2001) Indeed, it has become clear that many leaders lack the requisite "global" skills and thus experience confusion, frustration and costly failures (Buckley and Brooke, 1992). These setbacks are largely due to ignorance about the impact of culture (organizational *and* ethnic cultures) on all levels of the workplace. Furthermore, challenges that are culture-related, such as communication, negotiation, decision-making, team-building and social behaviors are unambiguous.

It is evident that no company can afford to neglect the cultural context of leadership and that no manager has the luxury of ignoring cultural differences. In fact, the western value of color blindness, while well-meaning, is misguided, because the unexamined assumption underlying color blindness is that paying attention to color is inherently unfair, possibly racist, "I just see people as people," when in fact in the opposite may well be more valuable. "Cultural norms, especially in North America, encourage managers to blind themselves to gender, race and ethnicity and see people only as individuals and to judge them according to their professional skills. This approach causes problems because it confuses *recognition* with *judgment* (italics added)... To ignore cultural differences is unproductive… Choosing not to see cultural diversity limits our ability to manage it – that is, to minimize the problems it causes while maximizing the advantages it allows… When we blind ourselves to cultural diversity, foreigners become mere projections of ourselves." (Adler, 1991, pp. 97) "Projections of ourselves," (i.e., the other must look and act like me, share my beliefs) because we easily merge professional skills and competence with the normative values which historically have been white and male. Further, peoples' underlying values and worth are obscured by, often, negative attributions based on physical characteristics of race, ethnicity and gender (Lee, 1995; Aronson, 2004). In this age, managing cultural differences is a key factor in building and sustaining organizational competitiveness and vitality.

Recognizing this, many companies are developing initiatives to train managers in intercultural competence and global management. Examples of success stories such as the British Imperial Chemical Industries (ICI), Toshiba and Motorola reported by Lisa A. Hoecklin in the Economist Intelligence Unit (1993) reveal the importance, need, effectiveness, and impact of cultural competence in the global business development process. In recognizing the cultural differences, British, Japanese, Italian and American corporate leaders are benefiting from identifying, understanding and leveraging their cultural strengths to create competitive advantage. This process helped them to 1) arrive at a shared management philosophy, 2) create a cultural environment with appropriate communication, motivational factors, information dissemination, decision- making processes, artful negotiation, and 3) develop human resource strategies that include cultural diversity and the formation of task forces and project teams. Even a technical application such as the Corporate Performance Measurement tool, which offers a systematic approach to the measurement of corporate performance for value creation, provides an integrated view of the *relationship* between and among value creation, business strategy, business process, and performance measures. There are strong cultural variables in planning, organizing, negotiation, decision-making, conflict resolution and behaviors that affect leadership activity.

Culture is developed, transformed and transmitted through the conscious and unconscious activities of every member in the organization. It is however, the leader's driving force and ability to facilitate preferred mind-sets as well as preserve, create, and transmit the essence of existing culture as he leads his subordinates to new challenges. Culture and leadership augment each other in bringing excellence to the enterprise. (Schein,1997). Just as leadership and organizational culture have come to be known as critical to success, we now recognize that culture includes ethnic, racial and national cultures. With globalization, understanding culture is even more important. As Adler states above, ignoring culture is unproductive. Culture *is*. It exists whether we choose to see and acknowledge it. Ignoring cultural differences is problematic because we confuse *recognition* with *judgment* and it is *judgment*, particularly negative stereotypes, which feed discrimination, and perpetuate economic exclusion. Culture is learned. It is through this learning potential and process that leaders can cultivate this *new* domain of intelligence known as CQ, which has immense relevance and effects upon an increasingly global and diverse workplace. Nurturing the capability to learn, adjust, and adapt helps raise the level of cultural intelligence.

Cultural intelligence development:

How then is cultural intelligence developed? John Berry (1992) argues that existing research on intelligence fails to capture the essential richness of cultural context. Berry suggests that existing definitions of intelligence are largely western constructs, overly restrictive, and typically tested using western methods, having dubious value in non-western cultures. He suggests that cultural intelligence is best considered "adaptive for the cultural group, in the sense that it develops to permit the group to operate effectively in a particular ecological context; it is also adaptive for the individual, permitting people to operate in their particular cultural and ecological contexts" (pp. 35). Cultural intelligence reflects a capability to gather and manipulate information, draw inferences, and enact behaviors in response to one's cultural setting. In order be culturally adaptive, there is a core set of cultural competencies which leaders must master. Adaptation requires skills and capabilities, which include cognition, motivation and behavior. All three of these facets acting in concert are required for high CQ:

_ Cognitive Knowledge – The possession of wide-ranging information base about a variety of people and their cultural customs,

_ Motivation (healthy self-efficacy, persistence, goals, value questioning and integration),

_ Behavioral Adaptability - The capacity to interact in a wide range of situations, environments and diverse groups (Earley and Ang, 2003).

The Global Leadership Competency (GLC) Model offers a roadmap in which to conceptualize the stages of development of cultural intelligence. This model (the following Figure) was first introduced by Chin, Gu, and Tubbs (2001). It consists of a hierarchy of competency factors. Chin and her colleagues posit a developmental path of global leadership from the deficiency stage of ignorance to an *ideal* high level of competence: *adaptability*.

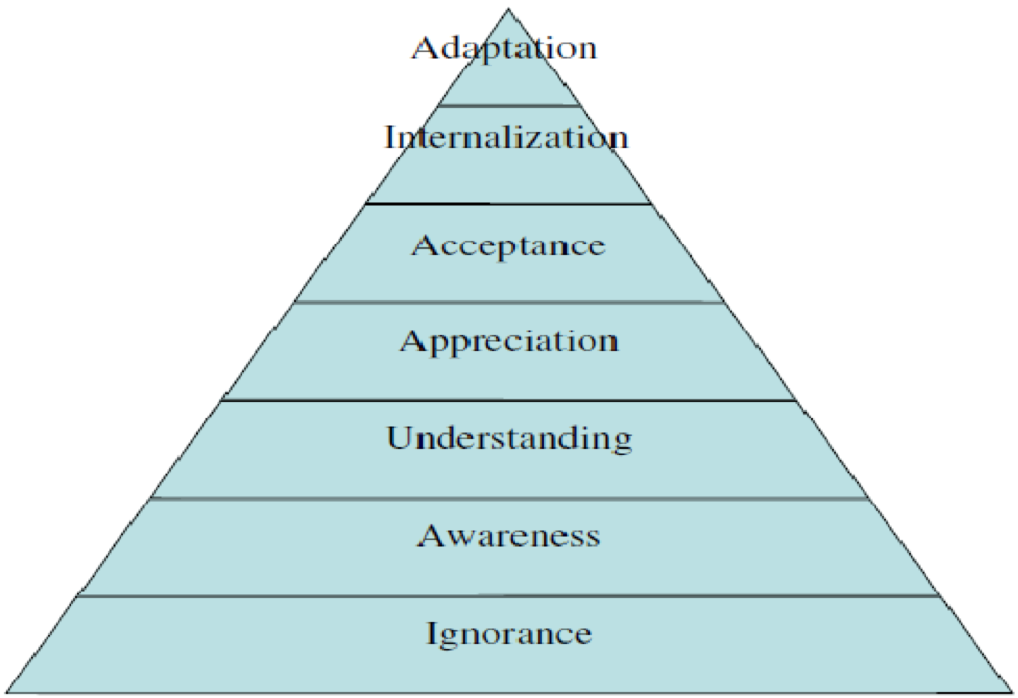


Figure: ***global leadership competency (glc) model***

The competencies described for each developmental level are consistent with Emotional Intelligence research (Goleman, 1995) and with Kegan's (1982) adult development model. The factors or levels of competence are as follows from low to high: a) ignorance, b) awareness, c) understanding, d) appreciation, e) acceptance, f) internalization, g) transformation. Chin (2005) has since modified the model, replacing transformation with adaptation, consistent with the work of Silverthorne (2000), whose own research indicates a strong link between adaptability and effective leadership across cultures. Chin has also separated acceptance and internalization, arguing that internalization is a distinct developmental level. The GLC model assumes that ascending to a higher level of global leadership function is not only desirable and attainable, but in fact, *required* for functional excellence in a global environment. It is important to note that the

GLC model is not a *leadership* model; rather, it focuses on the nature of cultural competence or literacy required to be a high-functioning global leader.

Awareness Level: This is the novice stage; with exposure come vague impressions. They are brief sensations of which people are barely conscious. At this level, there is little or no sense-making, but a dawning awareness of something different and possibly interesting, strange, frightening or annoying.

Understanding Level: At this stage individuals begin to exhibit some conscious effort to learn why people are the way they are and why people do what they do. They display interest in those who are different from themselves. Sanchez et. al. (2000) refers to this as the "transition stage." This is a stage whereby the individual collects information through reading, observation and real experiences as well as by asking questions to learn more about the new cultural phenomenon.

Appreciation Level: Individuals begin to take a "leap of faith" and experience a genuine tolerance of different points of view. Through understanding the basic differences as well as areas where one thinks, acts, and react similarly, a positive feeling towards the "new" cultural phenomenon begins to form. Individuals not only put up with the "new" culture, but also display a genuine appreciation of and, in some cases, preference for certain aspects of the "new" culture.

Acceptance Level: In this stage, the possibility of interaction between cultures increases appreciably. People are more sophisticated both in terms of recognizing commonalities and in terms of effectively dealing with differences. At this stage, there is the willingness to acquire new patterns of behavior and attitudes. This is a departure from the ethnocentric notion that "my way is the best way and the only way."

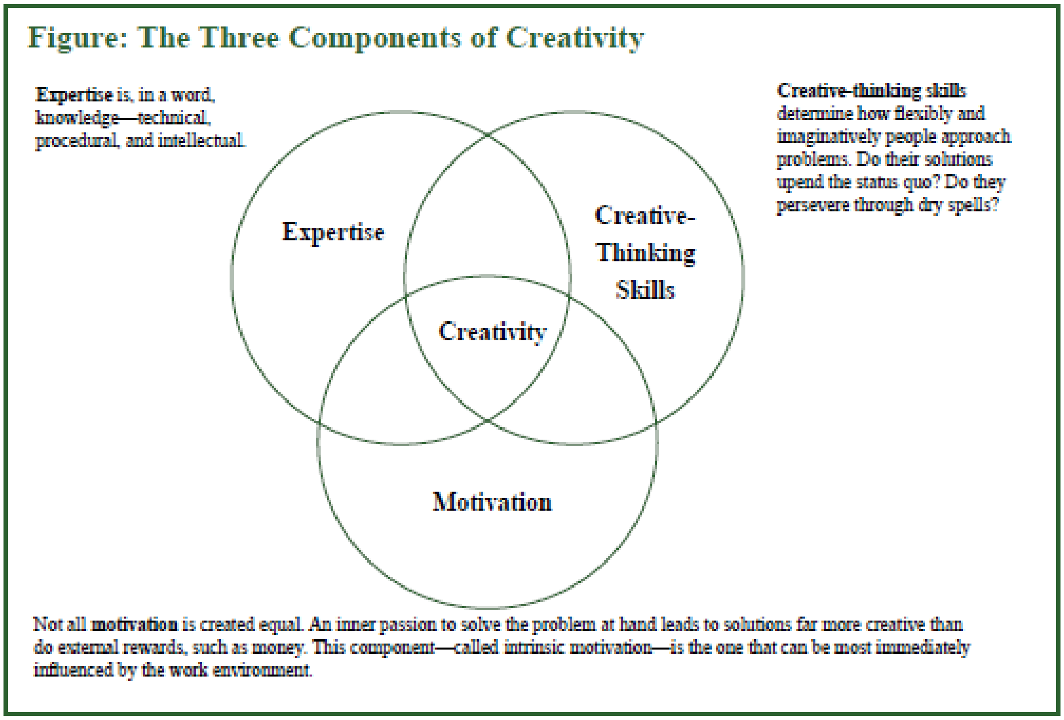
Internalization Level: At this stage, the individual goes beyond making sense of information and actually embarks on a deliberate internalization process with profound positive feelings for the once unknown cultural phenomenon. At this stage, there is a clear sense of self-understanding leading to readiness to act and interact with the locals/nationals in a natural, appropriate and culturally effective manner.

Adaptation: Cultural competence becomes a way of life. It is internalized, to the degree that it is out of one's consciousness, thus becomes effortless, and second nature. Individuals at this level display and possess the 1) capacity for gathering knowledge about different cultures, 2) drive or motivation and 3) behavioral adaptability ---the capacity to act effectively based upon their knowledge and motivation. In proposing the GLC Model, Chin and her colleagues challenged the application of western cultural idiosyncrasies such as American individualism, which they believe are counterproductive in many cultural settings, particularly Asia. They are supported by the findings of the GLOBE researchers (2004). Additionally, consistent with contingency theory, the GLC model assumes that as context changes, so must the behaviors of leaders (Chin et al., pp. 2) and, because global leaders are working abroad, the context is very different from their home country's cultural context.

Types and sources of innovation: The main types of innovation are divided into product innovations, service innovations, and organizational (procedural or process) innovations. The most common are market-led or market-push innovation; others are technology-led innovations (for which markets must be developed). All can be classified depending on the degree of their impact, viz., incremental, radical, or systemic. Peter Drucker identified seven sources of innovation: (i) unexpected occurrences, (ii) incongruities of various kinds, (iii) process needs, (iv) changes in an industry or market, (v) demographic changes, (vi) changes in perceptions, and (vii) new knowledge. (These seven sources overlap, and the potential for innovation may lie in more than one area at a time.) He explained that purposeful, systematic innovation begins with the analysis of the sources of new opportunities. However, he emphasized that in seeking opportunities, innovative organizations need to look for simple, focused solutions to real problems. That takes diligence, persistence, ingenuity, and knowledge.

Leveraging enterprise:

Creativity in products, services, procedures, and processes is now more important than ever. It is needed equally in the established enterprise, the public sector organization, and the new venture. Why is it then that many organizations unwittingly carry out managerial practices that destroy it? With exceptions, most managers do not stifle creativity on purpose. Yet, in the pursuit of productivity, efficiency, and control, they often undermine it. The figure below shows that creative-thinking skills are one part of creativity but that expertise and motivation are also essential. Managers can influence the first two, but doing so is costly and takes time. They can make a more effective difference by boosting the intrinsic motivation of personnel. To manage for creativity and innovation in ways that keep clients, audiences, and partners satisfied, they have five levers: (i) the amount of challenge they give to personnel to stimulate minds, (ii) the degree of freedom they grant around procedures and processes to minimize hassle, (iii) the way they design work groups to tap ideas from all ranks, (iv) the encouragement and incentives they give, which should include rewards and recognition, and (v) the nature of organizational support. Needless to say, managers must themselves be motivated.



Source: Teresa Amabile. 1998. How to Kill Creativity. *Harvard Business Review*. September–October: 76–87.

The competencies described for each developmental level are consistent with Emotional Intelligence research (Goleman, 1995) and with Kegan's (1982) adult development model. Being an effective leader requires a highly developed emotional intelligence, the basic elements of which are the capacity for self-awareness, self-management, social awareness and relationship management. Emotional intelligence is measured on a four-level scale with an identified target level of competence (Boyatzis, Goleman & Hay Group, 2002). Kegan's stages of development, deriving from his Constructive Developmental Theory (1982), are based on notions of human development, which are particularly relevant to developing cross-cultural literacy. Kegan's model describes a helix path of development, a couple steps forward and backward, rather than a simple linear path. Kegan's developmental model is not completely analogous to the GLC developmental model in that he begins with the earliest stages of human development, childhood, while the Global Leadership Competency model focuses on the adult. However, the models are similar in key respects. At the base of the GLC pyramid, an individual is in a state of "deficiency" (Chin, p. 4), and with appropriate developmental assistance, moves out of what

Kegan would characterize as embeddedness, rises up the pyramid, learning to respond to a complex world, with its inherent paradoxes and learning to manage disequilibrium as it is encountered. Kegan (1994) later added a fifth level called inter-institutional, which he argues is an imperative of the post-modern age, which he believes most people are ill-equipped to achieve. This fifth stage is similar to the adaptation level in the GLC model in that it is *also* an imperative of the modern age. This fifth stage is characterized by the capacity to integrate the "self" with "other." Neither Kegan's model, nor the GLC model assumes achievement of higher developmental stages is inevitable without effort. Unlike aging, which *is* inevitable, it is possible to remain at very low levels of development throughout the course of a lifetime. Kegan's model is analogous to the GLC model in other ways as well: A foreigner in a foreign land lacks language, may need assistance getting around, and is dependent on others in ways not experienced since infancy. As the individual gains exposure, is open to new ideas, and develops new skills, she moves from the *imperial self* of Kegan's stage two to the *self-in-relation-to-others* of Kegan's stage 4 and so on. The GLC model is grounded in sound developmental theory supported by different but related research in the areas of emotional intelligence and adult developmental theory as well as the global leadership studies of the GLOBE project.

Opening doors to diverse perspectives:

Before World War II, closed innovation was the operating paradigm for most companies. Innovating enterprises kept their discoveries secret and made no attempt to assimilate information from outside their own research and development laboratories. Collaboration need not be bounded by the wall of the organization. In recent years, the world has seen major advances in technology and organization assisting the diffusion of information. Not least of these are electronic communication systems, including the internet. Today, data and information can be transferred so swiftly that it seems impossible to prevent movement (should one want to). Since organizations cannot stop this phenomenon, they must learn to take advantage of it. Communities and networks of practice are fertile venues that provide intellectual challenge, allow people to pursue their passions, foster mutual trust, organize a setting for "noble" work, and gather appreciative audiences. Table 2 underscores that open innovation requires mind-sets and organizational cultures different from those of traditional (closed) innovation.

Table 2: Closed and Open Innovation

Closed Innovation Principles	Open Innovation Principles
• The smart people in our field work for us.	• Not all the smart people work for us. We need to work with smart people inside and outside our company.
• To profit from research and development, we must discover it, develop it, and ship it ourselves.	• External research and development can create significant value; internal research and development is needed to claim some portion of that value.
• If we discover it ourselves, we will get it to market first.	• We do not have to originate the research to profit from it.
• The company that gets an innovation to market first will win.	• Building a better business model is better than getting to market first.
• If we create the most and the best ideas in the industry, we will win.	• If we make the best use of internal and external ideas, we will win.
• We should control our innovation process, so that our competitors do not profit from our ideas.	• We should profit from others' use of our innovation process, and we should buy others' intellectual property whenever it advances our own business model.

Source: Wikipedia. 2009. *Open Innovation*. Available: en.wikipedia.org/wiki/open_innovation

Components of innovation systems:

There is no simple universal formula for successful innovation: it is nonlinear, works at many levels, and is too complex to be pinned down in that way. It is uniquely human and cannot be done by machines. Nevertheless, innovations are not random: they occur in relation to the past, present, and future conditions of an organization. The characteristics of innovation systems are that they recruit and retain highly skilled and trained personnel, give them access to knowledge, and then encourage and enable them to think and act innovatively. Components of an effective innovation system include

• Clarity in *mission statements and goals*, which invariably feature a commitment from senior managers to assume responsibility for the risk of failure.

• An *organizational culture* that values innovation, where there is encouragement for personnel to think differently, take calculated risks, and challenge the status quo. Major forces such as leadership, attitudes to risk, budgeting, audit, performance measurement, recruitment, and open innovation are aligned in support.

• A *systems approach* to management that understands innovation as one part of a wider context, appreciates interconnections, and can conduct systematic analyses of how a problem interacts with other problems, parts of the organization, projects, etc. Management fosters coordination across these interconnections and stresses integration rather than compartmentalization.

• The adequate *resourcing* of innovation in line with strategy.

• The placing of *responsibility* for innovation on all staff.

• Understanding that *creativity* is desirable but insufficient. Innovation ambassadors must still take responsibility for follow-through.

• An enriched *physical workplace* that enhances creativity by providing accessible, casual meeting spots; physical stimuli; space for quiet reflection; a variety of communication tools, e.g., white boards, bulletin boards; contact space for clients, audiences, and partners; and room for individual expression, among others.

• Human resource systems that ensure *staff* have diverse thinking (or learning) styles, giving them a variety of perspectives on single problems.

• Team setups that avoid *groupthink* and balance the beginner's mind with experience, freedom with discipline, play with professionalism, and improvisation with planning. Teams embody divergent and convergent thinking, diverse thinking styles, and diversity of skills; and handle conflict.

• High levels of *decentralization* and *functional differentiation* and a range of *specialized areas* within the organization.

• Honed *knowledge management* systems and processes that constantly bring new ideas, concepts, data, information, and knowledge into the organization.

• Numerous and empowered members of relevant *communities and networks* of practice.

• Processes and methodologies that identify and share *good practice*.

• A *performance measurement* system that measures the innovative pulse of the organization; ensures monitoring and evaluation of inputs, activities, outputs, outcomes, and impacts; and feeds lessons back to the system.

• The instigation of *incentives* and *rewards* for innovative individuals and teams.

• Plentiful *space* for creative thinking and reflective practice, e.g., away-days, brainstorming sessions, peer assists, after-action reviews and retrospects, problem-solving groups, discussion groups and forums.

• Linkages with the *marketing* function, in ways that involve stakeholders and seek regular feedback.

• Effective *dissemination* systems.

• Dedication *information systems* that ensure positive coverage and publicize success.

• Structured *intellectual property management* systems that identify, protect, value, manage, and audit the organization's intellectual property.

Tables 3–5 help determine how friendly a workplace is to creativity and innovation; assess how reward structures, group norms and attitudes, and management styles support creativity; and plan how an idea will be rolled out.

Table 3: Assessing a Workplace's Friendliness to Creativity and Innovation

Dimension	Rating		
	Adequate	A Strength	Needs Improvement
Your Leadership Style			
• I can describe my own preferred style of thinking and working.			
• I have talked with members of my group about their preferred modes of problem solving.			
• I encourage intellectual conflict within my group.			
• When group members disagree, I help them determine the source of their differences.			
• When communicating with others, I take into consideration their preferred thinking style.			
Diversity of Styles			
• I am aware of the creative value of diverse thinking styles, and try to incorporate this diversity in teams.			
• I actively seek out or hire people with diverse backgrounds and thinking styles.			
• Our group recognizes the conflict that creative abrasion can cause, but also appreciates its value.			
• We have taken formal diagnostic tests to identify thinking or learning styles, and discussed the results of these assessments.			
Your Work Group			
• The majority never ignores the minority opinions in my work group.			
• I have added someone to my work group specifically because he or she brings a fresh perspective.			
• Our work environment supports those who think differently from the majority.			
• The thinking styles, skills, and experiences of my work group's members are diverse and balanced.			
• I actively look for group members whose thinking styles differ from my own.			
• I help my group establish and agree upon a clear project goal at the start of each project.			
• My group has formally agreed upon behavior guidelines for how they should work together and treat each other.			
The Psychological Environment			
• I support people taking intelligent risks, and do not penalize them when they fail.			
• There are opportunities for people to take on assignments that involve risk and stretch their potential.			

Dimension	Rating		
	Adequate	A Strength	Needs Improvement
• We openly discuss risk-taking, assess the risk potential of projects, and make contingency plans or identify risk management strategies.			
• Rewards and/or recognition are given for creative ideas.			
• As long as they show learning from the experience, group members are not penalized for experimentation and risk taking.			
The Physical Workspace			
• Our workspace includes stimulating objects such as journals, art, and other items that are not directly related to our business.			
• I have made changes to our physical workspace to improve communication and creative interaction.			
• I provide group members with a wide variety of traditional and nontraditional communication tools (e-mail, whiteboards, crayons and paper, etc.).			
• Group members are encouraged to make their workspaces reflect their individuality.			
• Our workspace includes both areas for boisterous interaction and areas for quiet reflection.			
Bringing in Outsiders or Alternative Perspectives			
• Our group makes visits to people outside the division or organization in order to find different perspectives and ideas.			
• Our group has observed clients actually using our products or services in their own environment.			
• Our group has observed our clients' customers using our products or services in their own environment.			
• I have arranged for speakers from other industries to come to talk to or work with my group.			
• Our group has observed people using competitors' products or services.			
• Our group has benchmarked the functions and characteristics of our products, services, or processes against an industry other than our own.			
Promoting Group Convergence			
• I encourage group members to bring up and discuss nonwork-related subjects when they interfere with work.			
• When a project has been completed, I hold a debrief meeting to determine specifically what to do differently (or the same) the next time.			
• When I hold a debrief meeting, I always make sure that all members can be present.			
• When my group is stuck on a problem, I make sure they get "down time" or time off to step back, relax, and allow their subconscious minds to work.			
• At the end of a project, I provide a way for my group to celebrate and rejuvenate.			
• Project schedules allow enough time for group brainstorming and discussion of ideas.			

Source: Harvard ManageMentor. 2000. *Managing for Creativity and Innovation*. Boston: Harvard Business School Press.

Table 4: Assessing the Psychological Environment for Creativity

Question	Rating		
	Adequate	A Strength	Needs Improvement
• Are group guidelines already in place? Are they articulated and disseminated?			
• Do you, as the manager, encourage risk taking?			
• Are people allowed to take intelligent risks, and fail, without being penalized?			
• When someone fails, do you help him/her and the group find the learning in the failure?			
• Do you distinguish between intelligent failures (something risky, but promising) and mistakes (something clearly avoidable)?			
• Do your current rewards motivate group members to be creative?			
• Do you currently have rewards for creative ideas and suggestions?			
• Do you have both extrinsic (for example, money) and intrinsic (for example, providing a sense of accomplishment) rewards in your current reward system?			
• Do you recognize group members who successfully work outside their preferred thinking style or area of expertise?			
• Do you support intellectual conflict within your group?			
• Do you encourage people to point out unacknowledged and taboo subjects that are holding the group back?			
• Do you reward collaboration?			
• Do individuals have freedom to choose their projects or to determine how they reach their agreed-upon goals?			
• Are you, as a manager, alert to individuals who may be burning out?			
• Do you celebrate small successes?			
• Do you encourage the group to stop and review how much progress it has made?			
Ideas for Improvement			
Based on your answers, what refinements would you make to your group's norms? To your reward structure? To your own management style?			

Source: Harvard ManageMentor. 2000. *Managing for Creativity and Innovation*. Boston: Harvard Business School Press.

Table 5: Planning for Innovation

<table>
<tr><td>Idea</td><td colspan="2">Generated by</td><td>Date</td></tr>
<tr><td colspan="4">Innovation (What form will the idea take?)</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="4">Sources of Support? (What sources of assistance or support will be needed to carry out the innovation?)</td></tr>
<tr><td>Who?</td><td colspan="3">Why?</td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td colspan="4">What? (e.g., finances, personnel, etc.)</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="4">Ways to Gain and Strengthen Support?</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="4">Sources of Resistance? (What are the sources of resistance, e.g., people, policies, procedures, that might impede the process of innovation?)</td></tr>
<tr><td>Who?</td><td>What?</td><td colspan="2">Why?</td></tr>
<tr><td></td><td></td><td colspan="2"></td></tr>
<tr><td></td><td></td><td colspan="2"></td></tr>
<tr><td></td><td></td><td colspan="2"></td></tr>
<tr><td colspan="4">What are the Ways to Overcome or Minimize Resistance?</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="4">Impact, Outcome, Outputs, and Activities Planned</td></tr>
<tr><td>Impact/Outcome/Outputs/Activities</td><td colspan="2">Assumptions and Risks</td><td>Completion Date</td></tr>
<tr><td></td><td colspan="2"></td><td></td></tr>
<tr><td></td><td colspan="2"></td><td></td></tr>
<tr><td></td><td colspan="2"></td><td></td></tr>
<tr><td colspan="4">Performance Targets and Indicators</td></tr>
<tr><td>1.</td><td colspan="3">6.</td></tr>
<tr><td>2.</td><td colspan="3">7.</td></tr>
<tr><td>3.</td><td colspan="3">8.</td></tr>
<tr><td>4.</td><td colspan="3">9.</td></tr>
<tr><td>5.</td><td colspan="3">10.</td></tr>
</table>

Source: Adapted from Harvard ManageMentor. 2000. *Managing for Creativity and Innovation*. Boston: Harvard Business School Press.

Implications:

There are a number of implications concerning the models and ideas presented above. *I* addressed several below. First, there is ample evidence that the new business paradigm discussed above means that businesses and organizations need to be thinking about training and development in new ways. Long-term linear succession and job development planning are ill suited the speed of change in organizations of today (Derr et al, 2002). Second, the Leadership

Process Framework was selected because it was robust enough to illustrate the importance and dynamic interplay of IQ, EQ and CQ and because the framework is broad enough to encompass the complexity of the "leader-in-relation." It is our contention that just as the relationship between leaders, followers and situations is fluid and dynamic, so too will be the skills required to successfully function in this environment. Relationship management *between and among* all the various factors require competencies that support leading creatively—a capacity to relate to others, self-awareness, authenticity, achievement orientation and systems awareness.

Leaders need to develop adaptively flexible responses to whatever they are confronted with. The rapidity of change requires a high degree of nimbleness. IQ, EQ and CQ are the triumvirate of leadership competencies in the 21st century. Finally, just as important as the competencies themselves, is the leaders' capacity to manage the "white space"—the dynamic tension between all three. Third, it is important to recognize that studies of emotional intelligence and transformational leadership demonstrate that the desired attributes tend to be traits traditionally associated with women— empathy, teaming, good relationship management, for example. It is also worth noting that these characteristics tend to be more characteristic of East Asian countries as well (GLOBE, 2004). Fourth, Earley and Ang's (2003) three CQ attributes (cognition, motivation and behavior) manifest themselves at all levels of the GLC model in varying degrees. For instance, the *lack* of knowledge about other cultures is strongly evident at the lowest level of the GLC pyramid. Motivation might manifest itself as the desire to remain blissfully ignorant, thus protecting one's self-efficacy. As one rises up the through the GLC levels, knowledge increases and motivation factors ostensibly manifest in positive ways (e.g., newfound self-efficacy). This journey may also lead to questioning of long-held values associated with one's native culture. The more culturally competent one is, the more behaviors can change.

Fifth, developing cultural competence and to a lesser extent emotional intelligence, provides the foundational capabilities for constructive action, including employing one's intellectual capacities (IQ) in new and creative ways. Finally, while the focus of this paper is on leaders, the phenomena described are relevant to *all* people working at almost all levels of organizations and they all benefit from development of cultural competencies. In fact, this is essential, because not only must they have skills to work and live effectively in a global environment, they must share a common social construct with their leaders. In other words, leaders and followers must embark on similar journeys in order for their organizations to thrive. Further, leadership pipelines need to be enriched with people who have already begun to develop these skills. It will be too late if they only begin to acquire them at the senior levels (that is what Jack Welch was referring to in his quote). The good news is that most of the attributes discussed are attainable through training and development (Earley and Ang, 2003).

Limitations and future study direction:

The Global Leadership Competency Model is a descriptive model rather than an empirical model. It is a modest attempt to demonstrate the highly complex nature of the interrelatedness between people, tasks, relationships, and situations. The GLC model has thus far been tested only with small sample populations (Bueno, 2003; Gaynier, 2004). It would benefit from a comprehensive qualitative testing combined with quantitative assessments of survey respondents by their direct reports to compare actual leader behaviors with self-reported data. Future research involving the GLC model should also include detailed analysis of the developmental levels of the model, and the identification of specific behavioral indicators. A third area of study requiring an extensive empirical effort is to address the question, "Are leaders who display the culturally endorsed leadership qualities of their followers *actually* more effective?" and "by what standards or measures?"

Conclusion:

In order to interact effectively with diverse followers in given situations, whether they be task or relationship activities, effective global leaders require IQ, EQ and CQ competencies. Cultural Intelligence, while not new, is newly recognized. There is much more research required on how it affects leaders' communication effectiveness, strategic planning, decision-making, negotiation, conflict resolution, team building and information sharing, while working with diverse cultural groups and in new global settings. To be a competitive player in the global scene, incorporating IQ, EQ and CQ competencies is a necessity. The GLC model presented in this paper is a heuristic attempt to provide a roadmap from the cultural deficiency stage, not uncommon to an individual in a strange land, to a stage where one feels at ease and is able to function effectively in new cultural environments and people. Heretofore, literature on Cultural Intelligence has focused on the *what* and the *why* of CQ. *How* to acquire cultural intelligence has been less developed. This paper was intended to inspire a conversation and further research about how to understand and acquire cultural intelligence.

References:

1. ADB. 2008a. *Managing Knowledge Workers*.
2. Andrew Van de Ven. 1986. Central Problems in the Management of Innovation. *Management Science*. Vol. 32, No. 5: 590–607.
3. Bateson, G. (1978) *Steps to An Ecology of Mind,* Paladin: London
4. Chin, C. O., Gu, J. & Tubbs, S. (2001) 'Developing Global Leadership Competencies', *Journal of Leadership Studies*, 7(4): 20-35.
5. Derr, C.B., Roussillon, S. & Bournois, F. (2002) *Cross-cultural Approaches to Leadership Development*, Quorum Books: Westport, CO.
6. Evans, M. G. (1970) 'The Effects of Supervisory Behavior on the Path-goal Relationship', *Organizational Behavior and Human Performance,* 5: 277-298.
7. Fleishman, E.A. & Hunt, J.G. (1973) *Current Developments in the Study of Leadership*, Southern Illinois University Press: Carbondale.
8. Gaynier, L. (2004) 'Universality of the Conceptual Understanding of Leadership' Unpublished Master's Thesis, Cleveland State University, Cleveland, OH.
9. Hollander, E.P. (1978) *Leadership Dynamics*, Free Press: New York.
10. Javidian, M. & House, R. J. (2001) 'Cultural Acumen for the Global Manager: Lessons from Project GLOBE', *Organizational Dynamics*, 29(4): 289-305.
11. Manning, T. T. (2003) 'Leadership Across Cultures: Attachment Style Influences', *Journal of Leadership and Organizational Studies,* 9(1): 20-32.
12. Neisser, U., Boodoo, G., Bouchard, T.J., Boykin, A.W., Brody, N., Ceci, S. J., Halpern, D.F., Loehlin, J.C., Perloff, R., Sternberg, R.J. and Urbina, S. (1996) 'Intelligence: Knowns and Unknowns', *American Psychologist,* 51(2): 77-101.
13. Potter, J. (undated) 'Leadership – Handling the Human Side of Complexity' [www document]http://www.ifm.eng.cam.ac.uk/mcn/pdf_files/part 7_5.pdf. (accessed 8 August 2005).
14. Ree, M.J. and Earles, J.A. (1992) 'Intelligence is the Best predictor of Job Performance', *Current Directions in Psychology Science,* 1(3): 86-89.
15. Soltz, P. G. (1997) *Adversity Quotient,* John Wiley & Sons: New York.
16. Triandis, H. C., and Bhawuk, D.P.S. (1997) 'Culture Theory and the Meaning of Relatedness', in P.C. Earley and M. Erez (eds.), *New Perspectives on International Industrial/organizational Psychology*, San Francisco: New Lexington Press, pp.13-52.
17. Weiner, N. (1954) *The Human Use of Human Beings*, Houghton Mifflin: Boston.

Crop Insurance Schemes in India

Prof. Dr. Geetanjali S. Mali [1]
HOD, Business Economics,
DBNP Arts, SSGG Commerce &Science
College, Lonavala

Abstract

Crop insurance is a much debated issue by academicians and policy makers. The paper deals with different format of crop insurance available in India and the other alternative available in place of crop insurance. In place of crop insurance the concept of index based contracts for natural disaster has been recently introduced. Farmers would purchase a contract and be compensated when natural disaster or certain event occurs.

Keywords*:* Crop Insurance, Premium, Agriculture risk.

Introduction

Evolution of Crop Insurance Programme -

The government introduced the policy of crop insurance in the country for loanee farmers alone. For including non-loaner small and marginal farmers growing specified crops in selected districts. Under the crop insurance scheme in Indian experimental crop insurance scheme was introduced by the Government of India during the Rabi Season. It was in the year1972-78 government started offering insurance schemes. First ever scheme on Individual approach basis (1972-78) Pilot crop Insurance scheme-PCIS (1979-84) Comprehensive crop insurance scheme-CCIS (1985-99) Experimental Crop Insurance scheme-ECIS (Rabi 1997-98) National Agricultural Insurance scheme-NAIS (1999…..)Farm Income Insurance scheme-FIIS (Rabi 2003-04 season &Kharif 2004 season) Rainfall based Insurance (Kharif 2004)

Weather based insurance products (Rabi 2005…) Satellite based imagery insurance products (Rabi 2005) Pilot on Govt.weather based crop Insurance scheme (2007….)

The Crop Insurance Scheme covers all Food Crops& Oilseeds and Annual commercial/ horticulture crops. The implementing state notifies crops for coverage subject to availability of sufficient area to enable conduct of requisite number of crop cutting experiments (CCEs) to work out average yield and the past yield data for preceding 10 years.

The schemes provide Comprehensive risk insurance against yield losses arising out of all natural perils viz

(1)Natural Fire and Lightning

(2)Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc

(3) Flood, Inundation and Landslide.

(4) Draught, Dry spells and
(5) Pests/Diseases etc.

1. **Comprehensive Crop Insurance Scheme.**

In the event of failure of crops as a result of natural calamities, to provide financial support to the farmers, a Comprehensive Crop Insurance Scheme (CCIS) was introduced in the country in 1985 with effect from Kharif crop season. Participation in the scheme was voluntary and the states were free to opt for the scheme. All farmers who availed crop loans from Commercial Banks, Regional Rural Banks and Cooperative banks for growing wheat, paddy, millets (including maize), oilseeds and pulses were eligible for coverage under the scheme. CCIS remained under implementation till Kharif of 1999.The scheme was compulsory to loaners; it had voluntary staff participation. Subsidy for small and medium farmers. Limit for sum insured Rs.10, 000 per farmer, 2:1 sharing by Central and State Government Credit administered.

2. **National Agricultural Insurance Scheme (NAIS)** This scheme was introduced in Rabi season in 1999-2000 in the country. The scheme was available to all farmers' loanee and non-loanee both-irrespective of their size of holding. Under NAIS from 1999-2000 to 2015-16 about 2691 lakh farmers have been covered over an area of 3887 lakh hectares insuring a sum amounting to Rs.461238 crores. The scheme was voluntary for states it included Horticultural and Commercial crops. Grampanchyat as target for homogeneous area. The subsidy was to be phased out by setting up insurance companies like GIC, NABARD, and GIPSA .The scheme had a low impact since genuine protection was to small and marginal farmers. The schemes administrative transaction cost was high and therefore the impact was low. Scheme was demand driven and moreover, claims were based on the occurrence of natural calamities like drought, flood etc. This scheme was withdrawn after Rabi season of 2015-16.

3. **Modified National Agricultural Insurance Scheme (MNAIS)**. The modified scheme was approved for implementation on pilot basis in 50 districts .Indemnity level of 80% and 90% Actuarial premium rates, responsibility of insurance companies, for calculations of threshold Yield out of past 7 years, 5 years yield excluding two calamity years .Localised calamity losses due to hailstorm and Landslide assessed on Individual basis .Risks covered were for Natural Fire and Lighting, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane, Tornado etc. Flood, Inundation and Landslide .Draught, dry spells, Pests, diseases etc. Only crop loans disbursed for notified crop is notified area is insurable. No consumption loan or loans for other crops. At the beginning of every season State government issues a notification containing a list of crops and areas.

4. **Weather Based Crop Insurance Scheme (WBCIS)**a pilot weather based scheme was launched with the objective of bringing in more farmers under the Insurance scheme. Its aim was to provide Insurance protection to the farmers against adverse weather incidence, such as

deficit and excess rainfall, high and low temperature, humidity etc. Which have an adverse impact on crop. This scheme is being implemented on full- fledged bases as component scheme of NCIP. It has been implemented on seven major horticultural crops from year 2011-2012. From its inception till Kharif 2015 to Rabi 2015-16, about 724 farmers have been covered over an area of 937 lakh hectares insuring a sum amounting to Rs. 124240 crores.

5. **Coconut Palm Insurance Scheme (CPIS)** The Insurance Company i.e Agriculture Insurance Company of India (AIC) is implementing the scheme and responsible for making payment of all claims, this is being administered by the Coconut Development Board. Premium of 50% is contributed by Coconut Development Board (central govt. agency) 25% by the State govt and the remaining 25% is by the farmers.

6. The NDA government recently launched a new crop insurance scheme titled **Pradhan MantriFasalBimaYogna(PMFBY)**Keeping in view representation from states on account of increase premium rates and farmers share in premium, capping on premium rates reduction in sum insured, the earlier schemes were reviewed and a new Scheme was implemented Pradhan Mantri FasalBimaYogna(PMFBY) it was approved in place of NAIS/MNAIS, WBCIS was also restricted and made at par with PMFBY. According to Agriculture Census Report 2010-2011, the number of operational holdings was 138.35 million of which wholly owned and self-operated holdings accounted for 97.61% in 2011. The small and marginal holdings constituted 85.01%.The report says there are around 118.6 million cultivators in the country. The government aims to cover at least 50% of farmers with its crop insurance scheme. The present coverage is 25%. The success of this programme lies in increasing awareness amongst the farmers about this scheme. A campaign need to be launched to educated farmers and create awareness about the scheme among them. Under this scheme a farmer has to pay a uniform premium of 2% of the total value for all kharif crops. 1.5% of the value, all Rabi crops and 5% on all commercial and Horticulture crops. The balance amount is to be payed by the government as premium. State governments also have to contribute an equal amount for this scheme.

Evaluation of the Schemes –

1. The schemes had a positive and stabilizing influence but at a high cost, the claims percentage was 572%. The loss between premiums paid and insurance claims amounted to 184,446 lakhs, exclusive of administrative costs.
2. Only four out of the 22 states participating had insurance charges greater than claims. The CCIS only charged premiums of 1-2%, while claims made were for 9% of the sum insured.
3. The NAIS has premiums of 1.5 to 3.5, varying from crop to crop. Although the premiums are higher than earlier schemes, based on past experience, they are still not high enough to cover claims.

4. However if the government stays in the crop insurance market private companies will be discouraged from entry, especially considering the state controls on almost every aspect of agriculture. Any reforming crop insurance will be most effective when accompanied by overall reform in the agriculture sector.
5. CCIS covered cereals, pulses and oilseeds. The premium rates were covered throughout the country uniformly. The sum assured was limited to Rs 10,000 per farmer irrespective of the farm size or loan.

Failures of the schemes-

1. The penetration of agricultural insurance in India was low and stagnant in terms of area insured and the number of farmers covered till 2014-15.The number of farmers insured under Rabi was 13 million and 23 million under Kharif for all schemes. The primary reason for low coverage was unaffordable high premium rates and capping of premium and the sum assured under MNAIS. The average premium rate was around 10%.
2. The sum insured was worked by multiplying the National Threshold Yield with MSP/average farm gate price. However, in MNAIS AND WBCIS, premium rates were calculated on actuarial basis and they were capped in order to reduce total expenditure on premium subsidy by both central and state governments. As the premium rates were high for most of the insured crops in many districts, sum insured in certain cases was insufficient to even cover the cost of cultivation.
3. The assessment of damage was based on traditional system of crop cutting experiments that took 6-12 months. The settlement of claims took unduly long time at times it extends beyond the next cropping season.
4. The issue of area discrepancy has been prevalent since early years of crop in insurance as in many cases; area insured was greater than the net area sown as reported by the government agencies. This problem was acute particularly in some districts of Gujarat growing groundnut as major crop. To solve this problem of fudging of data by state machinery, area correction factor.(The area correction factor is arrived at by dividing the area sown by the area insured for a given unit. And applied on the claim amount is in order to scale it down. As a result, the claims of all the farmers in a unit area are scaled down uniformly).

Conclusion and Recommendations-

1. Crop insurance is a much debated issue by academicians and policy makers. In place of crop insurance the concept of index based contracts for natural disaster has been recently introduced. Farmers would purchase a contract and be compensated when natural disaster or certain event occurs. Rain could be a common example, as it can be monitored and the history of certain areas is known. Farmers could be compensated if the rainfall is below a set level in a particular area the payment should depend upon the level of rainfall. This alternate model could be adopted as an improvement over the NAIS but would be still better if the private sector would make an entry into crop insurance.

2. Private crop insurance is highly developed and can cover more risk. The insurance policies offered must fit the needs of farmers and be beneficial otherwise their existence would be short lived. It could be possible as is in other countries which vary from crop to crop and different agricultural activities.
3. Investment in agricultural Infrastructure would be more beneficial than subsidies offered as this may yield long term benefits. Farmers deserve the chance to farm on their own. They know the weather better than others as it is their greatest foe and friend. The government should therefore help farmers help themselves
4. An increase in government awareness through government agencies, insurance companies and banks is required. There is need to create excitement about the scheme. Farmers should be kept informed about the premium deductions, amount of sum insured, name of insurance company and procedure for settlement of claims.
5. Finally there must be use of remote sensing technology in agriculture insurance programme with minimum human intervention in order to assess crop damages and settlements of claims. Drones could be used to take images of crops affected by hailstorm, rainfall, wind etc. Because they fly at lower heights, problems such as cloud obstruction can be minimised. As soon as there is information on damage in a particular area that picture can be captured.

References:

1. Agriculture insurance- D.D. Dange-regional manager of AIC of India, Mumbai.
2. The Economics Times: Crop Insurance Schemes in India.
3. Government of India Publications: Background of insurance scheme, Features of National Insurance Agriculture Scheme Crop insurance in India.
4. Gudger Michael "Crop Insurance: Failure of Public Sector and Rise of Private Sector Alternative" Risk in Agriculture Proceedings of Agriculture Symposium 1991.
5. Baltimore: John Hopkins University press, 1986 Crop Insurance for Agricultural Development.
6. Extracts from NABARD officials Interviews Sharad Joshi, Abhijit Sen, and Madam Devan.

A Study on Key Trends in Apparel Retailing

Ms. Ruksar Faizal Sharif[1]
Assistant Professor,
Abeda Inamdar Senior College,
Pune

Dr. Aftab Anwar Shaikh[2]
Poona College of Arts,
Science & Commerce, Pune
Principal

Abstract

Apparel means clothing, especially outerwear; garments and attire. Apparel is a term that refers to a covering for the human body that is worn. The working of clothing is exclusively a human characteristic and is a feature of nearly all human societies. The amount and type of clothing worn depends on physical, social and geographical considerations. The word 'Retail' has been derived from the French word 'retailer' which means 'to cut a piece off' or 'to break bulk'. Retailing can be defined as procurement of varied products in large quantities from various sources/manufacturers and their sale in small lots, for direct consumption to the purchaser. Retailing is one of the biggest sectors in India and has witnessed multi fold growth post liberalization of the Indian Economy. The evolution of retail trade in India can be traced to the times when majority of trade was routed through formats such as Haats, Mandis and Melas. Mostly organized on a periodical basis and limited to a particular locality/village, such formats gained prominence. Almost everything from vegetables, household necessities to cattle's were bought and sold, either through monetary means or the barter system.
This Paper intends to analyze the key trends in Apparel retailing, the development in apparel retailing with respect to various product categories. The Paper examines the Modern Apparel Retailing introduced in the market to influence Fashion.

Key words: Apparel retailing, development of Apparel Retailing, Modern retail formats, and Changing face of Fashion industry.

Introduction

Apparel means clothing, especially outerwear; garments and attire. Apparel is a term that refers to a covering for the human body that is worn. The working of clothing is exclusively a human characteristic and is a feature of nearly all human societies. The amount and type of clothing worn depends on physical, social and geographical considerations.

Features of Apparel

Physically, clothing serves many purposes; it can serve as protection from the elements, can enhance safety during hazardous activities such as hiking and cooking. It protects human from rough surfaces by providing a barrier between the skin and the environment. Clothes can protect humans from insect bites. Clothes can regulate temperature in the cold or heat. Further, it can provide a hygienic barrier, keeping toxins away from the body and limiting the transmission of germs, clothing also provides protection from harmful ultra violet radiation.

Retailing:

Retailing is the final connection in the marketing channel that brings goods from manufacturers to consumers. In other words, retailing is the combination of activities involved in selling or renting consumer goods and services directly to ultimate consumers for their personal and household use. In addition to selling retailing includes different and diverse activities like buying, advertising, data processing and maintaining inventory. Retailing includes all the activities involved in selling goods or services directly to finals consumers for their personal, non-business use. Any organization that does this selling-whether a manufacturer, wholesaler, on retailer-is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, or vending machine) or where they are sold (in a store, on the street, or in the consumer' home). On the other hand, a retailer or retail store is any business enterprise whose sales volume comes primarily from retailing.

Review of literature

Saukat Ansari (2013) - This study focused on to analyze the key trends that are taking place in apparel retailing. This study also assisted in creating awareness of the developments in apparel retailing with respect to various product categories and also to know the drivers responsible for the growth of organized apparel retailing and new retail formats. One of the important conclusions drawn was an apparel retail is led by fashion; a player needs to keep a close watch on fashion amongst teenagers as they are the trend setters. Role of Bollywood in spreading fashion needs to be understood. Seasonal variation on stocking pattern and need to clear inventory at the end of the season should be understood by apparel retailers.

Patil, Shivraj N.(2013) - This research highlighted the recent trends of retail management in India, it focuses on the concept of Malls, Emergence of specialty retailing and Malls as an Entertainment Zones, it also gives the detail about Technology driven malls and Mall`s Future filled with opportunities, the chapter further gives the detail about Management of Malls and also shows that how rural India is an Untapped Potential for retail industry, also discuss the future of Malls across the globe and last it provides the statistics of retail industry of India like:- Growth India Retail - Total v/s Organized, India Retail - Share of Categories, Share of Organized Sector in Total Retail by Category.

Objectives:

- To analyze the key trends that is taking place in apparel retailing.
- To Study the developments in apparel retailing with respect to various product categories.
- To know the drivers responsible for the growth of organized apparel retailing and new retail formats that has influenced Fashion.

Research methodology:

The specific types of information and / or data needed to conduct a secondary analysis will depend on the focus of study. For this research purpose, secondary data analysis is usually conducted to gain in-depth understanding of the study. Secondary data review and analysis involves collecting information, statistics, and other relevant data at various levels of aggregation in order to conduct a requirement analysis of the subject and mostly the paper is based on the information retrieved from the internet via journals, research papers and expert opinions on the same subject matter

Functions of Apparel:

The primary function of clothing is to improve the comfort of the wearer. In hot climates, clothing provides protection from sunburn or wind damage, while in cold climates its thermal insulation properties are generally more important. Shelter usually reduces the functional need for clothing. Clothing performs a range of social and cultural functions, such as individual, occupational and sexual differentiation, and social status. In many societies, norms about clothing reflect standards of modesty, religion, gender, and social status. Clothing may also function as a form of adornment and an expression of personal taste or style. Humans have shown extreme inventiveness in devising clothing solutions to environmental hazards. Some examples include: space suits, armor, diving suits, swim suits, beekeeper gear, and other protective clothing. The wearing of clothes also has social implications. They are worn to cover those parts of the body which social norms require to be covered, and act as a form of adornment, as well as other social purposes. In most cultures, gender differentiation of clothing is considered appropriate for men and women. The differences are in styles, colors' and fabrics

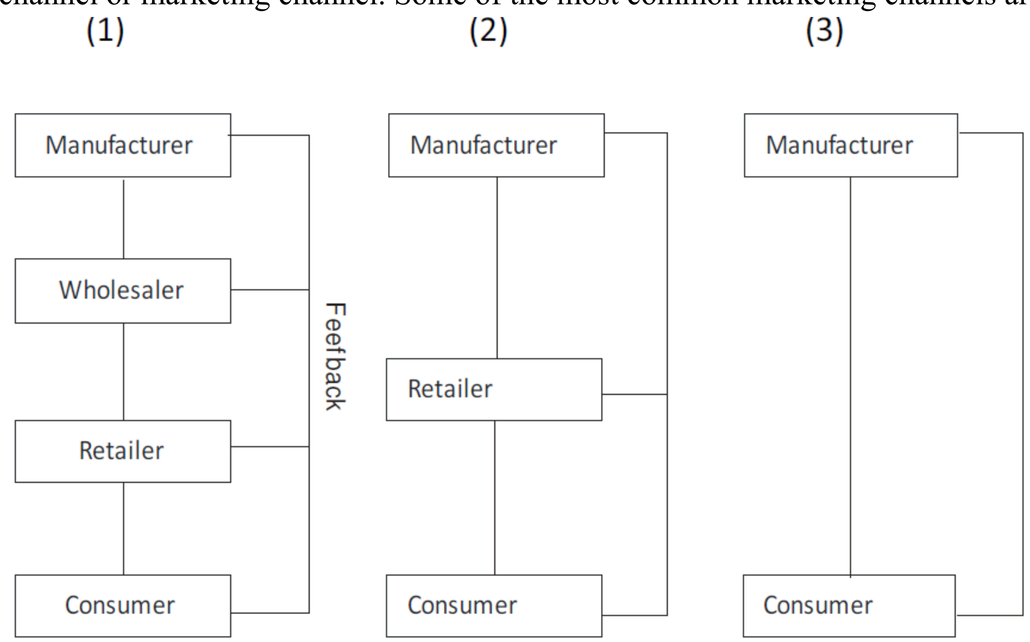
Retail and Retailing:

The word 'retail' is derived from the French word 'retaillier', which means 'to cut a piece off' or 'to break bulk'. Retail is any business that directs it marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as means of distribution.
The term 'retailing' is derived from the old French word 'retailer' meaning 'a piece of' or 'to cut up.' This can be applied to the functions carried out by the retailer-acquiring whole stock of

goods which they divide into smaller amounts which are sold to individual consumers. Retailing can be referred to all activities involved in marketing and distribution of goods and service.

Place of Retailing in a Distribution Channel:

When you buy a product, you rarely buy it directly from the manufacturer. Most products of the goods and service do not sell their products directly to end or final users. Between you (the final user) and the manufacturers are a number of intermediaries. These 4 intermediaries constitute a distribution channel or marketing channel. Some of the most common marketing channels are:

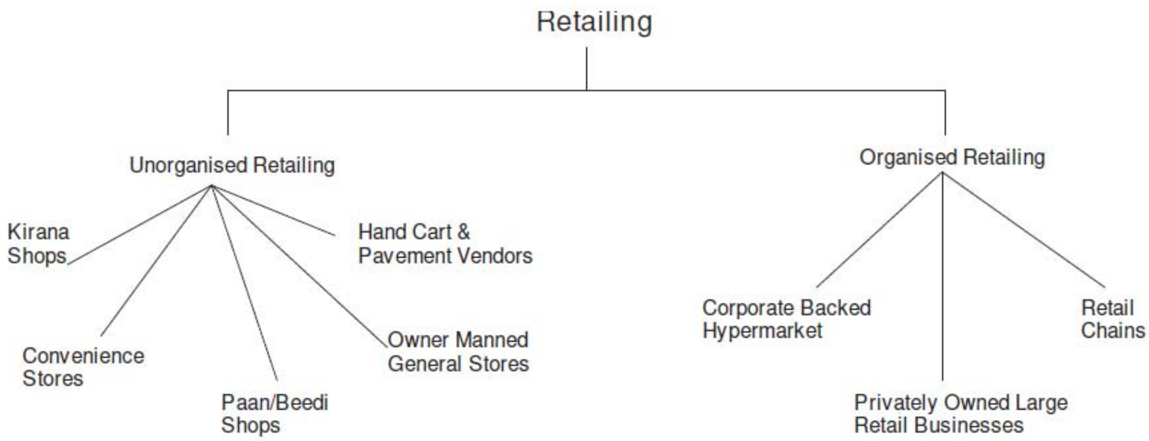


Typical Marketing Channels

Organized and Unorganized Retailing:

Indian retail industry is divided into two sectors – organized and unorganized. Organized retail sector refers to the sectors undertaken by licensed retailers, that is, those who are registered for tax on moveable commodities at times of sales under VAT system. At present the name of the tax is commerce tax. These include the corporate retail formats of the exclusive brand outlets, hypermarkets, departmental stores and shopping malls.

Unorganized retailing on the other hand, refers to the traditional formats of low cost retailing, for example, hand cart and pavement vendors, the local kirana shops, owner-manned general stores, paan/beedi shops, convenience stores, hardware shop at the corner of your street selling everything from bathroom fittings to paints and small construction tools; or slightly more organized medical store and a host of other small retail businesses in apparel, electronics, etc.



Organized and Unorganized Retailing

Characteristics of Retailing:

Retailing can be distinguished in various ways from other businesses such as manufacturing. Retailing differs from manufacturing in the following ways:

- There is direct end-user interaction in retailing.
- It is the only point in the value chain to provide a platform for promotions.
- Sales of the retail level are generally in smaller unit sizes.
- Location is a critical factor in retail business.
- In most retail businesses, services are as important as core products.
- There are a large number of retail units compared to other members of the value chain. This occurs primarily to meet the requirements of geographical coverage and population density.

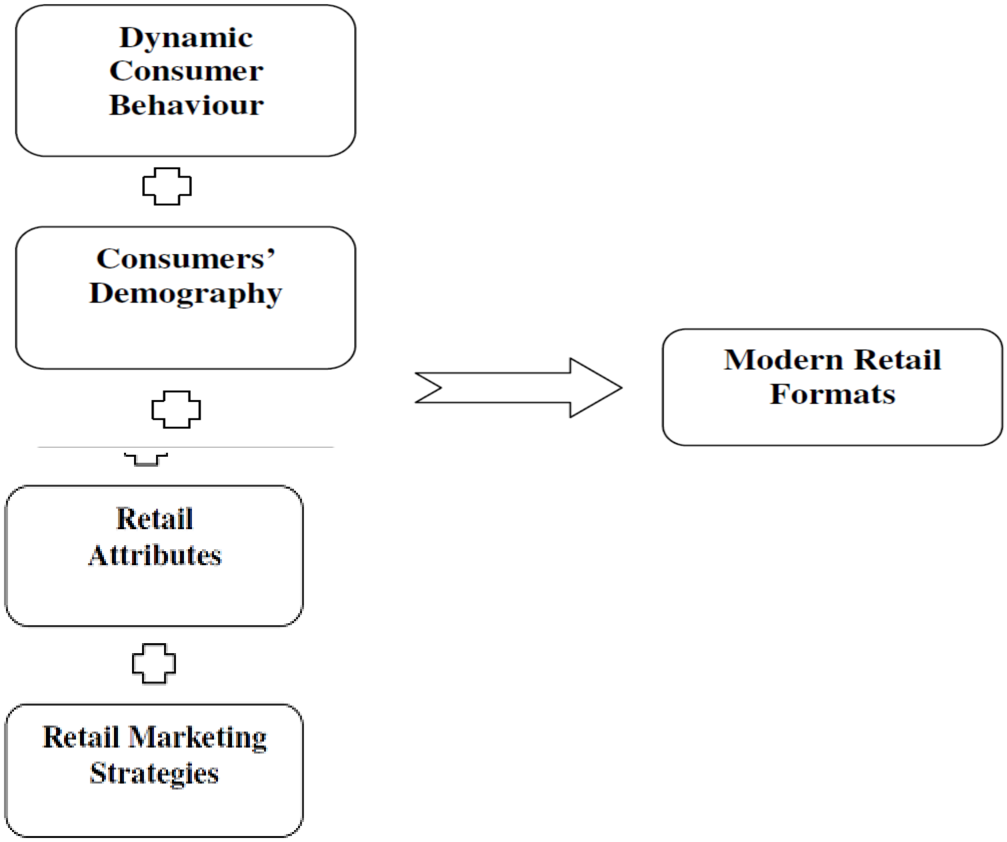
Unorganized Retail Formats

- **Mom-and-Pop Stores**
- **Street Vendors**

Modern Retail Formats:

Forces Affecting Modern Retail Formats

Dynamic consumers' behaviour, consumers' demography, retail attributes and retail marketing strategies affect modern retail formats



Forces Affecting Modern Retail Formats:

Classification of Retailers

Because there are so many different kinds of retail firms, classifying them all into one neat system becomes difficult. We can use different bases for classifying retail firms. Different types of classifications are:

- **Legal Form**

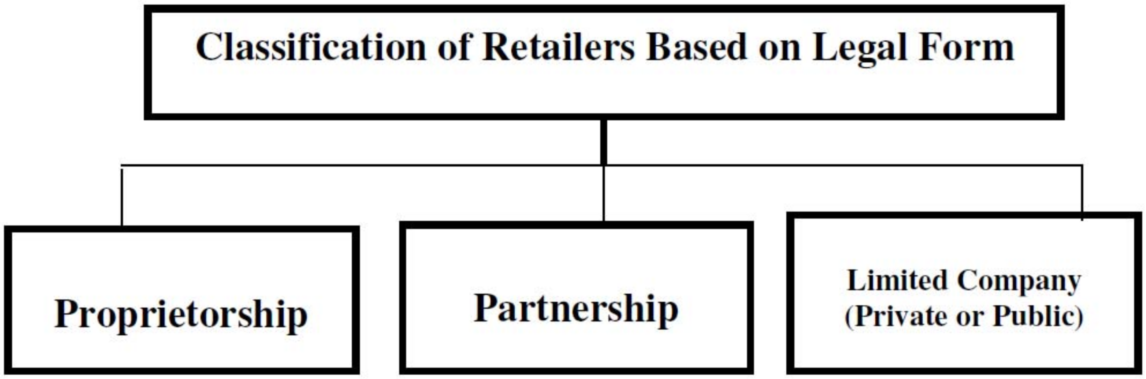
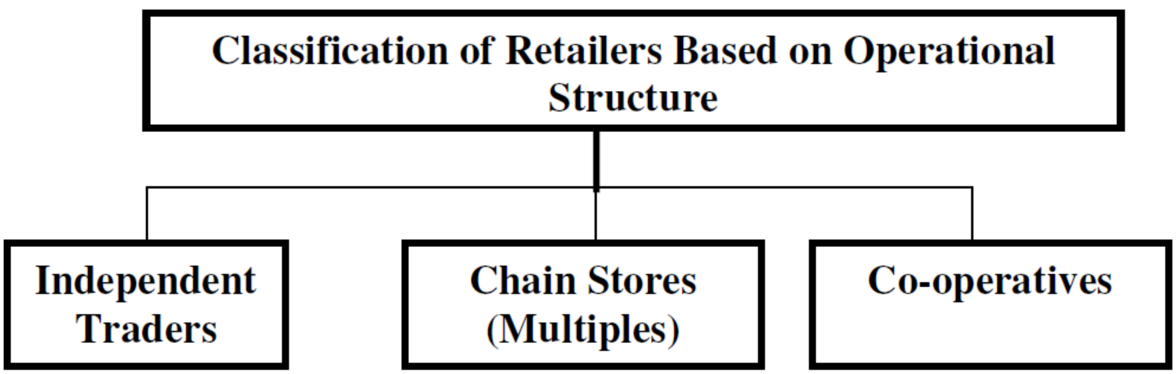


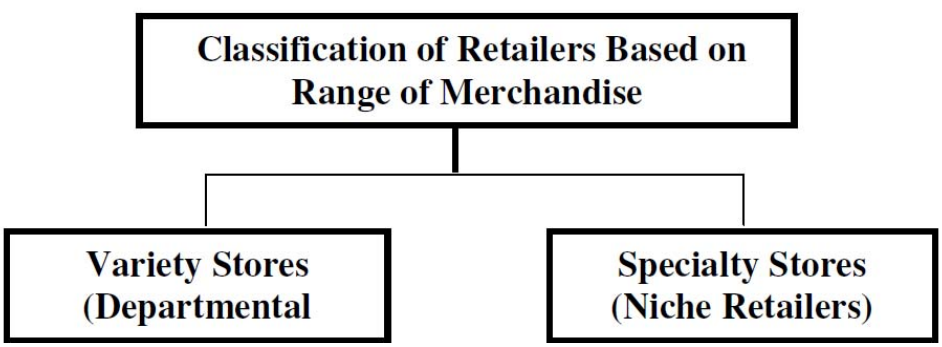
Fig. 2.2: Classification of Retailers based on Legal Form

- **Operational Structure**

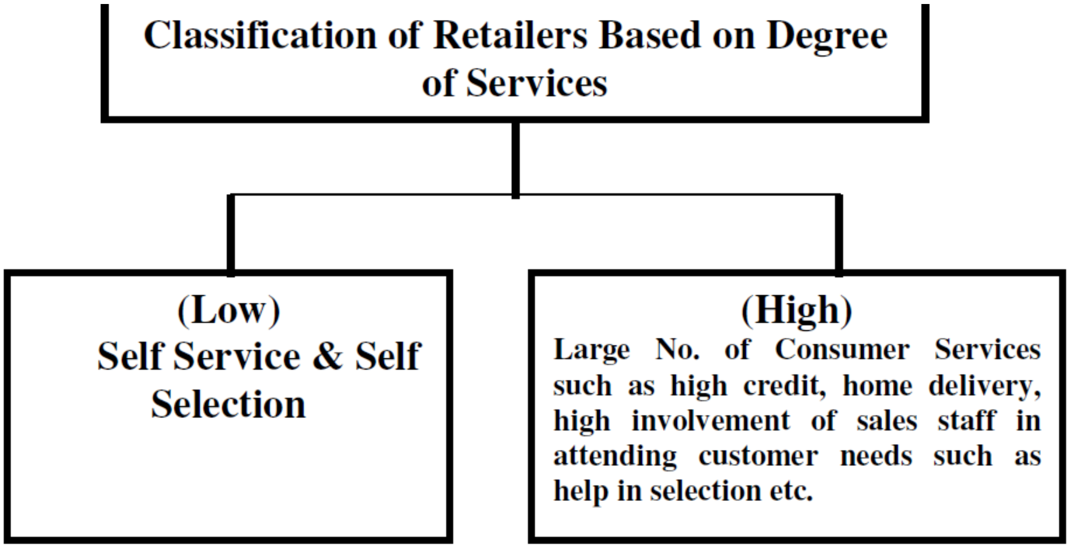


Classification of Retailers based on Operational Structure

- **Degree of merchandise**

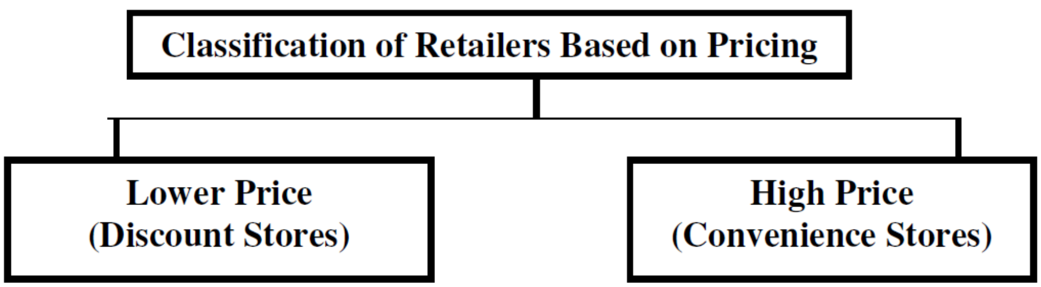


- **Degree of service**



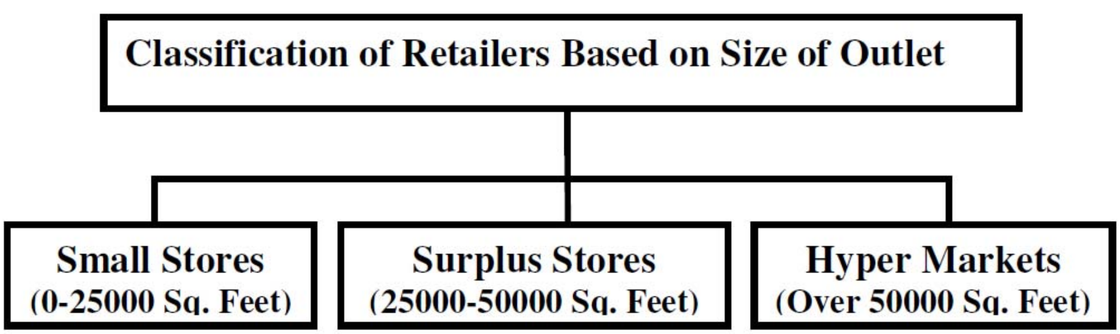
Classification of Retailers based on Degree of Services

- **Based on Pricing**



Classification of Retailers Based on Pricing

- **Size of Outlet**



Classification of Retailers Based on Size of Outlet

Influence of Fashion:

Fashion has played a key role in shaping apparel consumerism. With the change in lifestyle, fashion in India is becoming more stratified, as in the West. Technology, ideas and lifestyles are moving concurrently and speedily. Companies and brands that offered monotonous, mundane products for years have now tripled their product ranges and new appealing shapes and forms are being launched each season. Top notch professional bodies in fashion trade are now working towards developing the fashion supply chain through backward linkages with suppliers and mills, and forward linkages with the retail and distribution network. In the minds of apparel customers, where they shop and what they wear are cultural touchstones. Customers define their identities by the stores where they shop and the brands they endorse or reject. They project their affinities, their societal status and their tastes via the clothes they purchase. However, apparel retailers are confronting the increased pace and complexity impacting their industry and are challenged to emerge with a value proposition for their customers. A great deal is changing. The focus on fast-fashion and constantly rotating styles makes accurate, timely category and merchandise planning an imperative. Missing key fashion trends means losing relevancy with consumers.

India's Fast-Growing Apparel Market

India's apparel market is in the process of change. Rapid growth and rising urbanization have spawned a new class of consumers with more money to spend, and a growing passion for fashion. In India's high-growth, fast-changing retail clothing market, we see significant new growth opportunities for foreign and domestic players. Indian apparel sales are expected to reach an estimated $25 billion in 2010, having grown in excess of 10 percent over the past 5 years—a growth rate faster than that of the overall India retail market—and the trajectory is expected to continue. In India, apparel is the second largest retail category (behind food and groceries), representing approximately 10 percent of the total market. This growth is being driven by a number of factors:

- Increase in Disposable Income
- New Occasions
- Growth in the Women's Segment
- Fashion Increasingly a Form of Self-Expression
- Further Urbanization and the Comparative Youth of India's Population
- Continued Rise of Organized Retail
- Focus on Inventory and Markdown Management

Today, apparel is one of India's most attractive business segments due to its high margins. Looking at an index based on the cost of a basic white shirt, we have found that Indian apparel prices have doubled over the last decade, and tend to be 25 to 30 percent higher than in China as a result of supply chain inefficiencies and restricted competition.

The Changing Face of Fashion Industry

India is a country with diversified customs and cultures. People following various traditions live here, their way of dressing also differ from each other. The traces of Indians being fashionable can be found out from the ancient remains of Harappa and Mohenjodaro civilizations. After the independence, globalization is being witnessed in the Indian fashion industry, due to which changes have occurred in the style of Indian dressing. Styles of wearing saris and salwar-kameez have changed. The look is more cosmopolitan than region-specific. Different styles of blouses like, halter neck, back button blouses, high neck blouses, puffed sleeve blouses, etc. have become the hot favourite among women. The average lengths of the blouses have decreased. Saris are draped mostly in traditional back pallo style or gujarati style. Indian fashion scene is greatly influenced by its films. For example Mumtaz style sari draping inspired by yester-year heroine Mumtaz. Here sari is tightly draped around the body. As far as salwar-kameez is concerned numerous styles and patterns can be given to this garment. For instance the kameez can be long, short, A-line, skin tight, etc. Such variations can be done to salwar as well as dupattas. Modern version of kameez is known as kurti, it could be coupled with jeans, pants or churidar. It has taken the form of Indo-western outfit. People in western countries too have started wearing kurtis.

Emergence of Mall Culture

Mall culture is slowly and steadily growing in India. Many brands and private labels are launched in the Indian market. The first such retail outlet was Shoppers Stop which launched India's first multibrand store in the year 1993. The specialty of such malls is that they offer a wide range of varied branded stuff, all under single roof. Some of the famous malls of India are Pantaloons, Westside, Lifestyle, Globus, etc.

Boutiques

Another aspect seen in the changing face of Indian garment industry is the increasing popularity of 'Boutiques'. A boutique is a small shop or departmental store selling designer, unique and trendy products. A wide range of items can be displayed in a boutique like watches, eveningwear, sportswear, t-shirts, tuxedos, etc. Boutiques are generally specialty stores.

Advent of Brands

The market of branded garments is growing up in India. More and more people are switching on to branded apparel than non-branded ones as it provides quality assurance. Liberty shirts were the first company to sell shirts under its brand name in India during 1950's. Then there was no looking back for the branded apparel market. Many national as well as international brands have established themselves in Indian garment industry. Allen Solly, Van Heusen, Louis Philipe, Charagh Din, Raymonds, Arrow, etc. are some leading national brands. The branded apparel market saw a boost due to growing denim demand. Many international brands entered the denim industry in India like- Lee, Levi's, Seven Jeans, Pepe Jeans, etc. But these foreign brands get a tough competition from Indian branded denim manufacturers like Flying Machine, Wrangler, Killer, Numero Uno, etc.

Fashion on the Ramp

Displaying clothes through fashion shows is a western concept but now have become a common fashion event in India. In fashion catwalk the models display the collection of designers on ramp.

Beauty Pageants

In India the popularity of beauty pageants have increased, especially Miss India contests. It has widely influenced the Indian fashion scenario. These contests are sponsored by leading companies related to textile, apparel, fashion and media.

Budding Designers

Indians have started experimenting with fashion trends and styles; they are all geared up for the international exposure. This fact can be proved by the existence of 80 plus odd small and big fashion schools in India. Thousands of designers are produced every year by these institutes. Designers are getting exposure through fashion weeks, here they can show their talent to Indian and foreign audience.

The Rising Mall Culture

Organized retail in India has undergone sea changes in the postliberation era. Malls, a trend pioneered in the west is solely catching up in the Indian scenario. There are many factors which have spurred this development. The two more important factors are:

• Severe dearth of organized retail.
• The necessity to replicate the mall experience of shopping in countries other than India.

During the initial stages, malls were providing the image benchmarks for communities. Then the people moving to new suburbs started to view the emergence of malls in the vicinity of their residences as very essential for improving the quality of their life and convenience. This was possible through malls as they provided retail and entertainment in a controlled internal environment. In fact it can be said that it is the 'quality of life' factor which has led to the emergence of the mall culture in India.

Factors Affecting the Success of Malls

Malls are here to stay and with time, they will need to differentiate themselves and work towards building long lasting relationship with customers, ensuring repeatability of visit and purchases. Having a proper mall management system calls for looking into the following:

- Manage customers more efficiently by working out retention Programmes.
- Use information technology to develop the right information base on keeping a track of where money is flowing, what is being sold (i.e. which and brand of goods are selling fast) etc. to work towards creating a specialty mall.
- Install a mall planning software to take care of planning and analysis of revenue to provide and support proper management.
- Retail space in mall is much more than just a commodity because of its varied mix, distinct identity and tenant mix. This differentiating factor providing value propositions to the consumer can be achieved through proper mall management and the anchors in the mall. For instance, the same mall is house for competitors like Shoppers Stop and Lifestyle.

.

Conclusion:

Apparel means clothing, especially outwear, garments and attire. Apparel is a term that refers to a covering for the human body that is worn. Physically, clothing serves many purposes; it can serve as protection from the elements, can enhance safety during hazardous activities such as hiking and cooking. The primary function of clothing is to improve the comfort of the wearer. Shelter usually reduces the functional need for clothing. Retailing is the final connection in the marketing channel that brings goods from manufacturers to consumers. Retailing includes all the activities involved in selling goods or services directly to final consumers for their personal, non-business use. Indian retail industry is divided into two categories- organized and unorganized. Organized retail sector refers to the sectors undertaken by licensed retailers, that is, those who are registered for tax on moveable commodities at times of sale under VAT system. These include the corporate retail formats of the exclusive brand outlets, Hypermarkets, departmental stores and shopping malls. Retailers perform various business activities- arranging assortments, breaking bulk, holding stock, and providing services. Numerous clothing shops are to be found in Indian cities and towns, especially in shopping centres and markets. Small townships and social areas of India have a large numbers of retail stores selling clothes, basically unstitched stuff for the entire family.For many foreign and private brands, department stores offer the ideal retail format for apparel product category. A new focus on apparel retail sector has attracted attention in recent days. Top exporters have introduced their own brands and are aggressively positioning themselves within segments of the domestic markets.

References:

1) Apparel Retailing: Challenges and Prospects in India with Reference to Lucknow Divison. http://hdl.handle.net/10603/42500
2) Vijaya Jacquiline (2012) A Study of Retail Management in Organized retail outlets in Mumbai with reference to Customer Behaviour. http://hdl.handle.net/10603/9375
3) Indian Retail Industry - Structure & Prospects, June 2017. www.careratings.com.
4) Vijay Anand and Vikram Nambiar, "Indian Food Retail sector in the Global Scenario", Business Line.
5) Raghav Gupta, Rohit Bhatiani, "An Overview of India's Consumer and Retail Sectors".

A Study of Knowledge Management and Information Technology for Development of E-Commerce

Ms. Mayuri Katkam[1]
Abeda Inamdar Senior College
Azam Campus, Pune
Ms.Fatima M.Shaik[2]
Abeda Inamdar Senior College
Azam Campus, Pune

Abstract

Knowledge management & Information Technologies provide the platform for development across economic and other sectors. Knowledge and information are interconnected w. The effective use of information and knowledge, however, depend on the availability of an efficient information technology. This in turn will accelerate the establishment of e-commerce in developing economies. This paper examines the relationship between knowledge, information, and information technology and how they can be interrelated with each other for the development of e-commerce.

Keywords: E-commerce, Business, Knowledge (Data) &information Technology

Problem:

India has been a profitable ecommerce region in the last 7 years. Thus many venture capitalists, investors, private companies and high net-worth individuals are investing money in ecommerce, no matter how small or big the company. But there are challenges with the (small) companies that will test sustainability of this growth. Internet has become a business tool instead of merely a research network; businesses both large and small have seized the opportunity to explore how to use it to become more productive and competitive. At the same time, media reports have speculated how the Internet will allow businesses to access a global-wide customer base up to millions. It is now better known that although there may be a large number of users on the Internet and that the potential of doing business with these users does exist, it is nonetheless not straightforward, or at least getting business directly from the Internet is not as simple as it was first thought.

Introduction:

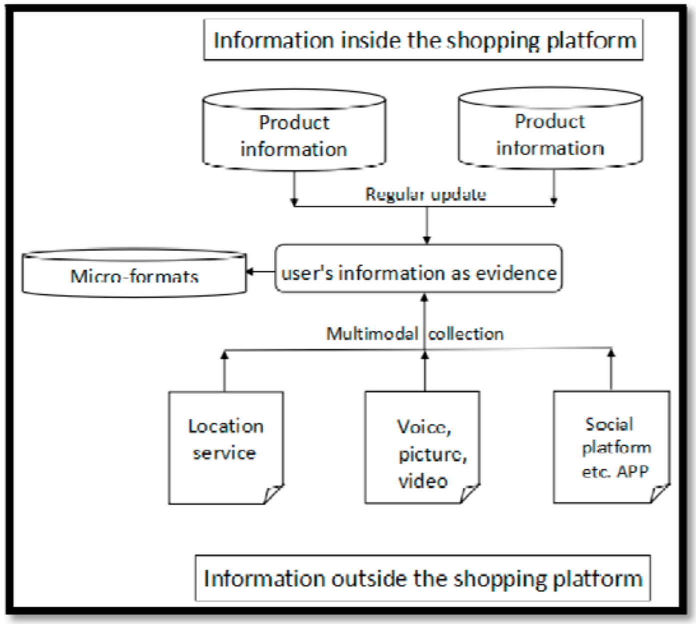
There are millions of enterprises who are developing the business which includes mini and micro enterprises which includes 80-90% of employment. They are also ready in wealth creation, making up perhaps around a quarter of gross domestic product and often contributing to exports as well. In a rapidly increasing & competitive globalized world, micro enterprises need to compete more effectively in order to further improvement of domestic economic activity and contribute toward increasing export earnings. So to increase the development of enterprise, it will need to develop the ecommerce which need to take the help of Knowledge management and Information Technology.

Why Ecommerce

E-commerce is innovative concept in way of helping business enterprises to compete in the market and thus contributing to economic success. E-commerce can help deliver economic growth, increased business opportunities, enhanced competitiveness and better access to markets. At present, most small enterprises lack the knowledge of how investment in E-commerce could benefit their businesses and help them develop that competitive edge. This is at a time when the opportunities for small enterprises to adopt E-commerce are growing due to improved access to the technical and communication infrastructure.

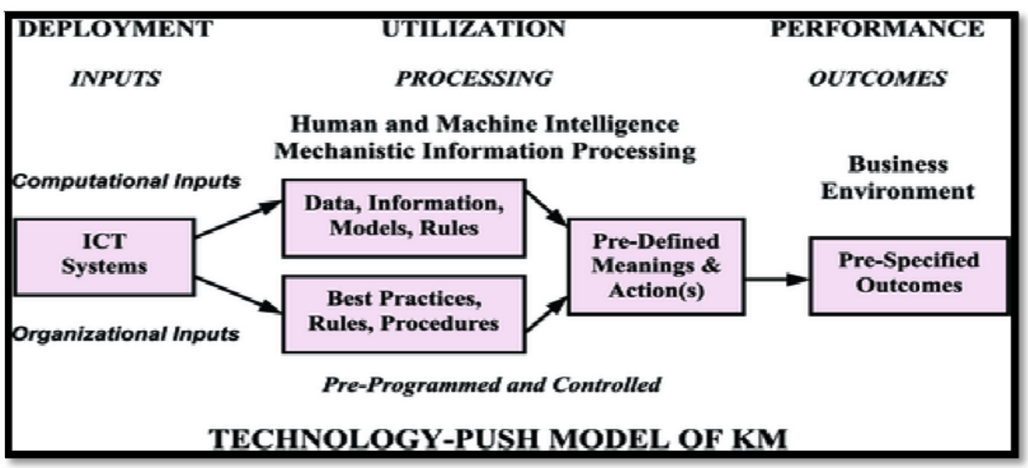
Why Information Technology

While the Internet is considered as valuable technology for communication offering the possibility of interaction i.e. one – to – one communication or email and for many people the Web has turned into a primary information resource i.e. one-to-many communication or broadcasting these technologies are known as Information Technology. Most of the data on the Web is either company or public relations or product-specific information or marketing to increase awareness. As with traditional marketing media, such information is offered free of charge. However, many companies who generate information (content) on the Internet, which are not their core business, are investing in new possibilities offered by the medium. They consequently face the challenge to transform these opportunities into adequate and sustainable profit, so to use of knowledge management will increase the profit as well growth of the ecommerce enterprise.



For example: The Above diagram is used to explain the role of data base in shopping platform. Various ecommerce concepts are used to complete the data base requirement and also Knowledge management is play vital role in storage of information. In the above diagram the product information is work as database, micro formats are as knowledge management and multimedia collection is as information technology

Why Knowledge Management



Because the flood of huge quantity of information through the organization about its business processes, rules, relationships Many organizations are suffering from the information overload, and looking for suitable information and evaluate them in such way to be 'knowledge'. The importance of this process is to enable the organization to respond and make correct decisions toward the customers' or suppliers' demands. This is the first step for organization changes 'new strategy'. For example: The above diagram is used which shows interactions between data and information technology. Input and output models work as information technology and processing is as knowledge management

Conclusion

This research paper has only determined the contribution and key roles of knowledge management in e-business strategy, which could be main concerns for knowledge managers interested in creating effective KM systems.

The innovation of information technologies in business is forced the organization to adopt new strategies to capable the real time optimization of the value chain. Building business strategy and plans should be derived from the business objectives, culture, policy, and current strategies (knowledge resources). From effective knowledge management, the organization can build suitable e-business strategy, as well as control the organization changes, evaluate and estimate the cost/benefit/risk of the project (e-business strategy); CKO can lead the e-business strategy project as a project manager. Managing knowledge should be based on technology platforms to provide the sharing and exchange processes. Therefore knowledge management is a combination of human resources, technology resources, and information resources. In conclusion, knowledge management does not exist in specific organizational position or management level, KM can be found in the overall corporate strategy, organization objectives, business operations, and people.

References

http://www.ipcsit.com/vol20/10-ICAIT2011-A063.pdf

http://scholarworks.lib.csusb.edu/cgi/viewcontent.cgi?article=1121&context=ciima

http://www.iaeng.org/publication/WCECS2007/WCECS2007_pp978-982.pdf

https://www.google.co.in/search?biw=1366&bih=635&tbm=isch&sa=1&ei=AbBFW5_qFYr2rQHN17foBg&q=knowledge+management+system+and+ecommerce&oq=knowledge+management+system+and+ecommerce&gs_l=img.3...5587.9843.0.10087.14.13.0.1.1.0.118.1429.0j13.13.0....0...1c.1.64.img..0.5.450...0j0i24k1.0.47NBUpEX4DU#imgrc=vOsEGrVL9Uv58M:

https://www.google.co.in/search?biw=1366&bih=635&tbm=isch&sa=1&ei=DLBFW-y6E9b79QOU3qfgDw&q=information+system+and+ecommerce&oq=information+system+and+ecommerce&gs_l=img.3...72285.78263.0.84733.12.12.0.0.0.0.116.1240.2j10.12.0....0...1c.1.64.img..0.0.0....0._I2IHWIcDXo#imgrc=3XfDbO8Qrvte8M:

Internet Marketing - A New Method of Effective Business

Mr. Abdul Samad Riyaz Ahmed Khan[1]
Mr. Mohsin Tamboli[2]
Assistant Professor
Department of Computer Application
Abeda Inamdar Senior College, Camp, Pune

Abstract

This paper describes about how internet technologies have increase of business in day to day life, with the help of E-Commerce Applications and website. Many E-Commerce applications are available on mobile by which E-commerce applications can take place with just a single click. The various examples of E-Commerce applications are Amazon, Flipkart etc. India is one of the leading countries in which maximum E-Commerce transaction take place. Also there are many web sites of E-Commerce by which buying and selling of goods and products are carried out. E-Commerce is also known as online commerce.

Keywords: Internet Marketing, E-commerce

Introduction:

Internet marketing, or online marketing, refers to advertising and marketing efforts that use the Web and email to drive direct sales via electronic commerce, in addition to sales leads from websites or emails. Internet marketing and online advertising efforts are typically used in conjunction with traditional types of advertising such as radio, television, newspapers, and magazines.

E-Commerce refers to any business that is conducted over the internet, particularly those interactions which involve the exchange of goods, services, and money. Technically, E-Commerce has been conducted regularly for more than 50 years, but only within the last 15 years has it become commonplace practically mandatory for businesses of any size. It has evolved from laboriously slow business-to-business connectivity into the fastest-growing industry in the world. Today, the majority of new businesses begin online, due to the significantly lower operating costs and streamlined chain of processes that is possible. But even more important than costs or efficiency is the fact that doing business online enables any company to have global reach.

Sources of Internet Marketing

1. Online Marketplaces

You may or may not know this, but Amazon, Snap deal, Flipkart are confluence of many rivers; its products are sourced by many thousands of individual merchants. If you're new to online retail, online marketplaces like Amazon can be the best place to dive in. These marketplaces have a lot of the technical components taken care of, relieving you of that burden. They enable merchants to do what they do best, rather than forcing them to dual-task as IT specialists.

The marketplaces can also be somewhat niche, meaning that the people who shop there are already looking for items in your general category. Etsy is a great example, where crafters and fashion designers of all stripes are given a common venue. You won't see a lot of high tech gizmos on Etsy, but you will see a ton of crocheted baby hats. If hand-made, vintage, or next-trend fashion is your thing, Etsy is a great place for your potential customers to find you.

Quick books has curated a short list of 20 such marketplaces. These venues often come with a hefty transaction fee for every sale you make. You can look at this as a finder's fee – the website connected the shop to the shopper, enabling the sale. Or you can see it as the cost of doing business – you outsourced all of the technical components that you didn't have the time, expertise, or inclination to handle for yourself.

A lot of online businesses start here. Those that are successful then have the resources to graduate to more elegant stand-alone solutions, such as their own website. But before we dive in to starting your own site, let's look at the next half-step up in complexity; the mobile store.

Mobile and Micro Stores

Mobile stores typically require minimal technical know-how. They reach a broader audience than marketplaces, and allow for more precise control over the merchant's marketing campaigns. Mobile stores are simplified versions of self-sufficient websites, which we will get into shortly. Mobile sites are miniature stores piggybacking on pre-existing websites such as your blog, social media sites, or even within emails.

A prime example is the business pages that are cropping up on Facebook. Just as everyone and their dog have a Facebook page these days, so do many businesses. FB surfers can float on in to your store, see your products, and purchase them – all without ever leaving the Facebook website. The ability to reach your customers even while they are engaged in social recreation is a huge opportunity, if a bit diabolical.

To help you with your marketing, Facebook's ready-made social sharing tools do most of the work for you. When you "like" that photo of the adorable kitten in your news feed, that action is visible to your friends. And when you "share" that photo yourself, all of your Facebook connections get a fresh view of that kitty. The same can be applied to your products, which means that if your products are very popular with a few people, they'll soon be very popular with exponentially more people, all with very little effort on your part relatively speaking.

Websites

This is your bread and butter. Websites can be small and simple, with just the basics. Of the modes of E-Commerce that we cover in this article, self-sufficient E-Commerce websites are most like a physical store. As such, they require the most investment, technical knowledge, and maintenance, yet they can potentially produce results that level the playing field between entrepreneurs and big-name brands.

The basic list of technical necessities which you'll have to handle for yourself:

Domain name

Web host

SSL certificate

Merchant Account and Payment Gateway

E-Commerce shopping cart

Web Developer (or development software)

This is by no means a complete list, but these comprise the essential backbone of every E-Commerce website. I will go into (much) greater detail in another article.

Some services out there will do some, or possibly all, of this checklist for you. These services are known as Shopping Carts, which gives the reader a correlation of what to expect. Developers like Shopify, Big commerce, and Volusion are some of the most well-known carts, and offer their software in the form of a monthly subscription. This is known as SaaS, short for Software as a Service. There is nothing to download or install; simply create an account on their website, and their respective tutorials will walk you through setting up your shop entirely in the cloud.

Other Shopping Carts can be downloaded and hosted on your own servers, which enables the merchant to have much more control and potential. These carts are the epitome of E-Commerce, complete with commensurate technical requirements. But that is for another article entirely.

Conclusion

Before they get started, it is the dream of every would-be online entrepreneur that they will roll out of bed at 10am, shuffle to their laptop, and hit a few buttons with one hand while sipping coffee from the other. Voila! Money in the bank, right? Of course not. While doing business online may make some problems all but vanish, it brings a whole new set of challenges. The same business acumen and diligence are required whether your company is in brick-and-mortar or in "the cloud."

If you're reading this article because E-Commerce is the next step for you, Merchant Maverick has a ton of resources to get you on the right path. We'll help you discover which Shopping Cart will best meet your needs, and we'll illuminate the maze of online Accounting. Wondering about acquiring a business loan to jump-start your venture? We've got you covered there, too.

References:

1. The Complete E-Commerce Book- By Janice Reynolds
2. Electronic Commerce- By Efraim Turban, Michael Chung, Jay Lee
3. WebSite- www.webopedia.com
4. Street Smart Internet Marketing- By Justin Michie

Corporate Social Responsibility and Sustainability are they inter-related? : A study

Dr. Iram Ansari
Asst. Professor
S.B. Patil Institute of Management
Iramshaikh12@gmail.com
Aishwarya Gopalakrishnan
Asst. Professor
S.B. Patil Institute of Management
g.aishwarya27@gmail.com

Abstract

India is a country of myriad contradictions. On the one hand, it has grown to be one of the largest economies in the world, and an increasingly important player in the emerging global order, on the other hand, it is still home to the largest number of people living in absolute poverty (even if the proportion of poor people has decreased) and the largest number of undernourished children. What emerges is a picture of uneven distribution of the benefits of growth which many believe, is the root cause of social unrest. The last three decades have witnessed a lively debate over the role of corporations in society. Although businesses have started to acknowledge the importance of CSR, an d a wide variety of initiatives have come to light (Nelson, 2004), the recent spate of corporate scandals, accounting frauds, allegations of executive greed and dubious business practices have given ammunition to critics who have levelled a variety of charges, ranging from deception (Lantos, 1999), and manipulating perceptions (Wicks, 2001), to piecemeal adhocism (Porter & Kramer,2002). Today's climate of heightened scrutiny towards corporate behaviour (Raar, 2002; Waddock, 2000) under scores, perhaps as never before, the need for conceptual robustness to guide CSR engagements under taken by firms. This paper is a humble attempt to study the relationship between CSR and Sustainability.

Keywords: Corporate social responsibility, Sustainability, India, Firms**.**

Introduction:

In India, the recent enacted Companies Act, 2013 made the CSR obligatory with clear cut guidelines for its implementation. The Section 135 of Schedule VII of the Companies Act, as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 became effective from April 1, 2014 and provided the list of CSR activities to be undertaken and guidelines for its implementation. One of the activities is to ensure environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water. Environmental sustainability has now turned into the key issue for corporate economic growth, environmental management and community development. Ignoring environmental problems can lead to degradation and depletion of natural resources which could prove detrimental to both the corporate sector business and the society. The activities which are undertaken by the corporate and business houses for the societal welfare and also for ensuring healthy environment fall under the ambit of Corporate Social Responsibility (CSR). In the past CSR activities were taken in philanthropic and charity mode which has now become the mandatory for corporate industries. According to Indian Institute of Corporate Affairs, a minimum of 6,000 Indian companies will be required to undertake CSR projects in order to comply with the provisions of the Companies Act, 2013 with many companies undertaking these initiatives for the first time. Further, some estimates indicate that CSR commitments from companies can amount to as much as 20,000 crore INR.

Objectives:

1. To understand the concept of Corporate Social Responsibility.
2. To study sustainability in the context of CSR activities in India.

Corporate social responsibility (CSR)

Different organizations have framed different definitions about CSR - although there is considerable common ground between them. Today corporate leaders face a dynamic and challenging task in attempting to apply societal ethical standards to responsible business practice (Morimoto et al., 2005). Nowadays corporate social responsibility is an integral part of the business vocabulary and is regarded as a crucially important issue in management(Cornelius et al., 2008; Humphreys & Brown, 2008)

Corporate social responsibility is a concept whereby companies fulfil accountability to their stakeholders by integrating social and environmental concerns in their business operations (Tanimoto, Suzuki, 2005). Companies will necessarily have to take into account cultural differences when defining their CSR policies and communicating to stakeholders in different countries (Bird, Smucker, 2007).

According to Ruževičius and Serafinas (2007), the image and reputation of organization in the social and environmental fields, affect consumers and customers more and more. The labour market is very competitive and qualified workers prefer to work for and to stay at those companies that do care about their employees.

Corporate social responsibility (CSR) has become an increasingly important aspect of doing business in the 21st century for most multinational corporations (MNCs). CSR in its broadest sense can be defined as "a view of the corporation and its role in society that assumes a responsibility among firms to pursue goals in addition to profit maximization and a responsibility among a firm's stakeholders to hold the firm accountable for its actions" (Chandler and Werther, 2014, p.6). CSR activities have also been described as "the actions a company initiates to further some social good beyond its own interests, going beyond compliance and exceeding legal obligations" (Jones and Jonas, 2011, p.65). These actions could include charitable endeavours, fair labor practices, mitigating harmful environmental impacts, fair trade, and sustainability practices such as reclaiming packaging material and minimizing water usage and waste products (Jones and Jonas, 2011)

What is sustainability?

There is no universally agreed definition on what sustainability means. There are many different views on what it is and how it can be achieved. The idea of sustainability stems from the concept of sustainable development which became common language at the World's first Earth Summit in Rio in 1992.The original definition of sustainable development is usually considered to be, "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs" Bruntland Report for the World Commission on Environment and Development (1992)

Sustainable development and sustainability is also defined as , "A process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations" (The World Commission on Environment and Development)

"Sustainable development is a dynamic process which enables people to realise their potential and improve their quality of life in ways which simultaneously protect and enhance the earth's life support systems" (Forum for the Future)

Sustainability has often been defined as how biological systems endure and remain diverse and productive. But, the 21st-century definition of sustainability goes far beyond these narrow parameters. Today, it refers to the need to develop the sustainable models necessary for both the human race and planet Earth to survive. Sustainability is a balancing act. The United Nation's 1987 Report of the World Commission on Environment and Development: Our Common Future noted that sustainable development meets the needs of the present without compromising the well-being of future generations.

To achieve these lofty goals, humans will have to re-examine their policies on:

1. Environmental protection.
2. Social responsibility.
3. Economic practice.

Old models of consumption and industrialization will not support the world's growing population. If humans wish to have the water, materials and natural resources needed to thrive, a new approach to living is called for.

The first secret is a focus on the long-term. Sustainable businesses anticipate the future and act to create long-term strategic business models. **The second secret** of sustainable business is that long term success is based on how employees and customers act today. This is about the actions of executives. For example, this year, Richard Evans, president of PepsiCo for UK and Ireland has promised to be a "powerful agent of positive change" in the food and drinks sector. A major part of this involves a promise to "renovate the core of our business, by 2020 I want our profit and growth to be driven by healthier products." In the new lexicon, this is the world of choice architecture and choice editing. This is about the actions of customers. Companies will support customers who wish to act to recycle more, reduce food waste, save energy or eat well. This is the new world of corporate social marketing – mentioned by the marketing gurus Philip Kotler and Nancy Lee in 2004 as the "best of breed" in CSR strategies by linking real social change with measurable commercial benefit.

The third secret of sustainable businesses: This focus on action leads naturally on to the third secret of sustainable business. Sustainable success is based on freedom to innovate within a strategic framework. People with an interest in your world are actively involved to help you achieve your purpose. Companies will increasingly define a sustainable business model that is fit for purpose for their business. Unilever have their vitality framework and Procter & Gamble have their sustainability report card.

The new approach to sustainable business is a commercial opportunity. The alternative is a business risk. So, if your current CSR model is based on compliance and an annual CSR report and your approach to business is based solely on short term financial targets, you may wish to look again. The world has turned. Sustainable business is here and it is here today.So here, in the new world, each of us uses our power for positive change. Where we live and where we work; in board rooms, committee rooms and living rooms, in homes and high streets, consumers and citizens, employees and shareholders are acting individually and together to create a stronger, richer world.

CSR and Sustainability

Sustainability (corporate sustainability) is derived from the concept of sustainable development which is defined by the Brundtland Commission as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” Corporate sustainability essentially refers to the role that companies can play in meeting the agenda of sustainable development and entails a balanced approach to economic progress, social progress and environmental stewardship.

CSR in India tends to focus on what is done with profits after they are made. On the other hand, sustainability is about factoring the social and environmental impacts of conducting business, that is, how profits are made. Hence, much of the Indian practice of CSR is an important component of sustainability or responsible business, which is a larger idea, a fact that is evident from various sustainability frameworks. An interesting case in point is the NVGs for social, environmental and economic responsibilities of business issued by the Ministry of Corporate

Affairs in June 2011. Principle eight relating to inclusive development encompasses most of the aspects covered by the CSR clause of the Companies Act, 2013. However, the remaining eight principles relate to other aspects of the business. The UN Global Compact, a widely used sustainability framework has 10 principles covering social, environmental, human rights and governance issues, and what is described as CSR is implicit rather than explicit in these principles.

Globally, the notion of CSR and sustainability seems to be converging, as is evident from the various definitions of CSR put forth by global organisations. The genesis of this convergence can be observed from the preamble to the recently released draft rules relating to the CSR clause within the Companies Act, 2013 which talks about stakeholders and integrating it with the social, environmental and economic objectives, all of which constitute the idea of a triple bottom line approach. It is also acknowledged in the Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by the DPE in April 20135. The new guidelines, which have replaced two existing separate guidelines on CSR and sustainable development, issued in 2010 and 2011 respectively, mentions the following: "Since corporate social responsibility and sustainability are so closely entwined, it can be said that corporate social responsibility and sustainability is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical."

Benefits of a robust CSR programme

As the business environment gets increasingly complex and stakeholders become vocal about their expectations, good CSR practices can only bring in greater benefits, some of which are as follows:

Communities provide the licence to operate: Apart from internal drivers such as values and ethos, some of the key stakeholders that influence corporate behaviour include governments (through laws and regulations), investors and customers. In India, a fourth and increasingly important stakeholder is the community, and many companies have started realising that the 'licence to operate' is no longer given by governments alone, but communities that are impacted by a company's business operations. Robust CSR programmes meet the aspirations of communities; provide them with the licence to operate, maintain the licence, thereby precluding the 'trust deficit'.

Attracting and retaining employees: Several human resource studies have linked a company's ability to attract, retain and motivate employees with their CSR commitments. Interventions that encourage and enable employees to participate are shown to increase employee morale **Communities as suppliers:** There are certain innovative CSR initiatives emerging, wherein companies have invested in enhancing community livelihood by incorporating them into their supply chain. This has benefitted communities and increased their income levels, while providing these companies with an additional and secure supply chain. **Enhancing corporate reputation:** The traditional benefit of generating goodwill, creating a positive image and branding benefits continue to exist for companies that operate effective CSR programmes. This allows companies to position themselves as responsible corporate citizens

CSR in India

CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship.

The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy. There is a lot of substantiation that affirms that organizations can do well by doing a good job.

A growing body of evidence assert that corporations can do well by doing good. Well-known companies have already proven that they can differentiate their brands and reputations as well as their products and services if they take responsibility for the well-being of the societies and environments in which they operate. These companies are practicing Corporate Social Responsibility (CSR) in a manner that generates significant returns to their businesses.

Figure 1: Top Five spenders and bottom five spenders of CSR in India in FY15

CORPORATES SHIRKING RESPONSIBILITY					
TOP FIVE CSR SPENDERS IN NIFTY			**BOTTOM FIVE CSR SPENDERS IN NIFTY**		
Company	**Amount Spend**	**% of Net Profit**	**Company**	**Amount Spend**	**% of Net Profit**
Reliance Ind	760.5	3.4	**Idea Cellular**	0	0
ONGC	495	1.5	**Hero MotoCorp**	2.4	0.1
Infosys	243	2	**Punjab National bank**	3.75	0.1
ITC	214.06	2	**Kotak Mahindra Bank**	11.34	0.6
NTPC	205.18	1.5	**Lupin**	12.6	0.7
Source: Company Annual Reports					

From the above **Fig.1**, It can be observed that few companies have contributed a part of their profits towards CSR activities and a lot of the organisations are yet to take steps to spend a certain percentage of profits on CSR activities. This was the situation in the year 2015, let us move for ward and see what were the results in the year 2017.

India's Top 25 performers in 2017 are as follows: Tata Chemical, Tata Steel Ltd, Tata Power Company, Shree Cements Ltd., Tata Motors Ltd. , Ultra Tech Cement Ltd., Mahindra & Mahindra Ltd., ACC Ltd., Ambuja Cements Ltd., ITC Ltd., Coca- Cola India Pvt. Ltd., Bharat Petroleum Corporation Ltd., Infosys Ltd., Cisco Systems India Pvt. Ltd., Reliance Industries Ltd., Larsen & Toubro Ltd., Indian Oil Corporation Ltd., Hindustan Unilever Ltd., HCL Technologies Ltd., Hindustan Zinc Ltd., Steel Authority of India (SAIL) Ltd., GAIL (India) Ltd., Oil and Natural Gas Corporation Ltd., Vedanta Ltd., Jubilant Life Sciences Ltd.

Under the Companies Act, 2013 any company with a

1. Net worth of the company to be Rs 500 crore or more or
2. Turnover of the company to be Rs 1000 crore or more or
3. Net profit of the company to be 5 crore or more.

has to spend at least 2% of the last 3 years average net profits on CSR activities as specified in Schedule VII and as amended from time to time. The rules came into effect from 1 April 2014.

Further as per the CSR Rules, the provision of CSR is not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India. Further, the qualifying company will be required to constitute a CSR Committee consisting of 3 or more directors. The CSR Committee shall formulate and recommend to the Board, a policy which indicates the activities to be undertaken, allocate resources and monitor the CSR Policy of the company.

If the company did not spend CSR, it has to disclose the reason for not spending. Non-disclosure or absence of the details will be penalised from Rs 50,000 to Rs 25 lakh or even imprisonment of up to 3 years. India is the first country in the world to enshrine corporate giving into law.

Figure 2: Top five states contributing to CSR Activities in 2017

Top five states contributing to CSR Activities in 2017		
Sr.No.	**Name of State**	They account for 32 percent (or 629 projects) of all CSR projects and initiatives in India
1	Maharashtra	
2	Uttar Pradesh	
3	Tamil Nadu	
4	Karnataka	
5	Odisha	
Source: https://yourstory.com/2018/03/9-emerging-trends-from-india-incs-csr-activities-in-2017/		

Fig.2,shows the Top five States that have contributed the highest amounts on CSR activities in the year 2017.Maharashtra State tops this list and has been leading in CSR contributions since consecutive three years.

Figure 3: State wise data for the number of activities and total expenditure spent on CSR in year 2017

State wise data for the number of activities and total expenditure spent on CSR in year 2017		
State	**Number of CSR Programmes**	**Total Expenditure in crores**
Madya Pradesh	51	42
Maharashtra	285	731
Manipur	2	1
Meghalaya	2	3
National Capital territory of Delhi	50	124
Odisha	75	22
Pondicherrry	2	2
Punjab	6	1
Rajasthan	63	121
Sikkim	10	2
Tamil nadu	90	50
Telangana	33	15
Tripura	1	0
Uttar Pradesh	102	98
Uttarakhand	19	11
WestBengal	50	29

Fig.3 shows the Statewise Total Expenditure in crores and Number of CSR Programmes conducted.

CSR Activities of Some Indian Companies

Mahindra & Mahindra tops CSR list in India even as companies scale up operations

Key CSR Areas: Focus on the girl child, youth and farmers through programmes in the domains of education, public health and environment. Mahindra Pride Schools provide livelihood training to youth from socially and economically disadvantaged communities and have trained over 13,000 youth in Pune, Chennai, Patna, Chandigarh and Srinagar. M&M sponsors the Lifeline Express trains that take medical treatment to far flung communities. Then there's Project Hariyali, which has planted 7.9 .. 7.9 million trees till date, including four million trees in the tribal belt of Araku Valley. M&M has constructed 4,340 toilets in 1,171 locations across 11 states and 104 districts specifically for girls in government schools as part of Swachh Bharat Swachh Vidyalaya. Expenditure on CSR in the last fiscal was Rs 83.24 crore — 2% of PAT.

Flagship Programme: Set up by Anand Mahindra in 1996, Project Nanhi Kali supports the education of over 11 lakh underprivileged girls in ten states, providing material support (uniforms, bags, notebooks, shoes and socks) and academic support (workbooks, study classes). The key outcomes of the project include an increase in both enrolment of girls in schools and curtailing dropouts to less than 10% .

Tata Steel

Key CSR Areas: Education, healthcare, facilitation of empowerment and sustainable livelihood opportunities, preservation of ethnicity and culture of indigenous communities and sports. Initiatives run across ten districts in Jharkhand, Odisha and Chhattisgarh, covering nearly 500 core villages. Total spending in 2014-15 on CSR was Rs 171.46 crore, which is 2.04% of the average net profit of the last three fiscals.

Flagship Programme: Maternal and Newborn Survival Initiative (MANSI), a public-private initiative, is being implemented in 167 villages of the Seraikela block of Jharkhand's Seraikela-Kharsawan district since 2009. The project goals are to reduce child and infant mortality. MANSI has achieved improvement in all process and outcome indicators, such as reduction in neonatal mortality by 32.7%, reduction in infant mortality (up to the age of one year) rate by 26.5%, increase in institutional delivery from 58% to 81%. Based on the early evidence of success and learnings from the MANSI project, Tata Steel is scaling up the project to cover 1,500 villages.

L&T

Key CSR Areas: Water and sanitation, education, healthcare and skill building. L&T partners with local governments on health programmes focused on reproductive health, tuberculosis & leprosy control, integrated counselling & testing centres for HIV/ AIDS. L&T's community health centres are located at Mumbai, Thane, Ahmednagar, Hazira, Vadodara, Coimbatore, Chennai, Lonavala and Kansbahal. L&T's Construction Skills Training Institutes (CSTIs), established in 1994, provide skills training to rural youth. In the last fiscal, L&T spent Rs 76.54 crore on CSR, amounting to 1.44% of the average net profit for the preceding three years.

Flagship Programme: L&T recently committed to the construction of 50 check dams in Talasari block of Palghar district in Maharashtra, taking the total number of check dams constructed over the years to 150. This will benefit over 75,000 villagers.

Tata Motors

Key CSR Areas: Education and employability (skill development). Most programmes are in the vicinity of manufacturing locations but employability programmes focused on building skill of youth in automotive trades are implemented across India. The company has created a CSR Committee of the board under the chairmanship of RA Mashelkar, which monitors CSR performance. It spent Rs 18.62 crore on CSR in 2014-15, despite reporting a net loss.

Flagship Programme: Learn, Earn and Progress (LEAP) for mechanic motor vehicle training, a year-long programme where theoretical learning is supplemented through 'on-thejob' exposure at service centres. Tata Motors' Dealers, implementation partners (NGOs and Technical Training Institutes) are partners. Dealers provide the training and contribute two-thirds of monthly stipend of the trainee while Tata Motors contributes the rest. The implementation partner provides theory training.

GAIL

Key CSR Areas: Supporting communities in multiple thrust areas like health, sanitation, education, skill development, livelihood, and environment. Through GAIL Utkarsh, the company has helped over 500 students from economically backward communities join India's premier engineering institutes. They are provided residential coaching programmes and given monthly scholarships once they get into IITs/NITs. The GAIL Institute of Skills (GIS) is also working ..

Flagship Programme: GAIL has established GIS which addresses the issue of unemployment and skill gap, by providing job-linked skill training to local youth of communities in and around its areas of operation

Bharat Petroleum

Key CSR Areas: Quality education (strengthening primary, secondary education and empowering teachers), water conservation, skill development (employment linked skill training to the underprivileged with an inclusive approach for women, unemployed youth and persons with disabilities), health/hygiene and rural development. In 2014-15, BPCLBSE -2.07 % had a CSR allocation of Rs 76 crore, of which it spent Rs 33.95 crore. The balance has been ..

Flasgship Programme: Project BOOND, which has evolved from the construction of rain water harvesting structures to making villages drought-free. It began with four villages in Maharashtra, which were along BPCL's product pipeline. In the past 6 years, it has been extended to over 140 villages in Maharashtra, Tamil Nadu, Karnataka, Rajasthan, Uttar Pradesh and Andhra Pradesh, making them water positive. In 2014-15, 40 villages were made water positive by creating 7 Crore liters of water.

CSR Trends in India

FY 2015-16 witnessed a 28 percent growth in CSR spending in comparison to the previous year. Listed companies in India spent US$1.23 billion (Rs 83.45 billion) in various programs ranging from educational programs, skill development, social welfare, healthcare, and environment conservation. The Prime Minister’s Relief Fund saw an increase of 418 percent to US$103 million (Rs 7.01 billion) in comparison to US$24.5 million (Rs 1.68 billion) in 2014-15.The education sector received the maximum funding of US$300 million (Rs 20.42 billion) followed by healthcare at US$240.88 million (Rs 16.38 billion), while programs such as child mortality, maternal health, gender equality, and social projects saw negligible spend. Projects implemented through foundations have gone up from 99 in FY15 to 153 in FY16 with an increasing number of companies setting up their own foundations rather than working with existing non-profits to have more control over their CSR spending.

CSR in Reality

Companies, businesses and society are more connected and interactive today than ever before. Corporations are more aware of their role towards the society. They are expected to be responsible bodies with a sense of duty towards common resources and the environment and there is a growing realisation that they, as an integral part of this society themselves, can contribute towards development.

Corporate Social Responsibility (CSR) is expected to be integral to business today. It has also become the password to not only overcome competition but to ensure sustainable growth. It has been supported by the shareholders and stakeholders, by and large, encompassing the whole community. CSR in reality is the alignment of business operations with social values. It takes into account the interests of stakeholders in the company's business policies and actions. It focuses on the social, environmental, and financial success of a company--the so-called "triple bottom line"--with the aim to achieve social development while achieving business success. More importantly, CSR is the point of convergence of various initiatives aimed at ensuring socio-economic development of the community as a whole in a credible and sustainable manner.

Individual efforts and even just government effort is not enough to bring changes at a pace that it is actually needed. Fortunately, with the popularity of CSR, more and more companies now perform in non-financial arenas such as human rights, business ethics, environmental policies, community development, corporate governance, and workplace issues. Now, social and environmental performances are considered side by side with financial performance. From local economic development concerns to international human rights policies, companies are being held accountable for their actions and their impacts.The belief among the companies is that every aspect of a corporation's CSR should be linked to corporate strategy by connecting it as tightly as possible to the company's unique capabilities and competitive context. Infosys is an interesting example of this new-age CSR. The company is utilising its core competence in the area of technology to bring larger good to the community. We also have the ITC group whose socio-forestry initiative and e-choupal is an excellent paradigm where CSR and business have created harmonious associations. The cynic would however argue that 70% of ITCs revenues still come from tobacco and wonder whether its CSR is just a smokescreen.

Some companies, though fewer in number, are realising the advantages in linking corporate strategy with CSR. In order to work out a comprehensive plan for its not-for-profit initiatives, the Tata group has instituted the Tata Council for Community Initiatives--a central body that acts as a facilitator for the entire group's social initiatives. While the Tata group companies may continue to provide health services, education and other tangible benefits, its focus is more on building self-reliant communities, and working towards sustainable livelihoods. However after Singur and Kalinganagar even the fair name of the Tata group is sometimes controversial.

Mahindra & Mahindra is one such company that decided in its 60th year to donate 1% of profits after tax (around Rs 1.3 crore as per figures shown) into CSR. Its activities include the K.C. Mahindra Education Trust, which promotes education at various levels and Nanhi Kali, a programme aimed at helping the under-privileged girl child at the Mahindra Foundation, the midday meal program in AP and Rajasthan, and Affirmative Action through Mahindra Pride Schools. The Foundation has constituted a CSR Council, with members being the heads of all its businesses from tractors to holiday homes. It has also the ESOPS program--"Employee Social Options" and not just a stock option--promotes volunteering and works in partnership with Naandi Foundation and other organizations. For all these current initiatives, Mahindras were awarded the FICCI--SEDF award 2007, one of the first CSR awards in the country that includes a 360 degree reality check by the civil society who meet up with trade unions, Govt representatives, employees etc before presenting its findings to an eminent jury.

Conclusion:

CSR is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas such as:

1. Eradicating hunger, poverty & malnutrition
2. Promoting educating
3. Improving material & child health
4. Ensuring environmental sustainability
5. Protection of national heritage
6. Measures for the benefit of armed forces
7. Promoting sports
8. Contribution to the Prime Minister's National Relief
9. Slum area development etc.

CSR has moved from being a public relations tool or a feel-good factor to a key parameter to keep companies open and transparent. It now no longer stands in isolation but has become a part of good Corporate Governance policies. The reality today is that companies are taking the issues of 'reputational risk' very seriously and it is no longer seen as an option. Most CSR models are based on the principle that goodwill earned from the stakeholders leads to benefits to the corporation. This in turn enables the corporation to further enhance stakeholder value.

In the traditional paradigm, most corporate bodies viewed CSR as the extension of a financial input for a humanitarian cause. However, the contemporary context is more complex. A company that undertakes activities aimed at communities (be they philanthropic, social investment or commercial initiatives) but does not comply with ethical business practice cannot be termed socially responsible. Corporate Responsibility is increasingly becoming an important aspect of corporate behaviour. Corporate contribution to society, environment and business when guided by enlightened self-interest improves quality of life for all. Effective corporate responsibility requires a good level of commitment from the entire organisation and especially the top management who can ensure that not only is CSR practiced but also that it is practiced well.There is also the eco-social perspective. The proponents of this perspective are the new generation of corporations and the new-economy entrepreneurs who created a tremendous amount of wealth in a relatively short span of time. They recognise the fact that social and environmental stability and sustainability are two important prerequisites for the sustainability of the market in the long run. They also recognize the fact that increasing poverty can lead to social and political instability. Such socio-political instability can, in turn, be detrimental to business, which operates from a variety of socio-political and cultural backgrounds. Seen from the eco-social perspective, corporate social responsibility is both a value and a strategy to ensuring the sustainability of business. It is a value because it stresses the fact that business and markets are essentially aimed at the well-being of society.

It is a strategy because it helps reduce social tensions and facilitate markets. Companies tend to give away financial resources to NGOs or organizations or charities and this continues to be the favoured route. Others set up their own in-house foundations such as Infosys and Wipro. India evolved a tradition of 'Trusteeship' propounded by Mahatma Gandhi and this was later adopted by corporate leaders such as GD Birla and Jamnalal Bajaj. These were initiatives pre-independence. Some of these CSR experiments have succeeded in the establishment of excellent institutions such as Indian Institute of Science, TIFR, TISS by the Tatas, BITS Pilani by Birla's, and the Jamnalal Bajaj Institute by Bajaj. GlaxoSmithline Consumer Healthcare works to support a large number of partnerships spread across the country with issues such as reducing of infant & maternal mortality, access to health care for tribal communities, breast cancer awareness for low income communities, school education for dropouts, etc. During Emergencies such as Tsunami and the recent Bihar floods it distributed material in kind such as Crocin, biscuits as well as donation of office infrastructure. It recognizes that NGOs and local partners are some of the best ways of quickly reaching the affected communities and has worked with a large number of respected organizations including Gandhian ones.In the traditional paradigm, most corporate bodies viewed CSR as the extension of a financial input for a humanitarian cause. However, the contemporary context is more complex. A company that undertakes activities aimed at communities (be they philanthropic, social investment or commercial initiatives) but does not comply with ethical business practice cannot be termed socially responsible. Corporate Responsibility is increasingly becoming an important aspect of corporate behaviour. Corporate contribution to society, environment and business when guided by enlightened self-interest improves quality of life for all. Effective corporate responsibility requires a good level of commitment from the entire organisation and especially the top management who can ensure that not only is CSR practiced but also that it is practiced well.

To create synergy, leaders from corporates, international agencies and governments should come together to assess the contribution businesses have made, can make.

And like Nelson Mandela once said, "Without question, businesses must respond for its own good, and what is good for them is invariably good for the community."

References:

1. D.S. Prathima, "The 10 Companies with Best CSR Reputations", *Proceedings of the Second European Academic Research Conference on Global Business, Economics, Finance and Banking (EAR15Swiss Conference) ISBN: 978-1-63415-477-2*
2. John K. Lewis. "Corporate Social Responsibility/Sustainability Reporting Among the Fortune Global 250:Greenwashing or Green Supply Chain?" *Salve Regina University Digital Commons @ Salve Regina,Faculty and Staff - Articles & Papers.*
3. L. J. Christenen, E.P .Laura, P.Hartman, W.M. Hoffman, J. Carrier, "Ethics , CSR And Sustainbility Education in the Financial Times Top 50 Global Business Schools: Baseline Data and Future Research Directions" , *Journal of Business Ehtics , July 2007, Volume 73 Issue 4, PP 347-368*
4. K.Nicolopoulu, "Towards a theoretical framework for knowledge transfer in the field of CSR and sustainability" Equality, Diversity and Inclusion: An International Journal, ISSN: 2040-7149.
5. T. Loew, K. Ankele, S. Braun ,J. Clausen, "Significance of the CSR debate for sustainability and the requirements for companies" *2004 FUTURE E.V. AND INSTITUTE FOR ECOLOGICAL ECONOMY RESEARCH GMBH (IÖW)*
6. http://epaperbeta.timesofindia.com/Article.aspx?eid=31818&articlexml=India-Inc-Beats-Mr-Scrooge-Hands-Down-in-30092015001072#

7. https://yourstory.com/2018/03/9-emerging-trends-from-india-incs-csr-activities-in-2017/
8. http://www.corporatewatch.in/images/Corporate_Responsibility_in_India_2017_webversion.pdf
9. https://auto.economictimes.indiatimes.com/news/industry/mm-spent-rs-83-57-crore-on-csr-activities-in-fy17/59971337
10. www.csr-in-deutschland.
11. http://csrandsustainabilitysummit.com/
12. https://iveybusinessjournal.com/dont-confuse-sustainability-with-csr/
13. www.researchgate.net
14. www.futurescape.in/india-top-companies-for-sustainability-and-csr-2017/

Innovation and Technology in Eco-Friendly Accounting

Ms.Nikita Naik

St. Mira's Collage for Girls, Pune

Dr.Gilbi John

St. Vincent College of Commerce, Pune & Guest faculty for Research at St. Mira's College for Girls, Pune

Abstract

Corporates have become increasingly aware of important of environment surrounded by them. Innovative technologies are adopted to reduce the impact of corporate action on environment. They are taking creative steps to preserve and protect the environment for the future.

Innovative environmental eco friendly bookkeeping and accounting practices have been adopted by corporates in the recent years. The importance aspect of computerised technology is promoting in better natural environment. The significant part of this research is to study the impact of technology and innovations in accounting hepls to create a better natural environment. It is been founded that due to technology in accounting work process had become easier, faster and also help in expanding resource management which also cost impact on environment. This has lead to a flexibility in a companies revenue and expense. This research ties to consolidate innovation and eco-friendly accounting literatures analytically and come up suggestions for corporate and law makers.

Keyword: Technological innovation, accounting practices, environmental sustainability, resource management, usability.

Introduction:

Now a days most if the corporate are following green awareness accounting techniques while preparing books of accounts. Corporate are following environmental management accounting in order to perform eco-friendly practices. Increasing such awareness no longer many business can ignore environmental impacts of their activity. New innovative technologies are used in order to preserve environment so that energy efficiency and reduction of harmful waste can be reduced. Eco-friendly technologies often involves some of the following: Recycled and biodegradable content.

Objectives:

The primary objective of the study is to find out how adoption of new technology in accounting reduces use of non-renewable resources and thus reducing the impact on natural environment

1. To find out innovative and technology in accounting help in promoting eco friendly environment in corporate.
2. To find how accounting help's in creating eco friendly environment.
3. To analyse cost reduction method by adopting technology and innovation.
4. To analyse evaluate the retained of corporate claim in eco friendly environment adopting technology and innovation.

Statement of problem:

The problem with the study in the absence of the basis of accounting for the allocation of sufficient funds items within the approved expenditure of financial companies, organization producing pollution, lack of measurement of an accounting objective of the components and elements of the environment surrounded the company.

The problem of the study is the lack of financial estimates for the future budget.

Review of literature:

1. Environmental Management Accounting Techniques and Benefits. By Dina wahyuni (November 2009)

According to this research it is been stated that due to the encouragement and awareness related to environment, now a days corporate are taking into consideration decision making on protecting environment. This, Environmental Management Accounting (EMA) is been done, so that better controlling analysing cost, performer measurement are done.

2. Environmental protection Energy. By Burrit and Saka (2000-2006)

Environmental management accounting helps to innovation within lean and green supply chain which some company close the performed in order to identify environmental cost saving from environmental consideration.

3. A review on green computing for eco friendly and sustainable IT, By Khalid Raza and V. K. Patle (June 2012)

According to this article due to innovative technology there are many opportunities for employment around the globe as the computer literacy becomes a perquisites condition for sustenance in almost every public/ locate sector.

4. Role of environmental accounting in enterprises. By Hamid saremi and Behrad Moein nezhad (March 2014)

According to this article environmental accounts helps to provide data which highlight both contribution of natural resources to economic well being and the cost import by pollution or resource degradation by the company. Therefore, mainly objective called environmental conservation activity is used in order to motive the structured transformation of this economic society.

5. Cost reduction: Meaning, techniques and advantages organization. by Shreya Subho.

Various techniques and tool used for achieving cost reduction are practically the same which have been suggested for control.

Analysis, Discussion and Findings:

Green accounting will lead a more proactive environmental planning through the recognition and the reduction of environmental cost and, consequently, the improvement of the profitability of enterprises

Studies have found that green accounting leads to new changes to the production process.

Properly-designed environmental standards can promote innovation, lower the total product cost, and enhance product value. Innovation can lead enterprises to use more productive raw materials, resources and labor, as well as reduce the cost incurred due to environmental improvement.

The improvement of current accounting system is not including the environment and natural resources cost. Environmental accounting system is still in the stage of research and exploration in our country. Authorities need to promote the research and practice work on environmental accounting system step by step; unify the improvement of environmental performance and financial performance; guide enterprises to actively concern about the management behavior impacting on the environment.

The environment harmless technology in the production process consists of an important part of ecological environment standard. Green technological innovation happens from production and sales links turn to technological links. At the same time, strengthen the research work of environmental technical standards, formulate the corresponding development strategy according to the mainstream trend of international environmental technical standards, improve the environmental standards system are the ways of environment technical standard system improvement.

The government can take the policy discount and price subsidies to environmental type enterprises and products and reduce the import tariffs to environmentally friendly equipment. Give priority to develop the environmental industry, recycling industry, environmental protection industry and green food industry to incent and guarantee the green technology innovation behavior.

Conclusion:

The innovation and technology in eco-friendly accounting leads to achieve sustainable development of social economy. Eco-friendly accounting provides data that helps to tackle with problems of environment pollution and resources degradation. Even though corporates comply with rules and regulations on environment protection needs to follow all the policies are framed at the national level. As eco-friendly accounting is very cost saving and it's provide many employment opportunities in corporates. So eco-friendly accounting is very beneficial for corporate as well as environment.

Bibliography:

1. The main purpose of eco-friendly accounting is to reduce the potential negative impact that energy consumption and pollution can have on environment. (http://www.sapling.com>disadvantagestogoinggreen)
2. Pooh's, M. Tech
   Environmental Engineering, Visvevaraya Technological University (2018)
   Eco-friendly application typically lower your energy and utility bills by using less water and power, eventually saving you money.
   (https://www.quora.com>whatarethedisadvantagesandadbantageOfeco-friendlyproducts)
3. Jui-Che Tu and Hsieh-Shan Huang, Analysis on the Relationship between Green Accounting and Green Design for Enterprises,
   https://www.mdpi.com/journal/sustainability

4. Xian Zhiyong, Research on Green Technology Innovation Model and System Improvement based on Environmental Protection, http://iopscience.iop.org/article/10.1088/1755-1315/94/1/012115/pdf
5. Sreeramana Aithal and Preethi Jeevan, How Service Industries can Transform themselves into Green Business Industries. https://mpra.ub.uni-muenchen.de/71767/1/MPRA_paper_71767.pdf