ETHOS

A Journal of research articles in management science and allied areas (refereed)

Volume : 2 No. : 1 January - June 2009 ISSN: 0974 - 6706

Research Articles

Case Study

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www.kbpimsr.com

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Research Articles

From the Desk of Editor …..

The odyssey of the first issue of ETHOS, a refereed biannual Journal of research articles in management science and allied areas- has always been both fascinating and challenging. It is therefore heartening to receive a tremendous and overwhelming response from research scholars, far & near. It now gives me an immense pleasure in placing before you the first issue of second volume of ETHOS.

The journal is an effort to provide a platform for exploration and articulation of knowledge of academicians, researchers, students, entrepreneurs, executives and consultants. At ETHOS, we publish original papers in the form of research articles, case studies and book reviews in areas of management and allied subjects.

This issue of ETHOS carries nine papers, a blend of facets of empirical and conceptual explorations in the functional areas of management like general management, financial management, marketing management, operations management and human resource management with an independent section of a Case Study.

The article ‘Business Ethics and Human Values: An Indian Perspective’, by Dr. V.M.Chavan and M.N.Paliwal highlights the paramount significance of Ethics & Values in business, in view of recent untoward incidences in the corporate world &strongly advocates for developing a suitable code of conduct for one’s own organisation catering to the needs of organization and its people thereby to ensure and enhance ethical environment in organization as ethical business is good business.

The article ‘Development and Competitiveness: A Global View’ by Dr. R.D.Biradar and P.N.Deshmukh is the study based on the distinction between economic and non economic factors and the competitiveness of non economic factors at global level over economic factors.

Dr. V.B.Kakade and S. V. Suryavanshi in their article, ‘Financial Innovation and Financial Inclusion –WIZZIT Model’, suggested a model for financial inclusion for the financial freedom in banking sector focusing on poor and rural masses.

Dr. Kanwar Kapil in the article, ‘Brand Equity: Review of Indian Companies’ has reviewed the brand equity of Indian companies, efforts of brand valuation which is pivotal in this competitive era especially on the magnitude of strategic alliances.

In the era of cutthroat competition, marketers are using novel techniques to woo customers, Sunil S. Dhanawade, Satish N Pawar , Asita A. Ghewari, have enlighten us on, ‘Effective Promotional Tools for Pharmaceutical Products in the Perception of Physicians: An Analysis’, which focuses on perceptual importance of promotional tools to physicians.

Dr. Anurika Vaish, Pratika Mishra and Neha Gupta articulated empirical findings of opinions of Indian youths about ethics in advertising in paper, ‘Opinion of Youth about Level of Ethics in Advertising in India’.

Dr. U.M.Deshmukh has discussed quality systems with reference to chemical industry in article titled, ‘An Evaluation of Quality Systems in Chemical Industries’. He has critically studied quality system in chemical industry with its relation to quality of product. The empirical paper concludes with valuable suggestions to the quality control department of chemical firms.

Aumwatee Sreekeessoon has scholarly reviewed linkages between organizational learning and change, in her paper, ‘Learning to Change: Can we embrace Organisational Change without Learning?’ she has taken historical review, which is comprehensive in its own.

The last section of ETHOS has been dedicated to Case Study, Dr. Girish Jakhotia has contributed, ‘A Pearl to be Brightened Further’, a case based on Mahanagar Telephone Nigam Limited.

I do sincerely hope, the readers would find the contents of this issue of ETHOS more enriching and rewarding for teaching research and professional practice. I look forward to your valuable feedback to enable us to enthrall readers and ensure kaizen. I must also put on record my sincere thanks to the editorial team comprising of Dr.Sarang Bhola, Dr. M.A. Shaikh & Shri V.S. Bhandiwad and others for their enormous efforts and pain takings in giving shape to ETHOS.

Dr. B.S. Sawant
Editor - in - Chief

Business Ethics and Human Values : An Indian Perspective

V.M. Chavan, M.N. Paliwal

Abstract

The field of ethics involves systematizing, defending and recommending concepts of right and wrong behavior. In any organization, from top management to employees at all levels, ethics is considered as everybody's business.

'The more one knows ethics, the more it is used and the more useful it becomes'-Plato, the quote by Plato is a reminder to just how important ethics is and how important it is to educate you on proper ethical practices. Many Indian companies have now recognized the importance of integrity, transparency, and open communications. They believe that the goodwill resulting from adopting and successfully implementing a code of business ethics will, in the long run, translate into economic gains. Human values refer to the orientation towards what is considered desirable or preferable by people living in a society.

This paper takes an interdisciplinary approach to provide a theoretical overview of how business ethics deals with the values and significance of ethical values for business success. The paper also indicates the Ethical Consciousness in Business along with a case study to support and understand this approach.

An effort has been made to explain the practical implementation part of ethics and values in the Indian corporate world in the later part of the paper. Ethical issues will dominate with more technological development; hence ethical codes have to be formulated in all corporate entities. The concluding part of the paper throws light on enhancing ethical environment in the organizations.

Keywords : Ethics, Business Ethics, Values, Human Values, Ethical Codes

Introduction

Recently, there has been an increasing awareness, and more importantly increasing interest in the field of business Ethics. This is indeed a very welcome trend! In fact, perhaps, there has not been any time in the history of business development when the concepts and an understanding of the nature of business ethics has been so urgently needed, so urgently felt, never before had the need for ethical practices business so widely felt.

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Business today far from being a profit making institution is largely looked upon as a social institution pursuing a social mission and having a far reaching influence on the way people live and work together. Modern corporate do not operate in isolation. The resource they make use of are not limited to those of the proprietors and the impact of their operation is felt also by many a people who are in no way connected with the business. The shareholders, the suppliers of resources, the consumers, the employees, the local community and the society at large are affected by the way an enterprise functions.

The successful functioning of a firm requires social sanction. No business can exist without the acceptance and sanction of the society in which it carries out its activities. The organization is so dependent on its social environment that it's very existence, survival and growth depends on its acceptance and approval by the society. Way back in 1963 Peter.F.Drucker the renowned management guru in his book entitled "The practices of Management" stated that the relationship between business and society is "like the relationship between a ship and the sea which engirds it and carries it, which threatens it with storm and shipwreck, which has to be crossed but which is yet alien and distant, the environment rather than the home of the ship. But the society is not just the environment of the enterprise. Even the most private to private enterprise is an organ of the society and serves a social function. Given the mutual relationship between the business and the society, Business cannot and should not be allowed to conduct itself in a manner that may be detrimental to the interest of the society. How the business should conduct its multidimensional activities in order to pursue its social obligations in a transparent manner forms the subject matter of corporate ethics.

Ethics is not a recent discovery. Over the centuries philosophers in their struggle with human behavior have developed different approaches to ethics, each leading to different conclusion. The word "Ethics" which is coined from the Latin word 'Ethics' & Greek word 'ethikos' pertains to character. Ethics is thus said to be the science of conduct. As a matter of fact it deals with certain standard of human conduct and morals.

The field of ethics involves systematizing, defending and recommending concepts of right and wrong behavior. Ethics is a mass of moral principles or set of values about what is right or wrong, true or false, fair or unfair, proper or improper what is right is ethical & what is wrong is unethical .

There is growing recognition that good ethics can have a positive economic impact on the performance of firms. The statistics support the premise that ethics, values, integrity and responsibility are required in the modern workplace. For consumer groups and society at large, research has shown that good ethics is good business. Ethics matters because it makes good business sense to "do the right thing".

Ethical Behavior means 'right' or 'good' in the context of a governing moral code. Getting the right kind of behavior from people as individuals and groups. Ethical Behavior is activity that results in the right thing being done. But what is the right thing? Sometimes it is dictated by our culture. In our rapidly changing world there are many situations in which no absolutely clear, indisputable course of ethical action exists.

Factors Affecting Ethical Behavior

Figure No.1

Factors Affecting Ethical Behavior

Following figure shows factors influencing ethical behaviour, emanating from the person, the organization and the environment.

Business Ethics is the study and evaluation of decision making by businesses according to moral concepts and judgments. Business ethics is generally coming to know what is right or wrong in the workplace and doing what is right- this is in regard to effects of products/services and in relationship with stakeholders".

Ethical questions range from practical, narrowly defined issues, such as a company's obligation to be honest with its customers, to broader social and philosophical questions, such as a company's responsibility to preserve the environment and protect employee rights. Many ethical conflicts develop from conflicts between the differing interests of company owners and their workers, customers, and surrounding community. Managers must balance as an ideal against the practical— the need to produce a reasonable profit for the company's shareholders with honesty in business practices, safety in the workplace, and larger environmental and social issues. Ethical issues in business have become more complicated because of the global and diversified nature of many large corporations and because of the complexity of Government regulations that define the limits of criminal behavior. The company must decide whether to adhere to constant ethical principles or to adjust to the local rules to maximize profits. As the costs of corporate and white-collar crimes can be high, both for society and individual businesses, many business and trade associations have established ethical codes for companies, managers, and employees. Government efforts are in to encourage companies and their presidents to adhere to ethical standards. Business ethics defines how a company integrates core values - such as honesty, trust, respect, and fairness — into its policies, practices, and decision-making. Business ethics also involves a company's compliance with legal standards and adherence to internal rules and regulations. As recently as a decade ago, business ethics consisted primarily of compliance-based, legally-driven codes and training that outlined in detail what employees could or could not do with regard to areas such as conflict of interest or improper use of company assets.

Today, a growing number of companies are designing values-based, globally consistent programs that give employees a level of ethical understanding that allows them to make appropriate decisions, even when faced with new challenges. At the same time, the scope of business ethics has expanded to encompass a company's actions with regard not only to how it treats its employees and obeys the law, but to the nature and quality of the relationships it wishes to have with stakeholders including shareholders, customers, business partners, suppliers, the community, the environment, indigenous peoples, and even future generations. European companies especially have embraced this expanded definition of ethics. Among the most important business ethics issues faced by companies are: conflicts of interest, financial and accounting integrity, corruption and bribery, consumer and employee privacy, ethical advertising and bioethics.

Stages of Ethical Consciousness in Business

Ethical standards vary between cultures and countries these variations are more evident among entrepreneurs or corporations in a given nation. One can better understand these variations if the different levels of ethical consciousness in business are well-defined. It has been found that moral (ethical) development follows a specific sequence of stages, irrespective of cultures and countries. In the business context, the stages of ethical consciousness are as follows :

1. Law of the jungle
2. Anything for profit
3. Profit maximizing in the short-term
4. Profit maximizing in the long-term
5. Stakeholder concept
6. Corporate citizenship

Scope for Business Ethics

The framework needs to be outlined before the business activity starts.

1. Criminal Behavior and Legal Framework
2. Human Values and Personal Behavior
3. Corporate and Business Ethics

Values

The Sanskrit word for value, Ishta, means' the object of liking'. The term value may, therefore, be defined as "that which is desired". According to Stephen P. Robbins- Values represent -"a specific mode of conduct or end -state of existence is personally or socially preferable to an opposite or converse mode of conduct or end- state of existence". Edward Spranger' - defines the values - "as the constellation of likes, dislikes, viewpoints, inner inclinations, rational and irrational judgments, prejudices, and association patterns that determine a person's view of the world." Values are the deep - seated ideas and feelings that manifest themselves as behavior or conduct. The true reflection of one's values is his/her action. Values are what we, as a profession, judge to be right. They are more than words-they are the moral, ethical, and professional attributes of character. Values are broad beliefs about what is appropriate behaviour.

Characteristics of Values

1. Stable and enduring and basic.
2. Foundation of character
3. Beliefs
4. Flexible
5. Attributes of intensity and content
6. Reflected through action.

Types of Values

According to Milton Rokeach (The Nature of Human Values, New York; Free Press 1973) there are two types of values

(i) Instrumental Values: are preferences regarding the means for accomplishing the ends such as honesty, ambition, courage, imagination, self discipline etc.

(ii) Terminal Values: are preferences **about desired ends such as goals once strives to achieve in life such as self respect, freedom, family security, happiness etc.**

Negative and Positive Values

The values can also be categorized as negative and positive values which denote a sense of right or wrong, good or bad and other judgmental criteria based on our strong sense of what the ideal ought to be.

Business Ethics and Human Values

The basic problem the world faces today is centered on values and perspectives. We find that knowledge and skills are being rewarded while human values suffer punishment. Knowledge and skills will not be as destructive if values are restored in every day life. Values and ethics are central to all organizations those operating in the national security arena are also no exception.

What exactly do we mean by values and ethics? Both are extremely construed broad terms. If we know the consequences of our action, we can convert values into rules of behavior that can be described as ethics

Value + Knowledge = Ethics

Any initiation of an action begins with an inventory of values. These get converted in to intentions for action, which then get articulated as actual behavior. All these behavior results in consequences apply to one as well as to others. They either damage or enhance the values of the affected person. Value leads to – Intention that leads to – Behavior, which leads to - Consequences. One of the important lessons to learn in ethics is to see life as it is, without our perceptions and attitudes distorting it to fit in with what we want to see it. All of us react, not to reality it self, but to our own interpretation of reality. Our behavior is affected not by particular situation but how we see and what we see in that situation. When we describe the world around us or people in it, we in effect describe ourselves, our perception, attitudes, our morality and our ethical value system.

Human values refer to orientation towards what is considered desirable or preferable by people living in a society (Rokech, 1973). So how do values relate to ***ethics***, and what do we mean by ethics? "Values are what we, as a profession, judge to be right." Individually or organizationally, values determine what is right and what is wrong, and doing what is right or wrong is what we mean by ethics. To behave ethically is to behave in a manner consistent with what is right or moral.

Ethics mainly deals with ideals which seek to determine norms, ideals, standards or values. Three important ideals of human life are truth, beauty and goodness, thinking, feeling and willing Satyam, Sivam and Sundaram. Ethics is a branch of philosophy dealing with right and wrong in human behavior. Most religions have a moral component, and religious approaches to the problem of ethics. Ramayana and Mahabharata form the very basis of cultural consciousness that symbolizes Hinduism.

Kautilya says that artha is the most important; dharma & karma are both dependent on it. Values and ethics have become the buzz word in business world. Ethics in business and Indian ethos has been accepted as a subject of study in big business schools across the country. It has got a strong contemporary relevance. Environmental ethics has also assumed greater importance. It is the part of environmental philosophy which considers the ethical relationship between human beings and the natural environment. In every human activity whether it is pure science, political science or environmental science we need to follow the practices which are best for the welfare of the humanity world wide.

Ethical Values for Business Success

Ethics is based on a set of moral and ethical values. These values must be absolute - that is, you must take them seriously enough to override any human rationalization, weaknesses, ego, or personal faults. When all else fail, you will always look back to these core values to guide you. Unfortunately, life is not that easy and there's always disagreement about what values should be considered supreme. .

Luckily, in the world of business ethics, your employer helps you and his values are your values in the context of work. Your freedom to choose your own ethical values is somewhat limited. Look behind successful, honest businesses and you will see a set of values that have stood the test of time. Think about how these values are communicated in your organization and what you can do to support them.

Mahatama Gandhiji, the father of the nation strongly propagated the values which were also advocated and most of them practiced in the companies of JRD, Tata ; like Honesty, Integrity, Responsibility, Quality, Trust, Respect, Leadership, Corporate Citizenship, Shareholder Value.

Conversion of Values in Business

1. Leading by Example
2. Aggressive Selling and Marketing of Values.
3. Education and Training
4. Long Term Perspective

Propagation of Human Values

The elements of ethics and their propagation shall be a fruitful exercise when the managers realize the essence of the ethics while discharging their formal obligations to the society, a true and sincere manager with high integrity considers being a successful servant in his public as well private life. He propagates the human values in the process of meeting his obligations towards the society and the society; in turn considers him to be an outstanding personality with highest appreciation.

Means of Propagating Human Values in Society

The essence of practicing ethics by the managers presupposes certain intrinsic human qualities considered to be the means of propagating human values, such as; Honesty and Integrity, Self esteem, Co-operation and teamwork, Simplicity and austerity, Transparency and accountability, Equity and equality, Scientific temper and Excellence, Peace and communal harmony, Vision and creativity, Planning and decision making.

The essence of human values are equally important in all the fields including politics and bureaucracy, as these two fields are the guiding force of the social upliftment and economic advancement of the country. Politicians in public life preach human values with their deeds and the bureaucrats try to propagate the ethics in their actions. One group expects the other to be more faithful towards the society in terms of propagating human values; nevertheless both the groups require confidence between one another in terms of maintaining high ethical.

Ethics and Values: Far and Near

The concept of corporate ethics is no longer confined to academic discussions. Leading corporate the world over have started practicing them in their various facets and dimensions. Levi Strauss, a leader in socially responsible behavior in US refused to open factories in Alabama, which practiced segregation. It also refused to operate in South Africa where apartheid existed. On the other hand, the company deliberately decided to operate in South Africa and assist the non white population there to enter business. All these decisions were taken in disregard to profit or growth consideration. Again globalization is reported to have resulted in an increase in the use of child labour. When Levi Strauss was accused of using child labour in Bangladesh, its top executives immediately went there, stopped their contractors from using child labour, put the children in school and promised to employ them in future. MBB the biggest German aerospace company has donated expensive equipments to a New Delhi hospital for bloodless surgery. Brown Boveri and Migros two large Swiss companies have involved themselves in a massive programme of consumer education.

Maruti Udyog Limited is another name associated with social responsibility. In the year 1997, of the entire car's sold between January and April this responsible company recalled about 50000 of their most popular products, Maruti 800 from the Market Because they suspected them to be made of inferior steel. This made newspaper headlines as it was the biggest ever recall of cars from the

Indian Marketplace. Critical as the present post globalization phase is Indian corporate with such a questionable track record cannot afford to take on the global giants, many of whom have established them as "the leader of the socially responsible behavior". Concerted efforts therefore will have to be made by the Indian corporate to measure up to his broader expectations of the society at large. How to do it? Gandhiji furnishes a convincing reply to this billion dollar question. His doctrine of trusteeship contains practically everything that may enable Indian Corporates to come out of the present Morass.

Ethical Practices of some reputed Indian companies

KPMG's 1999 Business Ethics Repot (representing 800 top companies)

The report states that only 14% of Indian companies presently have an ombudsman on their rolls and merely 40% operate a grievance cell for employees (compared to 30% and 65% respectively in the US). The ethical violations that came up in the KPMG survey are as follows:

Area of Ethical Violations

Sr.	Areas	Percentage of respondents
1.	Misuse of confidential information	71%
2.	Poor quality of goods and services rendered	55%
3.	Insider trading	48%
4.	Receiving gifts of favors from suppliers	48%
5.	Promoting conflicting self-business interests	47%

Source: *KPMG's 1999 Business Ethic Report*

Table No.1 : Showing the Value System in Indian Companies

Sr.	Company	Founder	Parameters
1.	TATA GROUP	J. R. D Tata	• Tata ethos-ideals and traditions • Sound and straightforward business principles. • Commitment towards the interests of the shareholders. • Health and welfare of the employees. • Generous towards people.
2.	RELIANCE GROUP	Dhirubhai Ambani	• Huge production and best quality of output with cheapest price. • Think big, think fast, think ahead. • Introduced the equity cult to thousands of ordinary Indians.
3.	AMUL	Verghese Kurien	• Professionalisation of farming. • innovative process • Use of qualitative equipment. • Constructive social change in rural areas. • Empowering the rural masses. • Information and infrastructure.

Sr.	Company	Founder	Parameters
4.	BIRLA GROUP	G D Birla	• Commitment to untested values. • Humanity and tolerance for the weaknesses of others. • Taking risks.
5.	ZEE TV	Subhash Chandra	• Fully committed to current concepts such as shareholder value, and value-based management (including out-sourcing, employee stock options etc.) • Quality products at competitive prices. • Challenged government vision of what people want from electronic entertainment.
6.	BOMBAY SPINNING MILL	Cawasji Nanabhoy Davar	• Factory system with factory labor. • Led the way for other entrepreneurs to enter industry.
7.	MITTAL STEEL	L N Mittal	• Unique mix of cultures in the management team: takes best from each country. • Open discussions -Asks everyone to tell top management what problems are and what should be the solutions. Then instills discipline that what has been decided must be done perfectly.
8.	INFOSYS	N R Narayana Murthy	• Ethical business practices and transparency
9.	WORLD TEL	Satyen (Sam) Gangaram Pitroda	• Access to telephone lines for ordinary people
10.	HINDUSTAN LEVER.	Prakash Tandon	• Professional management

Source: The Millennium Special; the Past the Present & the Future-Gita Piramal, rediff on net

Table No.2 : Showing the Innovativeness, Ethics, Global Competitiveness of Indian companies

Sr	Current Rank	Previous Rank	Company	Total Score	Innovative Ness	Quality And Depth of Management	Financial Performance	Ethics And Transparency	Quality of Product And Services	People Practices Talent Management	Global Competitiveness
1.	**1**	**1**	**INFOSYS TECHNOLOGY**	**18,124.2**	**2,230.2**	**2581.0**	**2778.2**	**2772.3**	**2315.7**	**2623.4**	**2823.4**
2.	2	3	WIPRO	10,218.5	1,052.7	1,435.9	1551.4	1590.3	1235.5	1636.6	1716.1
3.	**3**	**2**	**RELIANCE INDUSTRIES**	**9,118.8**	**1,276.5**	**1,317.5**	**1969.6**	**1021.4**	**1007.4**	**1132.5**	**1393.9**

Sr	Curr ent Rank	Prev ious Rank	Company	Total Score	Innovat ive Ness	Quality And Depth of Manage ment	Financial Perform ance	Ethics And Trans parency	Quality of Product And Services	People Practices Talent Manage ment	Global Competi tiveness
4.	4	9	ICICI BANK	8,911.2	1,528.3	1,381.8	1211.6	1166.9	1200.5	1229.6	1192.5
5.	5	13	TATA CONSULTANCY SERVICES	8,474.5	822.8	1,232.0	1210.3	1445.7	976.6	1323.3	1463.8
6.	6	5	MARURTI UDYOG	7,690.9	1,012.1	1,069.6	1010.5	1047.2	1357.7	1061.2	1132.5
7.	7	21	ITC	7,154.2	938.5	1,167.3	1120.4	1004.4	943.4	1116.0	864.2
8.	8	7	HDFC BANK	7,097.9	1,091.9	1,126.3	956.3	1076.4	1000.2	1029.5	817.6
9.	9	12	TATA MOTORS	6,357.9	647.9	982.8	780.2	1202.3	997.5	848.2	899.0
10.	10	14	LARSEN & TUBRO	6,331.8	662.2	924.8	940.0	1027.5	926.4	937.4	913.6
11.	11	23	NOKIA INDIA	6,286.2	1,213.4	700.1	605.6	675.3	1156.2	887.4	1048.0
12.	12	26	BHARATI AIRTEL	5,969.4	1,064.6	872.3	902.7	690.0	880.1	822.8	737.0
13.	13	17	OIL AND NATURAL GAS CORPORATION	5,952.3	687.1	944.9	996.6	836.6	694.3	799.2	993.2
14.	14	8	JET AIRWAYS	5,860.9	978.2	797.1	532.1	689.0	1086.4	805.6	972.5
15.	15	18	HERO HONDA MOTORS	5,798.3	863.8	763.0	993.0	697.9	915.1	784.4	781.2
16.	**16**	**15**	**TATA STEEL**	**5,751.9**	**499.2**	**846.9**	**765.0**	**1182.6**	**736.2**	**850.0**	**872.1**
17.	17	4	HINDUSTAN LEVER	4,863.1	629.0	780.0	621.3	716..3	707.8	811.1	597.6
18.	**18**	**11**	**GCMMF (AMUL)**	**4,659.2**	**967.7**	**625.0**	**450.1**	**721..9**	**923.4**	**527.0**	**444.1**
19.	19	10	RANBAXY LABORATORIES	4,433.2	655.9	622.9	692.6	561.7	639.0	630.4	630.7
20.	20	20	BAJAJ AUTO	4,309.2	689.1	629.2	725.7	551.3	675.9	474.9	563.2
21.	21	24	CITI BANK	4,155.7	746.7	680.4	495.1	412.0	568.3	695.2	558.0
22.	**22**	**16**	**STATE BANK OF INDIA**	**3,939.8**	**451.7**	**578.9**	**699.8**	**703.7**	**478.7**	**494.2**	**532.8**

Sr	Current Rank	Previous Rank	Company	Total Score	Innovative Ness	Quality And Depth of Management	Financial Performance	Ethics And Transparency	Quality of Product And Services	People Practices Talent Management	Global Competitiveness
23.	23	6	DR. REDDY'S LABORATORIES	3,527.2	624.1	495.0	630.1	428.2	432.1	445.3	472.3
24.	24	32	NEW DELHI TELEVISION	3,457.7	618.8	489.8	395.9	417.0	592.1	573.3	370.8
25.	25	22	INDIAN OIL CORPORATION	3,431.0	426.0	497.1	574.1	489.7	491.8	480.0	472.3

Source: Business World, 5 June, 2006 p.54

Table No.3: Ranks of selected companies in India's 100 most valuable brands

Sr.	Rank	Company	Image and perception	Brand awareness	Brand loyalty	Brand association	Brand performance	Overall mean
1.	4	INFOSYS	3.897	3.463	3.120	3.183	9.776	23.438
2.	8	TATA	3.732	3.630	3.252	3.382	8.998	22.993
3.	14	ICICI	3.705	3.667	3.248	3.238	8.534	22.421
4.	41	RELIANCE	3.179	3.793	2.969	2.668	6.723	19.332
5.	50	SBI	2.863	3.687	3.064	3.196	6.122	18.931
6.	72	LIC	2.660	3.533	3.279	2.633	5.412	17.518
7.	97	AMUL	2.142	2.511	2.551	2.554	4.274	14.033

Source: 4p's Business & Marketing July 2006.

Today, value based management is very important and the aspects are ethics and transparency, innovativeness, quality and depth of management, financial performance, quality of product and services, global competitiveness and people practices & talent management. Some companies in the market have proved to be successful with ample amount of ethical practices throughout. On one hand, they contribute to their shareholders and on the other they are successful in giving back to the society and to the nation. To mention a few-

Infosys

India's face of IT: that is what Infosys has been to the world. It stands for excellent HR practices. The only generic brand after the TATAs to have made a mark, Infosys is the company that is not just a back office of International companies, but the companies that can be trusted to provide customized solution that have international excellence. Infosys works with a vision to be a globally respected corporation that provides best-of-breed business solutions, leveraging technology and delivering by best-in-class people. It has a mission to achieve the objectives in an environment of fairness, honesty and courtesy towards the clients, employees, vendors and society at large.

Values Drivers: C-LIFE

a. Customer **Delight:** A commitment to surpassing our customer expectations.

b. Leadership **by Example:** A commitment to set standards in business and transactions and be an exemplar for the industry and own teams.

c. Integrity **and Transparency:** A commitment to be ethical, sincere and open in dealings. Fairness**:** A commitment to be objective and transaction-oriented, thereby earning trust and respect.

d. Excellence**:** A commitment to strive relentlessly, to constantly improve the workforce, services and products so as to become the best.

Infosys manages to snatch top slot in this ranking criterion. It stands for integrity, trust and excellent HR practices. Infosys is the company that is not just a back office of international companies, but the companies that can be trusted to provide customized solution that have international excellence. It has been rated as one of the most "innovative" companies in the world.

Tata Group

TATA brand represents a sense of nationalization, reliability, assurance and a true value for money. Today, the brand Tata can be termed as a brand that represents leadership with trust. The heritage of Tata to return to the society that it earns has evoked trust amongst the consumers, employees, shareholders and the community. The TATA Iron and Steel Company were India's first and the largest steel company in the private sector. Today, Tata steel ranks among the worlds top steel company and has emerged one of the lowest producers of steel of world. The values and the work culture were imbibed by the legendary J.R.D Tata who believed that whether in business or life, it was people which matters the most. Tata steel values viz. "respect for the individual" "credibility" and "excellence" are demonstrated in everything it does. TATA has made commitment towards employee relations, environment, corporate governance and community.

State Bank of India

State Bank of India (SBI), the largest bank of India has been the lifeline of Indian Banking System. With the network of branches throughout the country, it strives to cater the expectations of different stakeholders. With the provision of new and innovative financial product and diversified services, it has attuned itself to the changing needs of time SBI is today hailed as the big daddy of Indian banks as it touches the lives of people from Kashmir to Kanya Kumari and building the nation with the enormous welfare activities. The bank has evolved today as a synonym of trust, reliability, and credibility. From a fuddy- duddy sluggish employee image to the image of being customer friendly, India's largest bank SBI has come a long way providing various products and services. The investors are emotionally connected with the tagline of SBI *"We have the power of SBI"*.

Steel Authority of India Limited

SAIL is the largest public sector steel industry with vision "To be a respected world-class corporation and the leader in Indian steel business in quality, productivity, profitability and customer satisfaction" and with Credo that

a. Building lasting relationship with customer based on trust and mutual benefit

b. Uphold highest ethical standards in conduct of their business

c. Create and nurture a culture that supports flexibility, learning and is proactive to change

d. Chart a challenging career for employees with opportunities for advancement and rewards

e. Value the opportunity and responsibility to make a meaningful difference in people's lives.

Amul Co-Operative

The Brand name AMUL from the Sanskrit word "*Amoolya*" meaning priceless, has really become the symbol of many things; specifically "the taste of India”. AMUL was established in 1971 and since then have achieved leadership position in dairy products and now the big daddy in market. This CIO International IT excellence Award has recognized the Cooperative Movement & its Leadership under the “Amul” brand, initiated by Dr. V Kurien, Milkman of India, who’s main Motto is to build Indian Society economically & literally strong through innovative cooperative resourceful network, so as to provide quality service & products to the end consumers and good returns to the farmer members.

Amul embarked upon its illustrious journey as a beacon for the Indian cooperative movement in 1946. Since then, it has been undergoing a multidimensional evolution whose overarching objective has been the same throughout: serving the farmer and catering to consumer requirements. A structural landmark in this evolution process was the formation of the GCMMF in 1974. Throughout these last 31 years, they have demonstrated- again and again-that Amul both represents and reconciles diverse expectations and aspirations.

Life Insurance Corporation

LIC offers insurance protection through its insurance services. It utilizes people’s money for people’s welfare with a mission to ensure quality of life through financial security by providing products and services of aspired attribution with competitive return and by rendering resources for economic development.

Findings and Suggestions

From the table No 3 specifying the ethics and value based management in various companies, we are able to have a brief knowledge about their strategies framed to satisfy their stakeholders. Software Company Infosys who bagged the first prize in value management this year gives importance to the values of each party for the financial and social enhancement of the company. On the other hand, Tata Company which is largest company in Steel sector has framed various programmes for each party for increasing the efficiency and satisfaction of interested parties. Reliance after its division between two brothers has not reduced the value management. In the same way other companies specified like State Bank of India, Life Insurance Corporation, SAIL have framed their values keeping in consideration the parties’ values and organizational values.

But are the companies really rendering the responsibilities in true sense? No. We can prove this by specifying Tata companies’ fulfillment of national objectives on the condition that the competitions from other companies and international companies are minimized. Reliance entering into a scam in oil sector specifies that they are failing in standing to their own values. State Bank of India Strike of employees for salary enhancement shows their dissatisfaction on their own bank. Amul declaring an artificial scarcity of product brings an environment of distrust among the customers, a Satyam of Satyam. By specifying the values in the website and annual report does not mean that the companies are really standing to the values rather they should practice it in an honest and fairest way. As demand for the ethical business is increasing most of the business organizations opted to implement the code of the ethics:

1. To define the framework of the acceptable behavior.
2. To follow high standards of practice.
3. To create benchmarks for self evaluation.
4. To enhance sense of community.
5. To create transparency in the business activities.
6. To foster higher standards of business ethics.
7. To comply with government laws and norms.

The code should include key areas as, The Purpose and Values of the Business, Stakeholders, Society, Government and Environment, Implementation Process, Scope for Feedbacks,

Techniques to Improve Ethical Conduct of Business

There is need to motivate the businessmen to follow ethical principle in the everyday conduct of business. There are a number of measures at various levels to motivate them for ethical conduct in business. These measures are classified into the following categories:

At the Institutional Level	Efforts at the Government Level	At the Social and Religious Levels
1. Ethical Code of Conduct	1. Clear Cut Policies and Working Procedures.	1. Social Boycott of Unethical Acts.
2. Ethics committees.	2. Strict Penalty Provisions.	2. Efforts by Social Service Institutions.
3. Transparency in Working.	3. Removal of Excessive Control.	3. Preaching by Religious Preachers.
4. Ethics Specialists.	4. Political Indiscipline.	4. Efforts by the Business Associations.
5. Social Audit.	5. Enactment and enforcement of Laws.	
6. Ethical Training;		
7. Appointment of Professionals.		
8. Penalties.		

Encouraging Ethical Behavior

Following factors should be always kept in the mind:

1. Involvement of the Senior Management
2. Involvement of the Employee
3. Picking The Well Tested Model
4. Most managers consent that there is room for improvement in business ethics.
   a. A more problematic issue is whether business can be made more ethical in the real world. The majority of viewpoints on this issue suggest that government, trade associations, and individual firms can establish acceptable levels of behavior.
   b. The government can establish acceptable levels of behavior by passing more stringent regulations. (But regulations require enforcement.)
   c. Trade associations can provide and often do provide ethical guidelines for their members to follow.
   d. These associations are in a position to exert pressure on members who stoop to questionable business practices.
   e. Enforcement varies from association to association.
5. Employees can more easily determine acceptable behavior if their company provides them with a code of ethics.
6. Companies must also create an environment in which employees recognize the importance of following the written code.
7. Managers must provide direction by fostering communication, actively encouraging ethical decision making, and training employees to make ethical decisions.
8. Assigning an ethics officer who coordinates ethical conduct gives employees someone to go to if they aren't sure of the right thing to do.
9. An ethics officer meets with employees and top management to provide ethical advice; creates

and maintains an anonymous confidential service to answer questions about ethical issues; and takes actions on ethics code violations.

10. Even employees who want to act ethically may find it difficult to do.
11. Unethical practices often become ingrained in an organization.
12. Employees with high personal ethics may take a controversial step called *whistle blowing*—informing the press or government officials about unethical practices within one's organization.
13. Whistle blowing can have serious repercussions for an employee.
14. When firms set up anonymous ethical hotlines to handle ethically questionable situations, employees may be less reluctant to speak.
15. When firms create an environment that educates employees and nurtures ethical behavior, less whistle blowing is needed because fewer ethical problems arise.

Conclusion

Corporations can no longer see themselves as self-centered concerns and so, they should look into their higher self and make positive commitments to larger issues that confront the mankind. Corporations should pledge to honor their obligations to the society by becoming an economic, intellectual and social asset to each nation and each community in which they operate. Increasingly, companies around the world have adopted formal statements of corporate values, and senior executives now routinely identify ethical behavior, honesty, integrity, and social concerns as top issues on their companies' agendas. A large number of companies are making their values explicit. Ethical behavior is a core component of company activities. Most companies believe values influence two important strategic areas — relationships and reputation — but do not see the direct link to growth. Top performers consciously connect values and operations which have made learning of ethics essential in days to come Institutions of higher learning should take a note of this and prepare themselves for the same.

Companies, whether private or public, profit making or non-profit-making, banking or trading, have to frame ethical and honest values which satisfy the needs of the vendors such as employees, customers, and other stakeholders. For example: - Infosys Leader Mr. Nagawara Ramarao Narayana Murthy says "I'm a capitalist in mind, a socialist at heart" and is awarded the first position in value management this year. In 21st century the winners in order to stand the global competition always plan to stick to the fundamental values, no matter what the situation. It is rightly said by Shiv Khera, Management Consultant, **"Winners stand firm on values but compromise on petty things. Losers stand firm on petty things but compromise on values".**

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Development and Competitiveness : A Global View

R.D. Biradar, P.N. Deshmukh

Abstract

In this paper an attempt is made to describe the significance of non-economic aspects like social, emotional, intellectual, physical, psychological, spiritual, etc through the various approaches of development of human beings. This is true development of the nation and its competitiveness globally as compared to economic aspects.

Globally the term development mostly refers economic development. World wide people and organizations are recognized by development with economic aspects only. But the author feels that the economic development is one small component of National development and competitiveness of any country in the world. There are aspects like social, emotional, intellectual, physical, psychological, spiritual, etc. leading to human development which are more important than the economic aspects.

So, when we talk about all these aspects in integrated manner it will stand for the true development. Thus, this paper focuses its attention on the various aspects other than economic aspects. Further it stresses upon the integration of all these aspects for the excellent human performance for building all round development of any nation.

Keywords : Harmonious Development, GNP, HD, Social Development, Green Index, EDI & HDI.

"The highest – reward for a person's work is not what he gets form it; but what he becomes by it."
— Thomas Carlyle

Introduction

The quality of life is regarded as an important index of development. It is contended that such quality is not adequately reflected in the index of per capita income growth. Several factors are involved in the measurement of such quality such as education and literacy rate, life expectancy; the level of nutrition etc. most of the factors are non-monetary. There is a need to set up a synthetic index of these different factors to measure economic development and the quality of life.

Development is not to be measured in terms of dollars. A person who consumes huge amount of electrical power, or gas is a traitor not a contributor. So it is with nations measuring number of cars or number of toilets per person and chasing it as progress will bring death to the human race rapidly.

Rishi Prabhakar, President of Rishi Sanskruti Vidya Kendra, Banglore observed that the greatest different to growth is not man's inability to exploit

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resources as was thought of in the 7o's with the club of Rome Report on "Limits to growth." They had missed the ecological aspect of pollution by burning huge amounts of petroleum products and creating holes in ozone layer. Today, we have reports of ultra violet radiation as a part of weather report. People in Canada have to wear Ultra Violet Creams on their skin to prevent skin cancer that can result from exposure to the sun. People all over the world are specially advised not to expose themselves to the sun from 12.00 to 3.00 pm. The earth, which used to appear blue has changed to gray. Thousands of acres of forest in Brazil is getting burnt every day for agriculture and the smoke has covered parts of South America permanently. To prevent logging, people have done Satyagraha and have gone to Jail in British Columbai in Canada. With the loss of lumber revenues, British Columbai faces acute economic problem. Canada has become the worst debtor, on a per capita basis, in the whole world with tens of thousands of dollars debt per person. They were unable to pay back the huge international loans. Japanese were buying parts of Canada during 1990s.So, is this development?. Thus we need to understand the term development from the broader perspective with holistic approach. This will enable us to be more competitive in world of work.

Approaches to Development and Competitiveness

A1- Harmonious development

"Economics development in knowledge circles has a missing dimension-non economic, which is not quantifiable. Development, a leading sector in national transformation, is rooted in nonmaterial factors and requires a positive feedback between culture, economic and polity."

Our development in favor of material values is a grossly unwise attitude even for a poor country. While very much necessary as a means for creating a good society, roads, railway, dams, power projects, communication network etc. do not in themselves constitute the good society. We have been misled into adopting the philosophies of materialism, industrialism and economics of the 'developed' countries of the west ignoring our own traditional wisdom of harmonious development of all the values of life, several millennia ago, Nachiketo in Kathopnished declared.

A2-GNP and Human Development

Economists have been trying to identify alternative measures of economics development which should reflect in true manner the changes in the standard of living.

Now a day's high per capita GNP is in itself no guarantee of satisfactory level of literacy, life expectancy and infant mortality. This indicates that we need to prepare new index system covering HDI.HD has been defined as a process of enlarging people's choices. In principle, those choices can be infinite and change overtime. But at all levels of development the three essential ones are for people to lead a long and healthy life, to acquire knowledge and to have access to resources needed for decent standard of living. If these choices are not available, many other opportunities remain inaccessible.

Each year since 1990 the Human Development Report has published the human development index (HDI) which looks beyond GDP to a broader definition of well-being. The HDI provides a composite measure of three dimension of human development: living a long and healthy life(measured by life expectancy), being educated (measured by adult literacy an enrolment at the primary, secondary and tertiary level) and having a decent standard of living (measured by purchasing power parity, PPP,income). The index is not in any sense a comprehensive measure of human development. It does not, for example, include important indicators such as gender or income inequality and more difficult to measure indicators like respect for human rights and political freedoms. What it does provide is a broadened prism for viewing human progress and the complex relationship between income and well-being. The HDI for Indian is 0.619, which gives the country a rank of 128th out of 177 counties with data (Table 1).

A3-Social and Economical Development

A San fransisco based group called redefining progress has evolved the concept of GPI (Genuine Progress Indicators'), which takes into account social and ecological factors. According to this criterion the US economy shows a steady decline since seventies.

GPI has been estimated for UK, Germany and Austria also. In these countries also as GDP per capita has gone up, the GPI per capita has come down. In other words material wealth has gone up, relational wealth has gone down. People are infact worse-off. The new index is known as 'green index' which measures nation's wealth by using a new system of measurement, as contrasted to prevalent system which measures wealth accordingly to GNP per capita.

A4-Green Index

The new index is known as 'green index' which measures nation's wealth by using a new system of measurement, as contrasted to prevalent system which measures wealth accordingly to GNP per capita.

The new system attaches dollar value to each of the three components; viz,

1. Produced assets
2. Natural resources
3. Human resources

It puts a price tag on produced assets, the sum of all machinery, factories, roads and other infrastructure. It assigns an economic value to land, water, timber, mineral and all natural resources. It looks at the human resources available, the educational level and range of skills. It then calculates the true estimate of a countries wealth, taking into accounts all such resources which do not always show up on traditional economic indicators on "Green Index". India with per capita wealth of $4300 is ranked 20th from the bottoms among a group of 192 countries while Australia at $835000 tops the list and Ethiopia at $1400 appears at the bottom. The world average is at $86000.

The concept of social capital has added new dimensions to the dialogue on development. Social capital may be defined as an input into process by which institutions for development are created.

A 5- Economic Development Index & Human Development Index

National Council of Applied Economic Research (NCAER) has developed a new measure, called EDI. The EDI develops further on HDI. Evidence indicates that for a large number of countries the ranking on an HDI scale is lower than on per capita GDP. This suggests that these countries have failed to translate economic prosperity into correspondingly better living standard.

EDI is based on three components; viz,

1 Health attainment index

2. The education attainment index and

3. Per capita GDP.

Health is multidimensional. The WHO definition envisages 3 specific dimensions- physical, mental and social. Many more may be cited viz; spiritual, economical, vocational, political, philosophical, cultural, socio-economic, environmental, educational, nutritional and preventive. These dimensions are missing in NCAER report.

New Measures of Development

Now we have to change our measures of development. So far we have been measuring development of any nation on the basis of per capita income, per capita consumption of various items like electricity, oil, milk and other natural resources. By these measures we are trying to encourage the level of consumption of scare resources which is unwanted and leads to many complications in the better and happy living of the society. A country is very rich because its per capita consumption of all items is very high. According to the new measures these countries can be considered very poor and troublesome to the whole world.

New Measures of Development Creates the Following Questions

1. How the little money is spent on health care or how healthy the people are?
2. How honest and sincere are the people?

3. How much funds gets transacted in legal cases?
4. On how little recourses people are living happily?
5. On how little amount is spent on social security?

By these measures India will still hold the top position among the so called developed countries in the world. The time demands this kind of development. The efforts of this development are human centric, which is the need of hour. Now we need to develop people and their skills, abilities, and improve their performance.

The improved human performance will improve business performance and competitiveness of business. Thus, the true development lies in human development and human development can bring the competitiveness in the globe. In short, if we want to bring development and competitiveness in the world of work, we need to focus on human development and self management.

India and Canada: A Comparison

Actually comparable can be compared so as the case of India & Canada. However, it can be compared with its intensity of issue like HDI value of India 0.619 with PPUS $ 3452 is still higher than the HDI value of Canada 0.961 with PPUS $ 33375. It means comparing GDP per capita of India & Canada with its HDI value Canada has to spent 6.22 times more than India for the equal amount of HDI value. Table No.1 shows the details of India and Canada with regards to its GDP per capita, Ranking, HDI value, & life Expectancy at birth (year) & Gross Enrollment ratio. In all the compared parameters, India is lagging behind to Canada. However, with the use of new parameters of development India will enjoy top position in the world.

This will create all round development of the nation through the people and their competitiveness. As we know outsourcing is a powerful tool to cut costs, improve performance and refocus on core competencies in the organization. Hence, we should adopt outsourcing for increasing competition. New indices need to be developed for measuring Gross National Happiness instead of Gross National Products.

Conclusions

It can be concluded from the foregoing discussion that the development can be seen from winder perspective for the human development as compared to economic development. A nation is well developed only when it has strong base of human development with social, intellectual, emotional, cultural, physical and spiritual. Economic prosperity will occur only when all these aspects are well integrated. As a result of this, the human ability will improve, (Knowledge *skills) human performance will excel with motivation * attitude and it leads to business performance and national development with physical environment. This together will result in competitiveness of the country.

If we need to follow the true path of development and excel competitiveness, then we should observe the following :

1. Change food habits
2. Regulate the mind through mediation.
3. Be with the truth
4. Go back to villages
5. Adopt yogic education
6. Be environment friendly
7. Reduce population
8. Be with the nature & avoid pollution

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Annexure:

Table No.1: India & Canada Human Development Index-2005

Sr No	Parameters	India	Canada
1	GDP per capita(PPUS$)	3452	33375
2	Life expectancy at birth (year)	63.7	80.3
3	Ranking out of 177 countries	128	4
4	HDI value	0.619	0.961
5	Gross enrollment ratio	63.8	99.2

(Source:-Human Development Report 2005)

Financial Innovation and Financial Inclusion - WIZZIT Model

V.B. Kakade, S.V. Suryavanshi

Abstract

In a democratic country like India economic freedom is as much important as political freedom. The financial inclusion is one effective way to offer economic freedom to the citizens. Indian planners were well aware about this trend and so the decision to nationalize 14 commercial banks was made. Later on various efforts were made to increase the institutional flow to the rural people and poor people. However these efforts failed due to various reasons. The technological development supported by ICT has made it possible to enlarge the reach of the access to large number .The mobile revolution reduces the cost of communication and now it has turned as essential commodity.

The use of mobile phone to reduce the cost of accessing the account was limited to rich class earlier. But in South Africa an effort was made to use this technology to cater the poor. The WIZZIT model is the practical solution to the problem of finical inclusion. The cost is low and accessibility is very high. The poor find it most effective alternative to regular services.

This model has large potential implications for Indian Banking structure. The new effort of RBI and NABARD in terms of Bank SHG linkage program needs to adopt this method which is simple and effective. The authors argue for adopting the WIZZIT model for financial inclusion which will open the doors of prosperity.

Keywords : WIZZIT, Banking, RBI, NABARD, E-Commerce

Approach

The era of ICT has resulted in introduction of new and better products and services. This has opened the new vistas of trade and extended the horizon of economic activities. The cost of products has been reduced and the quality of product and services has improved. The financial sector in general and banking sector in particular benefited the present trends of innovation. The traditional banking sector has taken a backseat and the new Click –Banking has taken the driver's seat. The use of credit card, debit card, ATM, internet based banking have resulted in 24X7 banking a reality. The benefits of these developments remained to the upper and tech savvy part of the population. The innovation in the financial sector driven by new technology reduces the cost of service and makes its presence global in nature. But it also has another side of excluding a vast majority from access and creating a digital divide. The new economic policy with major thrust on liberalization privatization and globalization with strong reliance on market has created the process and pressure of exclusion. The financial exclusion has lead to rethinking the policy and finding the

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ways for financial inclusion. The Rangrajan Committee looked in this problem and suggested a roadmap for financial inclusion. However the financial inclusion remained a distinct dream due to its narrow foundation in approach. The present paper tries to suggest ways and means for financial inclusion of the poor. The paper is divided into four parts. The first part deals with nature of banking innovations and financial exclusion.

Changing face of Indian Banking

The banking system in India has created a niche for itself in the current competitive global arena where adoption of new and innovative technological developments carries the key to expansion of business and its future development. The Indian banking system has come a long way from being a player restricted to domestic boundaries to a leading giant in the world of financial services across the globe. Credit for this progress goes to a mix of factors like, the introduction of various economic reforms which gave a boost to the banking sector, adoption of new technology by banks in order to streamline their line of businesses and increasing profits by improving cost efficiency and offering doorstep banking convenience to their customers. The technological revolution in the banking sector has brought a sea change in the modus operandi of the banking sector in general and customer's services in particular. In earlier days the bank-staff and others opposed the use of computers in banks with the fear of reduction in the employment. But later on it became part of business as the benefits of using the computers outweighed the cost. The internet or linking computers through net is bringing new wave in terms of technology as it is going to open new horizons in the banking services. There is caulious approach towards these changes but they cannot neglect the trends in the new generation of banks. The real questions lies in understanding the challenges and the opportunities of technological changes and adopt proper policy mix on this background. The challenge of financial inclusion can be tackled by using the technological innovations as it is successfully demonstrated in African countries with WIZZIT. The mobile technology is used for doing business with poor. The introduction of no-freel account by Indian banks has lead to limited success. The WIZZIT model of mobile banking can be described as step towards inclusive banking and innovation in banking. In this paper an attempt is made to study the technological changes and its impact on banking services and implications for social banking. The first section deals with changing paradigm for banks and its implications for customer services followed by second section E commerce the role of banks therein. The third section deals with mobile banking and financial inclusion. In the last section conclusions are presented.

Section I

Changing Paradigm for Banks

The liberalization and globalization have resulted in banks now fight fiercely for market share and report to mergers and acquisitions to grow their portfolios. The good news is that mergers bank operations effectively reduced expenses and create additional revenue opportunities. Still, the challenge for the banking industry is to sustain revenue growth.

Looking for new frontiers in revenue growth, banks are discovering interesting opportunities in the way they satisfy their customers. The use of banks for services such as savings and current accounts, mortgages, loans (e.g. personal, housing, auto and educational), debit cards, credit cards, depository services, fixed deposits, investment advisory services (for high net worth individuals) etc. is traditional role of banks in providing services to the customers.

Before Internet era, consumers largely selected their banks based on how convenient the location of bank's branches was to their homes or offices. With the Advent of new technologies in the business of bank, such as Internet banking and ATMs, now customers can freely chose any bank for their transactions. Thus the customer base of banks has increased, and so has the choices of customers for selecting the banks.

As a result of globalization a new generation of private sector banks and many foreign banks have also entered the market and they have brought with them several useful and innovative products. Now the public sector banks are also becoming more technology savvy customer oriented as result of forced competition.

Thus, Non-traditional competition, market consolidation, new technology, and the proliferation of the Internet are changing the competitive landscape of the retail banking industry. The present banking sector is characterized by following features:

1. Multiple products (deposit, credit cards, insurance, investments and securities)
2. Multiple channels of distribution (call center, branch, Internet and kiosk)
3. Multiple customer groups (customer, small business, and corporate)

These trends have resulted in customers have many expectations from bank such as

Service at reduced cost

Service "Anytime Anywhere"

Personalized Service

With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers and more importantly retain existing customers.

Customer Service and Technological Development

The key factors that appeal to bank customers and attract them to use banking services more the employee attitude and speed of service, banks should improve their personal touch. Further more, advanced technologies provide valuable help because convoluted legacy systems hinder the prompt delivery of banking services and the integration of customer information. Notwithstanding a positive service attitude, outdated technology system could severely constrain the ability of bank personnel to satisfy customer demands. Technology also plays a role with other drivers of customers satisfaction, such as quality of service and product innovation. In sum, to be effective in luring customers, banks should invest in fundamental improvements in technology and customer service.

On the customer-banking side, deposits, savings, personal loans, bankcards, mortgages, auto finance, and payments have products foundation for many decades. For wholesale banking, the foundation has been commercial lending, cash management, trade finance, treasury products, and securities processing.

Banks have many opportunities to realize untapped value – for instance, by offering the following characteristics such as innovation, personalization and integration. The innovation implies broadband delivery and multimedia technologies, which provide a fertile ground to structure proactive and dynamic products that redefine the way banks interact with customers. Secondly the personalizations optimize individual financial profiles to take advantage of a comprehensive set of assets and liabilities. In the case of integration with companies in other industries, insurance and securities firms offers better business.

To address their most pressing business issues, different functional areas and banks have transformed their legacy account-opening process by taking advantage of new technology platforms that apply to their specific IT environment. To access new products and services, customers had to plow through multiple application forms and were often asked to provide duplicate data and interact with repetitive process steps.

Now, however, real-time architectures coupled with business process management (BPM) tools simplify and automate workflows. These workflows link to the multiple information and processing systems involved in the account – opening process. In the convoluted legacy approach, it usually took banks a day or two to enter the information, perform the required controls, activate the new account in their technology systems establish the funding, and allow customer transactions.

By capturing a broader array of data and executing a comprehensive set of documents all at once, banks may take advantage of this information for possible use in subsequent automated interactions. The resulting process is intuitively simple and provides a standard foundation for local and functional variations. By avoiding duplication, banks reduce the most likely processing time to a matter of hours. For some products- and especially with self-directed interaction channels –the shortening of the cycle is steeper and customers can open an account in a matter of minutes.

To justify the expense of maintaining branches, banks are seeking ways to offer new services of value at their branches and looking for better ways to cross-sell and up-sell there. New branch designs based on personnel touch and friendly layouts are essential to lure customers into visiting a branch more frequently. Collaborative workflows and advanced technologies at the branch will prompt customers to engage bank personnel in advisory discussions on personnel finance, thus leading to incremental business.

During the past two centuries, bank have kept a stronghold on the risk-management function. The trends such as technology shifts, new markets, and younger customer generations are causing other industries to become more involved in financial services. As customers interact with other industries, banking is just a means to achieve economic and lifestyle goals.

Strategic changes and customer services:

The banks are making strategies changes to face the competition. There is upsurge of merger and acquisitions in the banking industry and may result in dissatisfaction among both bankers and consumers with their current bank. This often leads to the formation of a new community bank with local decision –makers and superior customer service. Yet better customer service is only one area where community banks have an edge over their larger counterparts. Catering to diverse markets is another. Community bank are typically smaller then many chain institutions, and therefore more nimble and quick to adapt to changes in the market. Large institutions are presently working on new ways to cater to diverse markets. Community banks can implement many products and services that satisfy the needs of the diverse market at a much quicker pace, which gives them an edge over the competition.

Merging banking, investment, and insurance functions allows traditional Banks to respond to increasing consumer demands for 'one stop shopping' by enabling the cross selling of products (which the banks hope, will also increase profitability). Second, they have moved towards risk based pricing on loans which mean changing higher interest rates for those people who they deem more risky to default on loans to those who have better credit histories, and extend credit products to high risk customers who would have been denied credit under the previous system.

Third they have sought to increase the methods of payment processing available to the general public and business clients. These products include debit cards, pre-paid cards, smart-cards, and credit cards. These products make it easier for consumers to conveniently make transactions and smooth their consumption over time (in some countries with under-developed financial systems, it is still common to deal strictly in cash, including carrying suitcases filled with cash to purchase a home.)

However, with convenience there is also increased risk that consumers will mis-manage their financial resources and accumulate excessive debt. Banks make money from card products through interest payments and fees charged to consumers and companies that accept the cards.

Section II

E-Commerce :

The business conducted on-line over computer networks, as a means of expanding markets, improving customer service, reducing costs, and enhancing productivity is known as E-commerce. Banks have an important reason to pursue the conduct of business on-line. If they fail to respond to the opportunities posed by the Internet, they could be consigned to a largely secondary role as commerce shifts towards electronics over time. In that event, they would process payments for buyers and sellers engaged in e-commerce.

But if banks do establish a presence in the Internet, they should be in a position both to market traditional banking products more efficiently and to develop and sell new products sought by e-commerce participants the banks can play following role in E-commerce.

Facilitating Business-to Business E Commerce: A few of the largest commercial banks have begun to offer firms the technology for electronic business-to business commerce. These banks are essentially undertaking to automatic the entire information flow associated with the procurement and distribution of goods and services among business. From the banks' perspective, this service is a natural extension of the automated cash management services they already provide to large corporations.

Issuing Electronic money and Electronic Checks: Two e-commerce products still in the planning stage are electronic money and electronic checks. As more computers become equipped with 'smart card' readers, banks are considering issuing electronic money that could be stored on these cards and spent over the Internet. In addition, a banking technology organization is working with the U.S. Treasury and some banks to test an electronic version of a paper check. The check could be sent over the Internet from a buyer to a seller, electronically endorsed by the seller, and then forwarded on-line to the seller's bank for electronic collection from the buyer's bank.

Integrating the ATM and Internet Networks Some technology companies and a banking technology group are exploring the feasibility of allowing access to the Internet and to bank web sites from ATMs. If the integration of these two networks can be accomplished consumers should be able to use ATMs to engage in e-commerce or to conduct their banking in the flexible environment of their bank's web site. In offering e-commerce products, banks have some key advantages over potential competitions. The public is likely to value the "brand names" of banks and to see these institutions as trustworthy third parties enjoying established account relationships with consumers and businesses. Moreover, if banks are sought out as vendors of e-commerce products, they may see some gains in their other lines of business. E-commerce would create opportunities for banks to strengthen their relationship with customers, sell additional services, and prevent encroachment on their business activities by the technology companies and other non bank financial service providers active in e-commerce.

Risk Implications of E-commerce

Although banks stand to gain from e-commerce involvement, they will also face some significant new risks. Some of these risks are strategic-that is banks may be unable to adapt successfully to the changes in the business environment created by e commerce. Others are operational-meaning that the computers and network technology that support e commerce could malfunction.

A Strategic Competitive Risk

E-commerce will surely transform the competitive landscape in banking and finance. One danger for banks is that they will be unable to anticipate new forms of competition. This possibility can be termed as strategic competitive risk. For example the challenge posed by the emergence of Internet only banks that operate exclusively on the Internet. Such banks will come to the electronic marketplace unencumbered by the need to support a costly branch network. As a consequence, these Internet only banks can offer attractive deposit and loans rate and perhaps waive many of the fees routinely charged by bank with large branch networks. Similarly, online financial service providers such as mutual funds or discount brokers may expand their product offering to include some traditional banking products. Operating free of branch networks, these providers may also offer very competitive rates on credit cards and transactions accounts. Because the potential for Internet –only banking is still unknown Banks run the risk of under- or overreacting to these new sources of competition. A few large banks run the risk of Chosen to create banking subsidiaries that operate primarily on the Internet and compete directly with the other online providers of financial services.

Bank will also have to respond to new competitive pressures created by non bank firms that function as information aggregators in the electronic marketplace. These firms offer a search service, pricing similar product across a large number of competing institutions and making their findings available on-line. Hence, consumers seeking the most favorable rates on credit cards, deposits, and mortgages can obtain this information quickly over the Internet. Electronic comparison-shopping will reduce the geographic barriers to finding the best terms on banking products. Depriving banks of market power in local regions. In reaction to this development, banks have sought to retain customers by adopting a strategy of bundling products to fit individual preferences. While the information aggregators effectively transform banking products into commodities, making price the paramount consideration, banks are cultivating relationships with their customers and tailoring their services to meet their Customers needs. By persuading customers to purchase a range of financial products, banks bind their customers to them and create an opportunity to offer new services (such as financial planning) at different stages in their customers life cycles.

However, this bundling approach has an important drawback: the need to gather and monitor data on customers preferences raises privacy concerns. Potential customers may be reluctant to divulge information that banks could pass on to other business firms. Another area of Exposure for banks might be called strategic adjustment risk – the possibility that banks will misjudge the degree to which electronic banking will supercede more traditional forms of banking. At this time, it is not clear whether on-line banking will supplement the existing 'brick and mortar' branch networks or substantially replace them. Certainly, there is considerable disagreement within the industry about the course that banking will take. Some argue that banks serve their customers best by giving them easy access to all the available banking channels-the 'click and mortar' approach. Others contend that maintaining duplicate access channels is too costly and that branch networks should be sharply reduced as electronic channels gain acceptance. Ultimately, customer preferences and competition will determine which approach will dominate. But whatever the final outcome, banks will have to make many interim decisions as they adjust to the growth of the electronic marketplace. They may choose to Scale back the number of their branches, to locate smaller and more efficient branches in large retail outlets such as supermarkets, or to find additional uses for existing branches. They will also have to decide whether it is better to expand geographically through mergers-a strategy that generates increased numbers of both branches and customers-base by providing nationwide internet access to banking products and e-commerce capabilities. Large banks enjoying national brand name recognition and a national customer pool in credit cards or another product might pursue the Internet strategy because a partial relationship already exists with many potential full service customers. Much is at stake in the choices that banks make. If banks adjust the size and scope of their branch networks too quickly or dramatically, they run the risk of alienating those segments of their customer base that are not ready to rely fully on electronic banking. Adjustment risks will also arise as banks adapt to changes affecting inter bank networks. The development of electronic money, electronic checks, and electronic bill presentment, along with the increased ability to initiate electronic payments over automated clearinghouse, could significantly reduce the use of cash, paper checks, and even credit cards. The consequent shift in the relative volumes of payment instruments may prompt banks to reconsider their support of the existing paper check clearing network and the ATM and credit card networks. Although in the past, new payment instruments and technology have often been added without making existing ones obsolete, the strategic question banks face is whether the outcome could differ this time around. If one or more of these networks do become redundant, banks will have to decide how extensively they will invest in networks and technology that may not be viable long enough to permit a full recovery of their investment.

A Operational Risk

Banks entry into the electronic marketplace brings with it increased exposure to technological failure. The success of banks efforts to market products over the Internet will depend on the continued smooth functioning of their computers and the underlving computer network. If individual computers fail, causing customers inconvenience, the reputations of individual banks may be damaged; if the network fails, a large amount of business may be lost. Banks could also suffer financial losses if hackers entered fraudulent transactions that compromised bank systems, forcing the institutions to shut their systems down. One strategy often thought to minimize banks operational risk is the outsourcing of e-commerce systems to third-party vendors. This strategy frees banks from much of the responsibility for system maintenance and system breakdowns and presumably leads to cost savings through economies of scale. However, banks that outsource their systems give up a certain amount of control over security and other critical aspects of system management. In addition, if a large number of banks outsource their e-commerce systems to the same vendor an operational problem at this vendor could have a pervasive effect on the ability of banks to engage in e-commerce.

Risk Management for E commerce

To manage strategic and operational risks effectively, banks will develop information systems to monitor the financial exposure resulting from their involvement in e-commerce. On the wholesale side, banks have made advances in setting up risk management systems that model how much value is at risk under alterative assumptions about interest rates, the relative values of financial instruments, and other market conditions. With e-commerce, placing a dollar value on the exposure associated with strategic and operational risks is more difficult-particularly if legal as well as regulatory action is required to resolve any problems that might arise. In addition, e-commerce is still a relatively new phenomenon without a long history of results from which to formulate expectations about risk. Banks do have considerable experience; however, in managing certain aspects of operational risk, For example, if banks draw on their experience with wholesale payments systems, they will establish back-up computer systems for their on-line activities. These systems will be located at remote contingency sites that do not rely on the same infrastructure support as the primary site Furthermore, in monitoring e-commerce systems and transactions for evidence of tampering or fraudulent activities, banks might look to the technology they use in checking credit card transactions for unusual patterns that could indicate a lost or stolen card. The way in which banks manage the risks associated with e-commerce will clearly be of interest to bank supervisors.

Section III

Mobile Banking: WIZZIT Model

The technological development is assumed to be pro rich and costly affair. But the innovation with social purpose in mind can become a successful model for social change. The study conducted by Consultative Group to Assist the Poor (CGAP) in 2006 of mobile banking in South Africa shows that the technological development with social innovation can lead to inclusive growth accelerated through financial inclusion. The main features of WIZZIT model are as follows:

a) WIZZIT is a startup mobile banking provider that offers a transaction banking account accessible via mobile phone and debit card. The company operates as a division of the South African Bank of Athens. WIZZIT targets the 16 million people in South Africa (48 percent of adults) who are unbanked or who have difficulty accessing formal financial services. Since its launch in December 2004,WIZZIT has acquired more than 50,000 customers

b) WIZZIT bills itself as a "virtual bank" and has no branches of its own. Customers can use their mobile phone to make person-to-person payments, transfer money, purchase prepaid electricity, and buy airtime for a prepaid mobile phone subscription. WIZZIT also gives customers a Maestro branded debit card with which they can make purchases and get cash back at retail outlets and withdraw money at any South African ATM. Customers can also make cash deposits at any Absa Bank or Post bank branch. According to WIZZIT, this gives its customers access to more branches than any other bank in South Africa.

c) To appeal to lower income customers, WIZZIT does not have a minimum balance requirement and does not charge fixed monthly fees. It uses a pay-as-you-go pricing model, with charges ranging from US$ 0.13 to US$ 0.66 per transaction depending on the type of transaction. Customers are charged US$ 5.26 to sign up. It means 15 to 40 Rs for account opening in Indian currency.

d) WIZZIT uses no mass media advertising, such as TV commercials. Instead, it markets its services through more than 2,000 "WIZZ Kids," who are typically young individuals drawn from the lower income population, which WIZZIT views as its core market. WIZZ Kids educate potential customers about WIZZIT and earn a commission for each new customer. For new users, signing up is as easy as keying one's national identification number into the mobile phone. WIZZIT provides customer support via a call center that is available 15 hours per day in the 11 official languages spoken in South Africa.

e) The low income people use WIZZIT's m-banking services and give it high ratings for convenience, cost, and security.

f) WIZZIT accounts cost considerably less than the lowest cost full-service bank accounts available and Mzansi accounts. The WIZZIT account costs about US$ 6 per month. This is about 2 % year of the estimated average personal income per annum for customers surveyed

g) the study identifies that perceptions about banking, m-banking, and technology are important in determining the rate of adoption. Income alone is not a sufficient indicator.

This experience of M-banking is encouraging and can be used to supplement the present SHG linkage program.

Financial Inclusion through WIZZIT Model

Initially, Reserve Bank of India has taken the initiative in setting up the Banking Codes and Standards Board of India (BCSBI). It is an autonomous and independent body, adopting the stance of a self-regulatory organization in the larger interest of improving the quality of customer services. The real beginning started with Rangrajan committee on Financial Inclusion. It committee says,"*Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.*

The magnitude and nature of financial inclusion is as below:

Extent of Exclusion – NSSO Survey 59th Round

a) General *:*

- 51.4% of farmer households are financially excluded from both formal / informal sources.
- Of the total farmer households, only 27% access formal sources of credit; one third of this group also borrow from non-formal sources.
- Overall, 73% of farmer households have no access to formal sources of credit.

b) Region-wise *:*

- Exclusion is most acute in Central, Eastern and North-Eastern regions – having a concentration of 64% of all financially excluded farmer households in the country.
- Overall indebtedness to formal sources of finance alone is only 19.66% in these three regions.

c) Occupational Groups *:*

- Marginal farmer households constitute 66% of total farm households. Only 45% of these households are indebted to either formal or non formal sources of finance.
- About 20% of indebted marginal farmer households have access to formal sources of credit.
- Among non-cultivator households nearly 80% do not access credit from any source.

d) Social Groups *:*• Only 36% of ST farmer households are indebted (SCs and Other Backward Classes - OBC - 51%) mostly to informal sources.

Conclusion

The Spread of e era is changing the landscape of the banking sector. The banks are responding these changes by adopting proper strategy both through use of new technology and by making strategic changes. The emergence of new technology helped to improve and diversify the customers' services and increase the customer satisfaction. Appropriate risk management tools can manage the strategic risks and operational risks. The emergence of E commerce is the new business opportunity where the banks can play an important role. The response of Indian banking sector shows that the banking sector in India is fully prepared to take the challenges and exploit the opportunities of E Era.

The merger is not a necessary condition for survival in a competitive era as the customer service can be improved even through the community bank or local bank. The new generation bank cannot replace the old one as the new technology has its own limitations and risks.

The emerging technology can be harnessed to improve the performance and profit by entering in E commerce and adopting proper tools to hedge against the risks. The strategic and operational risks are inbuilt in the new technology but that should not become an obstacle for growth.

The banking with poor is the challenge of serving the non banked community. The M-banking based on social networking can act as an effective alternative.

The Indian banks have taken due note of E challenges and making suitable changes in their modus operandi. The present challenge of financial inclusion needs technology with social innovation which can help to spread the growth at grass root level.

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Brand Equity : Review of Indian Companies

Kanwal Kapil

Abstract

Brands provide the primary points of differentiation between competitive offerings, and as such they can be critical to the success of companies. An attempt to define the relationship between customers and brands produced the term "brand equity" in the marketing literature. The concept of brand equity has been debated both in the accounting and marketing literatures, and has highlighted the importance of having a long-term focus within brand management. With the outburst of waves of mergers and acquisitions in the 1980's brand equity's importance skyrocketed. The aim of this paper is to see how the Indian companies have come of age in branding and what efforts they have made to determine their brand values. How their brand valuations have grown over the years and where they do stand compared to the worlds best firms. This paper concludes that there is still a lot of work to be done by Indian companies to take advantage of their intangible assets such as brand equity to prove their competitiveness globally.

Keywords : Brands, Brand Equity, Brand Valuation, Indian Companies, Intangible Assets.

Introduction

Long before the word 'brand' had even been defined its use was in practice. In the historic period identity marks were made on pottery which used to identify the owners of the goods. With the development of trade much later traders used 'Brands' as a means to distinguish goods of one person from the other. A person with a good reputation had his brand much sought after. However the widespread use of brands came only in the industrial age. Mass production of goods led to a problem in differentiation of goods. And it was not surprisingly that the brands that we very well know today like Coca Cola, Singer, Heinz, Kodak film date from that period. Trademarks had been in use from much before. With the advent of the information age these 'objects' assumed prime importance. No longer was brand restricted to a name or a logo. Successful managers realized their importance and the ones who realized their importance were successful managers.

With the outburst of waves of mergers and acquisitions in the 1980's brand equity's importance skyrocketed. Nestle bought Rowntree, Grand Metropolitan buying Pillsbury, P&G bought Richardson Vicks. All these acquisitions were made at high multiple price tags (Richardson sold for 2.6 times book value, Nabisco sold for 3.2 times book value, General Foods for 3.5 times the book value). Thus it was clearly evident that the amount paid for a strongly branded company was much higher than its net tangible asset value (Book Value). One of the factors for this price premium was brand equity. Nowadays its use is not limited to market transactions but valuations are increasingly performed to set royalty rates in licensing of brands, evaluating debt levels and risks, and estimating damage in trademark infringements.

These days due to huge economic growth all over the globe, capital is no longer an issue for bigger

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firms. Capital can be easily replicated by rival firms. Thus to outwit their rivals they need to fortify their intangible assets. A new brand in market has a very bleak chance of surviving in the long run. To create a successful well known brand requires huge investments in terms of marketing, goodwill generation, research and development etc. Hence brand equity is very important.

The aim of this paper is to see how the Indian companies have come of age in branding and what efforts they have made to determine their brand values. How their brand valuations have grown over the years and where they do stand compared to the worlds best firms. How acquisitions and mergers have influenced their brand value and what strategic role has brand equity played in their business decisions. How many times have they carried out this exercise and what were the results compared to their expectations, what were the different methods used to value these companies.

What is Brand Equity?

A *brand* is a name or symbol used to identify the source of a product. When developing a new product, branding is an important decision. The brand can add significant value when it is well recognized and has positive associations in the mind of the consumer. This concept is referred to as **brand equity**.

According to Aaker (1996a), a pioneer and icon of branding, brands are pivotal resources for generating and sustaining competitive advantage. This advantage is generated through words and actions of consumers, resulting in brand equity.

As Keller points out, most definitions of brand equity stem from 'brand knowledge structures and images that are formed in the minds of the consumers as a source for forming brand equity'.

Keller gave a famous definition for brand equity as 'differential consumer response generated after brand awareness. Arvidsson (2006) described it as the capacity to generate a future value stream either through its ability to extract a premium from consumers for example being prepared to shell out more for a Rolex or a Cartier watch than an unbranded equivalently functional watch or through its ability to attract capital (investors tend to put their money in firms that they know and have warm feelings for) or otherwise facilitate relations with interested parties (distributors, producers). He further says that the brand equity's goal is to create a consistent affective pattern on the masses.

Brand equity can also be thought of as in two distinct ways: the first involving consumer perceptions such as awareness, brand associations, perceived quality whereas the other involves consumer behavior such as brand loyalty, or the willingness to pay a premium.

Why Build Brand Equity?

The importance of building brand equity can be very well imagined by the statement made by John Stuart chairman of Quaker (ca. 1900)

"If this business were split up, I would give you the land and the bricks and the mortar and I would take the brands and trademarks and I would fare better than you"

Some benefits of building brand equity are:

1. Less vulnerability to making marketing mistakes. A big brand name is less vulnerable to making marketing mistakes as it has a lot of reputation at stake.
2. Increased customer loyalty. A product with strong brand equity has a sentimental attachment with the consumers. The customers prefer to buy the product because they have associated with it in the past.
3. Greater Trade-cooperation and support. A big brand has greater trade avenues at its disposal due to its far reaching brand awareness.
4. Ability to attract better employees. A strong, reputed and renowned company commands respect in the minds of an aspiring employee.

They perceive it as a better avenue for their work and feel that they can grow better in such companies. The success rate of such companies is also very high which entices them to enroll in such companies. A better employee in return will yield better results for such a firm.

5. Increased visibility in the stock market. A company which has strong brand equity is usually the talk of the town in stock markets and people tend to spread this awareness very quickly among other investors. This leads to a rapid spreading of brand awareness. A listing in any of the indexes can go a long way in promoting brand awareness. A firm with high brand equity has a high chance of getting listed in an index.

6. Creating a brand-centric culture. Brand equity can also spread awareness about the values and the culture around which the brand is based and intends to grow further. For eg big firms like Reliance and Tata's have a brand-centric culture. A firm which is compatible with a country's culture will be more sought after than the one which infringes some cultural aspects of a region.

7. Evaluating infringement costs. A well defined brand equity can help in estimating the economic damage during trademark infringements.

8. High saying in mergers and acquisitions. A firm with strong brand equity can command a high premium in an acquisition transfer. Also an acquiring firm can acquire a selling company in a lower cost owing to its reputation.

9. Helps in licensing and franchising.

10. Increases further new product launch's success. Benefits of a reputed firm's products can quickly permeate through any new products launched by the firm and thus reduces further marketing and mass awareness creation costs.

11. Better accountability. Building brand equity helps in improving brand's accountability as the visibility of the firm's intangible assets become clearer and their proper accounts can be maintained.

Scope of Brand Equity in India

In a recent interview with Ramesh Jude Thomas, the Principal Executive Officer of Equitor consulting, had said that most Indian companies approach brand equity from the profit and loss perspective. This is fine as long as the market has very less competition and there are fewer options for the consumer. But with increasing globalization and the following increase in competition, brand equity must be linked to the balance sheet to find out how much value it has bought or destroyed. The resources received by the brand managers of Indian companies are channelled into mainly advertisements, marketing and distribution. However this is not the differentiating factor as every company is doing the same. Thus India has still only got an amateurish outlook on Brand Equity building and there is a lot of scope in this field.

Brand Finance conducted a survey on the power of Indian brands in 2005. Here is a conclusion based on the study:

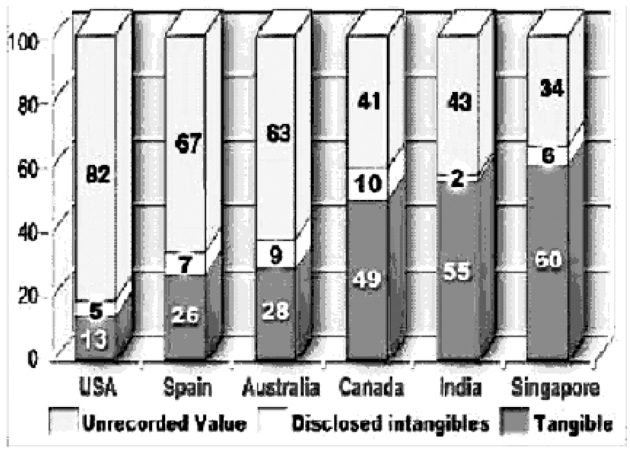
In developing economies such as India, the supply of goods and services is increasing exponentially. This puts a premium on a brand's ability to communicate its unique ability to satisfy customer needs. This abundance of choice can be confusing for consumers, especially as the perceived differences between the products and services have narrowed.

The main point to note is that more goods, all of higher quality, chasing limited customer rupees creates an environment in which the sources of value creation have moved increasingly from tangible assets (such as plant and machinery) to intangible ones (such as brands, patents, customer databases and skilled workforce). This is an environment in which the scarce resources are not factories and goods, but rather talented people, good ideas and differentiated brands.

Reflecting this shift in the sources of value creation, the market-to tangible-asset ratio for the S&P 500 (the broad-based index of the 500 largest companies in the US) has risen from 1.3 in the early ’80s to 4.6 as of July 2004. This means that the tangible assets recorded on the balance sheets of these 500 companies that used to account for over 75 per cent of their stock market value in the early ’80s now explain less than 22 per cent of the market value of these companies. Investors recognize that the productive resources of these companies are increasingly represented by assets that do not appear in the financial statements - patents, supply chain systems, distribution rights, skilled workers and brands.

Many surprising conclusions can be drawn from the following chart :

Asset split across a sample of economics

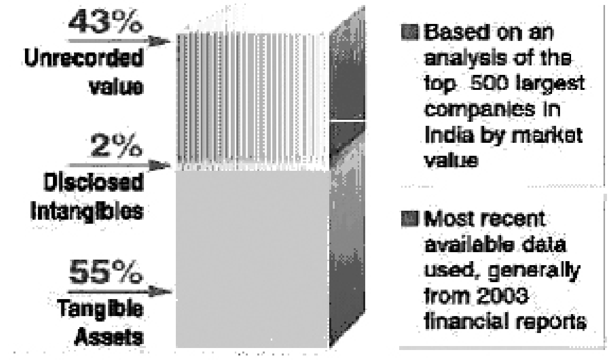


Source: Brand Finance plc: Bloomberg 2004

This chart shows that Indian companies have a much greater per cent of assets in tangible assets when compared to other leading economies except Singapore. Although this represents that Indian companies have a long way to go to meet with economies like the US, Spain and Australia, which are largely driven by the value of intangibles but this also means that there’s a large leveraging possibility of intangible assets there to be had. No doubt given the high popularity of brands from US and the European nations is being reflected here in this chart, but this is also partly a reflection of Indian managements’ failure to recognize and invest in intangibles and brand assets.

Also given the growing importance of brands and other intangibles it is odd that an analysis of balance sheets of large Indian companies indicates that capitalized intangible assets (disclosed intangibles) represent less than 2 per cent of their market value. This provides with an ample scope for brand equity creation in Indian companies.

Balance sheets suggest that only 55% of market value is explained by tangible assets

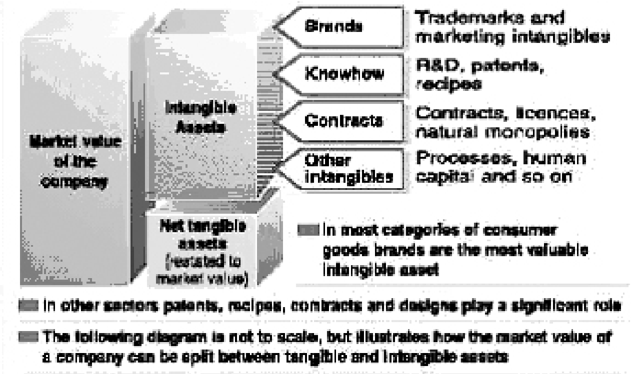


Source: Brand Finance plc: Bloomberg 2004

So as we can see the main point of brand equity creation is to leverage that ratio of Intangible to Tangible assets which has made so many US based and European firms so successful in world market. The marketers put a high value of premium on these brands which can be mostly attributed to the intangibles of their companies. The market capitalizations of these companies far outweigh their book values and the evidence of strong brand equity at play is evident. For eg Microsoft in 2000, had a market capitalization of more than $423 billion whereas its revenues were only $23 billion and stated assets of $52 billion; so what can explain the remaining $348 billion of unspecified value. What do the equity holders see this value as? The obvious answer is Brand Equity.

Focusing on Indian economy’s asset split, the migration of value to intangible assets is quite dramatic in India. The analysis of the top 500 companies listed on the Bombay Stock Exchange index shows that intangible assets represented around 43 per cent of the value that investors were placing on these businesses along with the 2% intangibles that have been disclosed in the balance sheet. The following chart raises an interesting question:

What make up the 43% of unexplained value ?



Source: Brand Finance plc: Bloomberg 2004

This chart shows that in Indian market equity holders entrust an additional 43% value of their shares to the intangible assets of the firms. These assets are Brands, Knowhow, Contracts and Other Intangibles. Also it shows than in the FMCG sector brands are the most valuable intangible assets, whereas in other sectors patents, recipes, contracts and designs play a significant role. Although the tangible assets are still dominant in the assets category, it is fast losing that place. Brand equity can help Indian companies to command that extra premium in world market by building upon the intangibles and leveraging the intangible to tangible assets ratio.

Efforts towards Brand Equity Valuations by Indian Companies

The valuation of brand equity as an exercise is still in the ‘infancy’ stage in India. It’s just growing up in size and stature and companies are starting to recognize its importance. Actually the brand valuation in India started in the late 1990’s when Interbrand, the renowned global branding consultancy was hired by the Tata group to manage, leverage and importantly estimate their brand portfolio’s value. The companies at that time were very tentative to undergo this exercise and were reluctant to enlist all their brands. Nevertheless they had the ambition to go global and compete at a global level. The first step was to estimate their own brand’s value in the minds of a global audience. Here are the efforts of the companies who undertook brand valuation on their part or were a part of survey in brand value measurement study by a global consultancy and thus in the process got a concrete brand value.

Tata Group

A diverse Tata Group is a big challenge for brand valuators as it has a vast array of brands in its portfolio each with its distinct, established entities in the Indian market. It’s difficult to ascertain the revenue streams of the individual products from publicly available sources which is a hurdle to brand valuation.

Efforts:

1. The first effort was embarked upon when Ratan (Tata) hired Interbrand, a UK based renowned branding consultancy, in 1997. Interbrand valued 5 Tata brands, including Tata Tea, Tata Motors and Tata Steel and the value amounted to Rs 3700 crore or about USD 1 billion. The method used by Interbrand is the standard method of multiples it uses.

2. Interbrand again valued the brands and this time the figure came out to be around Rs 4000 crore (about USD 1 billion).

3. In 2001, the value of the ‘Tata’ brand was pegged by Pathfinders in its biennial brand track survey to be around Rs 10,000 crore. It was an internally commissioned research report prepared by Pathfinders. The method used was reported to be a proprietary top line valuation method.

4. In 2002, Tatas got their product premium brand ‘Titan’ valued by Interbrand. It was Interbrand’s first strategic brand valuation exercise in India. The value ascertained was Rs 350 crore.

5. In 2004, Brand Finance conducted a survey of India's most valuable brands in its report 'India's most valuable brands 2004'. The Tata brands featuring in this survey were TCS (Tata Consultancy Services) at USD 1.143 billion, Tata Motors at USD 1.044 billion, Tata Steel at USD 416 million and Tata Power at USD 155 million. Brand Finance used the Royalty relief method for valuating these companies from the data of the royalty fees paid by the companies.

6. In 2005, eight years later, Interbrand again embarked on the valuation of the 'Tata' brand using data available in public domain using the same technique. This time it came to the figure of USD 5.5 billion, much higher than the previous valuation. But this time 17 companies were considered that use the Tata brand both in company and product names, for example, Tata Indica, etc. whereas there are some who do not use it at all, for example, Trent and Indian Hotels. At USD 5.5 billion, the Tata brand ranked 58th when placed alongside a BusinessWeek magazine survey that placed Coca Cola as the most valuable at USD 67.5 billion dollars. However the staggering fact was that Brand Tata, the umbrella brand of the Tata Group, alone had a value at around $3 billion.

7. In 2006, Brand Finance again conducted a survey of India's most valuable brands in its report 'India's most valuable brands 2006'. Again Tata brands featured in this which included TCS at USD 2.76 billion, Tata Motors at USD 1.89 billion and Tata Steel at USD 0.98 billion. Again brand finance used the same methods.

8. In the fall 2006, Brand Finance conducted a survey of the world's 250 most valuable brands in its report 'Brand Finance 250'. Tatas got their first concrete international ranking when they were placed 103 in the world with a huge brand value of USD 7.386 billion which was higher than most widely known multinationals.

9. In 2007, Brand Finance published its report on 'India's most valuable brands in 2007' using standard methods. Tatas brands with TCS at USD 4.017 billion, Tata Motors at USD 2.654 billion, Tata Steel at USD 1.519 billion, Taj Hotels at USD 405 million and Tata Power at USD 209 million scored heavily.

10. In fall 2007, Brand Finance again published its international survey of 'Brand Finance top 500' comprising world's top 500 most valuable brands. Tatas, who were at that time on an acquisition spree with the famed acquisition of Corus, were ranked 57th in the rankings with a brand value at an astonishing USD 11.792 billion which surpassed many of the greats like UBS, Barclays etc. The brand rating was ascribed to be AA+ (indicating robust strength) in terms of brand strength, a measure that reflects its current value and future prospects. This meant that the Tata grp was head and shoulders above everybody in India with no other Indian brand figuring in the top 150.

Need for Valuation:

1. By the late 1990's, Tatas had built up a massive and adequate tangible capital base which had made its brand well known in India. But further leveraging of brand value could only be achieved by developing the intangible asset base, in which foremost was BRAND. To leverage the brands it was essential to know the present value of the brands and then form strategies to manage it. Thus the exercise of brand valuation started in 97.

2. To gain the attention of the world, Interbrand, a credible agency world known, was hired so that the results reach out to the consumers of the 'other-world' as well.

3. The Tatas, in a strategic effort, mandated a biennial survey of its brands by Pathfinders.

The reason given for this was that brands need to be continually looked after, nurtured so that they can grow successfully and powerfully.

4. Another reason, and a very important one, was to change the perception of the Tata brand as 'energetic, wise and an achiever, but not so adventurous'. The Tatas knew that the age grp of 15-30 did not perceive it as a modern brand and thus the image of the brand and hence its sales and everything was being affected.

5. A lot of Tata companies are focused on extracting value from the large number of acquisitions that have been made, by setting up integration committees, by cutting costs, by enhancing values, market access etc; and brand analysis would enable them a strategic manoeuvre of the management.

State Bank of India :
The nation's biggest bank has a very high loyalty among Indian consumers. The government support means that the bank is very reliable and thus has created strong brand equity among consumers. The lack of efforts towards brand building is a drawback of this commercial organization.

Efforts:

1. In 2004, BF survey of Indian companies gave it a value of USD 1.995 billion and rank 3rd. The brand rating however was only BB+ owing to the stagnant nature of the government companies.

2. In 2005, BF survey of the 100 world's most valuable banking brands gave SBI 61st rank and a brand value of USD 1.991 billion slightly lesser than the previous survey gave. However the elating factor was the brand rating which was AA- which was more than promising.

3. In 2006, SBI moved up to the 2nd rank in the BF survey of Indian companies with the brand value at USD 3.082 billion.

4. In 2007, featuring in both the 'BF 500 global brands" and 'BF world 500 financial brand index', SBI achieved a rank of 308 in the former and a rank of 59, up 2 places from 2 yrs back, in the latter. The brand value was ascertained to be USD 2.852 billion and a brand rating of promising AA.

5. In 2007 end, in the BF survey of top Indian brands, SBI was ranked 4th with a brand value of USD 3.14 billion and the brand rating was BBB+.

The largest bank of India is a stagnant entity when it comes to brand valuation. It has no sort of global awareness as the data of the surveys show. The lack of efforts in this field has seriously injured the potential brand value that it has. The only thing positive about SBI is the government support that it has, making it reliable and stable in the minds of the consumer.

ICICI Bank (ICICI) :
The country's largest private sector commercial bank has been recording high growth since its inception. The company has woken up to the necessity for well planned brand building in its early stages. It has projected technological benefits and tied this up with the emotional connect it achieves in its advertising, to great effect.

Efforts:

1. In 2004, BF survey of India's brands gave it a value of USD 911 million and a brand rating of a promising BBB+.

2. In 2005, BF survey of the 100 world's most valuable banking brands gave ICICI 66th rank with a brand value of USD 1.716 billion and a brand rating of AA.

3. In 2006, ICICI managed a brand value of USD 1.715 billion in the BF survey of Indian companies.

4. In 2007, featuring in both the 'BF 500 global brands" and 'BF world 500 financial brand index', ICICI achieved a rank of 335 in the former and a rank of 63, up 3 places from 2005, in the latter. The brand value was

ascertained to be USD 2.603 billion and a brand rating of promising AA.

5. In 2007 end, in the BF survey of top Indian brands, ICICI was ranked 9th with a brand value of USD 2.038 billion and the brand rating was A.

Infosys :
Infosys is the only Indian company which is very active in evaluating its intangible assets regularly. Infosys started reporting brand valuation nearly a decade back at a time when it was not exactly a buzz even with the conventional consumer-focused marketing companies. The brand valuation exercise is done internally based on insights drawn from several internationally-acclaimed valuation models. It uses a method similar to Interbrand. Infosys determines brand value based on the profit before interest and tax, after eliminating the non-brand profits, providing for the remuneration of capital to be used for purposes other than promotion of the brand, besides making adjustment for taxes. This figure is then multiplied with the brand multiple, which is a function of several leadership and stability. Infosys has calculated these factors on a scale of 1 to 100. It publishes the results of the annual brand valuation exercise in its annual reports.

Efforts:

1. In 1998, Infosys reported its first brand value in its annual report, at Rs 503.33 crore.
2. In 1999, this rose to a phenomenal 1,726.9 crore, an increase of over 300%.
3. In 2000, it was reported to be Rs 5,246 crore, again a huge increase of more than 300%.
4. In 2001, it was reported at Rs 5,376 crore, a meagre increase.
5. In 2002, BV was Rs 7,257 crore.
6. In 2003, BV was Rs 7,488 crore.
7. In 2004, BV was Rs 8,185 crore.
8. In 2004, it was also a part of the survey of India's top brands by Brand Finance. The brand value was reported at USD 1.066 billion and the brand rating was A which was very heartening.
9. In 2005, BV was Rs 14,153 crore as reported in the annual report.
10. In 2006, BV was reported Rs 22,915 crore.
11. In 2006, it again featured in the survey by Brand Finance which gave it a value of Rs 6353.4 crore.
12. In 2007, BV was Rs 31,617 crore as in the annual report.
13. In 2007, in the BF survey it was valued at USD 1.611 billion or around Rs 7341 crore and its brand rating was BBB+.
14. In 2008, its annual report gave a value of Rs 31,863 crore

Need :

1. The foremost reason for this continuous brand valuation exercise is the belief in Infosys that Indian IT companies need to break away from their addiction to labour arbitrage and take a leap towards creating brand valuation through innovation and intellectual property and that branding for IT companies also needs to be based on value differentiation
2. Also this gives stability to revenues and also reduces marketing costs. This exercise helps the management to understand the components of goodwill as well.
3. The regular monitoring of the brand value also verifies the actions taken by the company and hence serves as a strategic move.
4. It also gives the shareholders the visibility that they so dearly require. Also it may serve to attract other shareholders as well hence promoting its market value.
5. Most importantly the results of the exercise reach out to the consumers. It serves to create a good perception of the brand in the minds of the consumer.

Wipro

The Azim Premji led group has been growing well in the recent years due to its excellent service. Although it has yet to undertake any brand valuation exercise on its own part, it has been part of surveys conducted by Brand Finance.

Efforts:

1. Year 2004, BF survey, brand value of USD 880 million and an okay brand rating of BBB.
2. Year 2006, BF survey, brand value of USD 1.512 billion.
3. Year 2007, BF survey, brand value of USD 2.650 billion and an excellent brand rating of A.

The group has put in lots of hard work in building brand equity through good service and technological prowess.

ITC Ltd

ITC is one of India's foremost private sector companies with a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products. Although it has strove to create brand equity through mass marketing it has yet to take a self effort towards measuring brand value.

Efforts:

1. Year 2006, BF survey, rank 11^{th} in India, brand value of USD 1.44 billion.
2. Year 2007, BF survey, rank 10^{th} brand in India, value of USD 1.71 billion with a promising brand rating of A.

Larsen & Toubro (L&T)

Larsen & Toubro Limited (L&T) is India's largest engineering and construction conglomerate with additional interests in electricals, electronics and IT. A strong customer-focus approach and constant quest for top-class quality have enabled L&T to attain and sustain leadership position over 6 decades. L&T enjoys a premiere brand image in India and its international presence is on the rise.

Efforts:

1. Year 2004, BF survey, rank 18^{th} in India, brand value of USD 349 million with a brand rating of BB.
2. Year 2006, BF survey, rank 16^{th} in India, brand value of USD 886 million.
3. Year 2007, BF survey, rank 15^{th} in India, brand value of USD 1,109 million with a brand rating of A.

Bajaj Auto:

Bajaj Auto is a major Indian automobile manufacturer. It is India's largest and the world's 4th largest two- and three-wheeler maker. Over the last decade, the company has successfully changed its image from a scooter manufacturer to a two wheeler manufacturer.

Efforts:

1. Year 2004, BF survey, brand value of USD 400 million and a brand rating of commendable A.
2. Year 2006, BF survey, brand value of USD 607.4 million,
3. Year 2007, BF survey, brand value of USD 825 million and a brand rating of elating A+.

Bajaj Auto with their successful product 'Pulsar' are riding high on consumer loyalty which has led to a continuous rise in their brand value. Earlier its brand was considered archaic and lacked a good perception among the youth, but with the launch of 'Pulsar' they have more than rectified that.

Maruti Udyog Ltd:

More than half the number of cars sold in India wear a Maruti Suzuki badge. It is a subsidiary of Suzuki Motor Corporation

Japan. As India's largest passenger car company, they account for over 50 per cent of the domestic car market. However they have not resorted to a brand valuation exercise yet on their part.

Efforts:

1. Year 2004, BF survey, brand value of USD 609 million and a brand rating of BBB+.
2. Year 2007, BF survey, brand value of USD 1,014 million and a brand rating of BBB+.

Although the company is very successful when it comes to small cars, it's still coming to terms with competing with the other global car-makers when it comes to large cars. And small cars are more popular only in the developing countries and not so much in the developed ones. Thus its global reach is limited hindering its brand value.

Ranbaxy:
It's one of the world's top 10 generic pharmaceutical companies and India's largest pharmaceutical company. It is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies.

The recent acquisition of the company by Daiichi Sankyo for a large premium only emphasized the brand value mustered by the company over the years.

Efforts:

1. In 2004, BF survey, rank 13th with a brand value of USD 533 million and a brand rating of BBB+.
2. In 2006, BF survey, rank 17th with a brand value of USD 648.8 million.
3. In 2007, BF survey, rank 20th with a brand value of USD 763 million and a brand rating of BBB+.
4. In 2008, the company was acquired by Japan's second-largest pharmaceutical company Daiichi Sankyo and the valuation put Ranbaxy's enterprise value to $8.5 billion compared with $5 billion based on the company's current share price. The proposed open-offer price of Rs 737 a share represented a premium of 53.5 per cent while the share price at that time was Rs 560 a share.

Bharti Airtel Ltd:
Bharti Airtel Limited Formerly known as Bharti Tele-Ventures Limited is India's largest integrated and the first private telecom services provider. Services are provided under the Airtel brand.

Efforts:

1. In 2004, BF survey, rank 17th with a brand value of USD 376 million and a brand rating of BBB.
2. In 2006, BF survey, rank 14th with a brand value of USD 1.207 billion.
3. In 2007, BF survey, rank 11th with a brand value of USD 1.702 billion and a brand rating of A+.

Mass marketing and publicity of the Airtel brand has seen its popularity skyrocketing, due to creation of brand equity. The company has provided its customers with good service and has managed to create an association with them.

Jet Airways:
Jet Airways is an airline based in Mumbai, India, operating domestic and international services. It's India's finest international airline and has an established market position in the aviation industry. Although it has strived to create brand equity through a good positioning strategy but it has yet to conduct a brand valuation exercise on its part.

Efforts:

1. In 2006, in a BF survey it was attributed a value of USD 232.5 million.
2. In 2007, BF survey, brand value of USD 425 million and the best brand rating of AA which

is a testimony to the growing popularity of the brand.

Jet has unveiled many low-cost flights for the customers which has become an instant hit. Many other innovations have gone a long way in promoting a good perception of the brand.

HDFC:

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalization of the Indian Banking Industry in 1994. It's India's leading private sector bank.

Efforts:

1. In 2004, BF survey, brand value of USD 116 million with a brand rating of BB-.
2. In 2006, BF survey gave a discrete brand value of both HDFC and HDFC Bank. The former scored USD 327.6 million and the latter USD 267.9 million.
3. In 2007, BF survey, brand value of HDFC was USD 376 million with a brand rating of A and the brand value of HDFC Bank was USD 338 million with the same brand rating of A.

The bank is known for its good and fast customer service with a polite staff which has created a good brand image among customers. The bank has been very innovative and brought several easy-pay schemes, which has enticed many investors.

Satyam Computer Services Ltd:

Satyam is a leading global business and information technology company, delivering consulting, systems integration, and outsourcing solutions.

It's one of those few Indian companies who have actively undertaken brand valuation exercise over the years and disclosed the results in its annual reports.

Method used:

It has used a method similar to that of Interbrand for computation of brand value.

i) PBIT reduced by non-branded income was taken as profit for brand valuation. Towards this, 5 per cent of average capital employed was provided for non-branded purposes.

ii) Previous two years' profits were considered at present value and weightage factor was applied to arrive at weighted profit.

iii) Income tax at current rate was considered.

iv) The brand multiple was estimated based on certain parameters and internal evaluation.

v) Satyam used the Lev & Schwartz model for computing the human resource (HR) value. The HR value is the present value of the future earnings up to the retirement age. The company's future earnings have been discounted at 19.32 percent.

Efforts:

1. For the year 97-98, brand value was reported to be Rs 139.86 crore in the company's annual report.
2. Year 98-99, brand value of Rs 517.83 crore.
3. Year 99-2000, brand value of Rs 1517.62 crore.
4. Year 2000-01, brand value of Rs 2274 crore.
5. Year 2001-02, brand value of Rs 3199.65 crore.
6. Year 2002-03, brand value of Rs 2704.87 crore.
7. Year 2003-04, brand value of Rs 3462 crore.
8. In 2004, in the Brand Finance survey, it was valued at USD 244 million or Rs 1062 crore with a brand rating of BB.
9. Year 2004-05, brand value of Rs 4662 crore.
10. Year 2005-06, brand value of Rs 7688 crore.
11. In 2006, BF survey, it was valued at Rs 2430.2 crore.
12. In 2006-07, brand value of Rs 9828.42 crore.

13. In 2007, in the BF survey, it was valued at USD 792 million or Rs 3612 crore with a brand rating of BBB-.

THE increased recognition of the Indian IT services companies coupled with the undergoing efforts to increase the services portfolio would make Satyam Computer Services Ltd., a serious contender for large outsourcing deals in future, which is one of the avenues for growth going forward. However, there would be many in the IT industry, who don't see it as professional company, it does not have any big centers in North India, and majority of the employees are from South India.

Rolta India Ltd:

Rolta India Limited is an Indian company operating in India and overseas. Rolta is a market leader in providing software/ information technology based engineering and geospatial solutions and services to customers across the world. It caters to industries as diverse as infrastructure, telecom, electric, airports, defence, homeland security, urban development, town planning and environmental protection.

It's one of those few Indian companies who have regularly conducted brand valuation exercise and published in their annual report.

Method used:

Like the other IT companies it has also emulated the method Interbrand uses for evaluating company's brands. The methodology the company uses is determined by profits from the brand-related business, by eliminating the non-brand profits from the total profits of the firm, and restating the historical profits at present-day values. Rolta's brand valuation was undertaken by adjusting for taxes and deducting profits attributable to other intangibles associated with the business of the brand. According to Rolta, brand-strength multiple is a function of a multitude of factors like leadership, stability, market, internationality, trend, support and protection. These factors have been evaluated on a scale of one to 100.

Efforts:

1. Deloitte Haskins & Sells, one of the top five global CA firms, completed a brand valuation, human resource valuation and calculation of economic value added (EVA) for Rolta India for three years ended on December 31, 1999.
2. In 2000, brand value was reported to be Rs 708.3 crore.
3. For 2002-03, brand value was Rs 1229.5 crore.
4. For 2003-04, brand value was Rs 1109.7 crore.
5. For 2004-05, brand value was Rs 801.1 crore.
6. For 2005-06, brand value was Rs 1274.2 crore.
7. For 2006-07, brand value was Rs 1540.5 crore.

Dr Reddy's Laboratories Ltd:

Dr Reddy's is one of the best in world's pharmaceutical Companies specializing in the pharmaceutical research, pharma products, pharmaceutical manufacturing. It is a global, vertically integrated pharmaceutical company with a presence across the value chain, producing and delivering safe, innovative, and high quality finished dosage forms, active pharmaceutical ingredients and biological products. Its yet another of those few companies who have actively undertaken brand valuation exercise and disclosed the results in the annual reports.

Method used:

The method used by the company is that of the Interbrand's earnings multiple approach. The factors considered were brand earnings or cash flows and brand strengths, while assuming an inflation factor of six per cent.

Efforts:

1. In 1997, it first published the brand value for

the year 96-97 in its annual report which came out to be Rs 201 crore.

2. For year 97-98, brand value was Rs 281 crore.
3. For year 98-99, brand value was Rs 342.19 crore.
4. For year 99-2000, brand value was Rs 407.81 crore.
5. For year 2000-01, brand value was Rs 916.13 crore.
6. For 2001-02, brand value was Rs 3362.6 crore.
7. For 2002-03, brand value was Rs 2766.7 crore.
8. In 2004, in the BF survey, it was given a brand value of USD 195 million with a brand rating of BBB-.
9. In 2007, in the BF survey, its value was USD 360 million or Rs 1639 crore with an improved brand rating of BBB+.

Hero Honda Motors Ltd :
The joint venture between India's Hero Group and Honda Motor Company, Japan has not only created the world's single largest two wheeler company but also one of the most successful joint ventures worldwide. Hero Honda has consistently grown at double digits since inception; and today, every second motorcycle sold in the country is a Hero Honda. It has yet to undergo a brand valuation exercise on its own part.

Efforts:

1. In 2004, BF survey, brand value of USD 523 million with a brand rating of commendable A.
2. In 2006, BF survey, brand value of USD 459.8 million.
3. In 2007, BF survey, brand value of USD 599 million with a brand rating of BBB.

Due to the growing presence of other competitors its brand value has taken a beating and so has its sales. New innovations and better market positioning of its brand can help boost the brand's value.

Grasim Industries :
Grasim Industries Limited, a flagship company of the Aditya Birla Group, ranks among India's largest private sector companies. Starting as a textiles manufacturer in 1948, today Grasim's businesses comprise viscose staple fibre (VSF), cement, sponge iron, chemicals and textiles. Its core businesses are VSF and cement, which contribute to over 90 per cent of its revenues and operating profits. It has yet to undertake a brand valuation exercise.

Efforts:

1. In 2004, BF survey, brand value of USD 88 million with a brand rating of BB.
2. In 2006, BF survey, brand value of USD 178.81 million.
3. In 2007, BF survey, brand value of USD 283 million with a brand rating of BBB+.

After the acquisition of the cement part of L&T it has consolidated its position in the cement market and commands a good brand advantage.

Godrej:
The Godrej Group was established in 1897 and has since grown into a US$1.875 billion conglomerate with a workforce of 18,000. Inseparable from daily life in India, the Godrej name has been built on a spirit of innovation that has made it one of the country's most remarkable industrial corporations. Companies operating under the group umbrella are involved in a wide range of businesses — from locks and safes to typewriters and word processors, from refrigerators and furniture to machine tools and process equipment, from engineering workstations to cosmetics and detergents, from edible oils and chemicals to agro products. Headed by Adi Godrej it has undertaken some important steps towards brand valuation.

Efforts:

1. They have hired the services of London-based research agency, Interbrand, to enhance the brand identity of the group, to make the brand image more contemporary and relevant. Apart from image, Interbrand would be assisting the group on a new package design and repositioning of existing brands. According to industry sources, the group is spending anywhere between Rs 5-10 crore for the brand makeover. Over the last one year, GCPL has been active in building a global footprint. The new brand positioning of Brighter Living is a signal of the commitment to innovation in enhancing the lives of some 370 million Indians who use a Godrej product every day. In order to secure future brand value we have also defined a strategic marketing group to help shape and focus the power of the Godrej brand. This includes establishing world class marketing processes, capabilities and management KPI's.

2. A brand valuation exercise at Godrej Consumer Products Ltd (GCPL) pegged the value of its top five brands at Rs 2,650 crore. In the study spanning two months, the FMCG major's top five brands — Godrej Hair Dye, Cinthol, Godrej No.1, Ezee and FairGlow — were valued individually by UK-based brand consultancy, Brand Finance. The study also put the potential value of the brands at Rs 3,880-crore, which could perhaps be unlocked later. However Adi refused to disclose the reasons for this exercise.

   These exercises have had a significant influence on Godrej's strategy. The thing to do was to take steps to ensure higher performance through more "consumer offers", like advertising to customers, than "trade offers", which are to retailers. "The guidelines suggested by the exercise will help them keep adding value to their brands.

Zee Telefilms Ltd:

Zee Telefilms Limited is a pioneer in content aggregation and distribution through satellite and cable. It is the largest producer and aggregator of Hindi programming in the world, with more than 30,000 hours of original programming in its library. Zee has also one of the largest Indian multiple distribution platforms with an estimated reach of 350 million viewers in over 120 countries.

Efforts:

In 2004, BF survey, brand value of USD 97 million with a brand rating of BB+.

Essar Group:

Essar Global Limited (EGL) is a diversified business corporation with a balanced portfolio of assets straddling the manufacturing and services sectors: Steel, Energy, Power, Communication, Shipping & Logistics, and Construction. EGL, through its six sectoral holding companies, has a firm value of over US $ 50 billion and employs 30,000 people worldwide. With a firm foothold in India, Essar Global has been focusing on global expansion with projects/investments in Canada, USA, Africa, the Middle East, the Caribbean and South East Asia.

Efforts:

In 2007, in the BF survey, brand value of USD 281 million was attributed to Essar Steel with a brand rating of BBB+ and USD 38 million was attributed to Essar Oil with the same brand rating.

Gujarat Ambuja Cements Ltd:

Ambuja Cements Limited, formerly known as Gujarat Ambuja Limited is a major Cement producing company in India. The Group's principal activity is to manufacture and market cement and clinker for both domestic and export markets.

Efforts:

1. In 2004, BF survey, brand value of USD 45 million with a brand rating of BB+.
2. In 2007, BF survey, brand value of USD 101 million with a brand rating of BBB-.

Cipla Ltd:

The Company's principal activity is to manufacture chemicals and pharmaceutical products. The products of the Company include anti-asthmatics, anti-cancer, anti-inflammatory, anti-depressant and other therapeutic index including animal health care products. The Company also provides technology services for preparation of product, product and process know how and new developments.

Efforts:

1. In 2004, BF survey, brand value of USD 204 million and a brand rating of BBB-.
2. In 2007, BF survey, brand value of USD 185 million and the lowest brand rating of B.

Other small Groups:

The biggest surprise has been the brand valuation exercises conducted by smaller groups while the big players have taken a laid back approach towards it.

1. For eg Himani Navratna Hair Oil, whose brand value is in excess of Rs 100 crore had undertaken a brand valuation exercise.
2. Emami Ltd stated in its 2005 annual report that intangible assets had been valued as on March 31, 2005 by Ernst & Young at Rs 423 crore. This included Rs 265 crore for brands.
3. BPL's annual report for 1999 valued the BPL brand at Rs 1,182 crore. The exercise was done by Trisys, a brand valuation company.
4. Pritish Nandy Communications (PNC), a film production house embarked on a brand valuation exercise and the brand value was estimated at Rs 265 crore.
5. Surya foods' brand valuation exercise yielded a brand value of Rs 1200 crore for its brands.
6. Sintex also conducted a brand valuation exercise by roping Deloitte Haskins & Sells in 2001 which pegged its value at Rs 165 crore.
7. Kitply also went for a brand valuation exercise in June 2000 by hiring Ernst & Young.

Summary

Although there has been a marked improvement in the understanding of the essence of brand equity from the early 90's it has not come a long way. Now the companies are much more aware of their intangible assets and the benefits associated with it. They have started to portray more of their intangible assets to the public and put in efforts to improve the brand associations. They have been very active in the acquisition market and acquired many foreign brands in order to leverage their brand equity in the origin and also to extend their geographical reach. They have spent crores of money hiring consultancies to work out a branding strategy and leverage their assets. However as the report shows, the efforts are still too tribal, puny and lacklustre. Government-run firms haven't even bothered to manage these assets and amplify their brand-status. The international scene of most of the companies is quite worrying. They don't stand anywhere compared to other companies of the world. They don't even qualify to figure in most of the surveys for brand valuation. Most importantly, many of the Indian firms have got NO foreign reach. They operate only in India and their foreign operations are insignificant. Many companies are having a hard time competing with foreign multinationals within India let alone in foreign countries. Importantly, the brand perception of Indian companies in the Indian youth is that of 'low class, cheap and rigid'. They much prefer foreign brands over the native ones. All in all they have been badly hit by the competition offered by Globalisation and have been found wanting in the international arena.

Although there is a considerable work desired we must look at this situation with an optimist's perspective. First of all, firms must measure their intangible assets by hiring more consultancies as you can manage only that you can measure. The exercise must not only cover measuring the assets but also strategically focus on how to leverage them. Also the firms must target a global audience, make a global impact. For that they must first consolidate their national position by being more proactive in projecting their brand properly and establishing associations with customers.

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Effective Promotional Tools for Pharmaceutical Products in the Perecption of Physicians : An Analysis

S.S.Dhanawade, S.N.Pawar, A.A.Ghewari

Abstract

This study investigates physicians' responses to different marketing media and promotional tactics typically used by the pharmaceutical industry. Results from a sample of 50 physicians show that Company sales force, CME and scientific literature were the promotional tools that, according to the doctors' perception, were the most important promotional tools.

Keywords : Promotional Tools, Effective Promotional Tools, Pereception of Physicians.

Introduction

Pharmaceutical companies spend large sums of money on the promotion of their products. In an absolute sense this is not surprising, since the pharmaceutical sector is very large. The term 'promotion' means those informational and marketing activities, the purpose of which is to induce prescribing, supply or administration of medical products. It includes the activities of medical representatives and all other aspects of sales promotion such as journal and direct mail advertising; participation in conference exhibitions; the use of audio-visual materials; the provision of drug samples, gifts and hospitality for medical profession and seminars.(Frank Windmeijer, Erc De laat et al 2004). Promotion can be beneficial for society as means of providing information, but it can also be harmful in the sense that it lowers price sensitivity of doctors and it merely is a means of establishing market share , even when cheaper therapeutically equivalent drugs are available (Frank Windmeijer, Erc De laat et al 2004)

The pharmaceutical industries throughout the World are heavily involved in aggressive drug promotions, with a clear aim to change the prescribing habits of physicians and to encourage the self-medication of patients. The pharmaceutical promotion and marketing expenditure average 20-30% of sales turnover or about two to three times the average expenditure on research and development. In a country like India, the drugs prescribing decision is made by a general practitioner (GP) or specialist. As physicians are the main decision-makers, most pharmaceutical companies' promotion activities are directed to general practitioners and specialists.

Rizzo(1999) finds that promotion decreases the price elasticity in the market for anti-hypertensives in the US, whereas Gonul et al (2001) finds that promotion outlays can increase the price elasticity for drugs for an undisclosed specific therapeutic state. In the latter case promotion, on average, merely provides information about product's

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characteristics and it's price. Pharmaceutical companies use many instruments to influence the prescribing decisions made by general practitioners. Of these, detailing (where a representative of the company pays a visit to the GP) is the most important way of communicating with and informing GPs about a drug's performance. Other promotion activities aimed at GPs are advertising in medical journals, direct mail, so-called post marketing research (PMR) programs and continuing medical education (CME) events.

Every pharmaceutical company employs and trains medical representatives to promote and sell drugs, using printed product literatures, drug samples and gifts. The size of worldwide sales force of different companies ranges from 2,500 to 8,000 and the number has been increasing. In India, an estimated 40,000 representatives are employed by the industry. Besides the salaries, they also receive incentives for achievement of sales targets, which might tilt the balance in favour of aggressive drug promotion.

Marketing efforts- operationalized as detailing and symposium meetings for firms to physicians and patient request do affect physician decision making differentially across brands. Moreover they find that the responsiveness of physicians decision making to marketing efforts and patient requests depends upon the drug effectiveness and side effect (Sriram Venkataraman, Stefan Stremersch 2007).

Pharmaceutical companies are promoting their products in an environment which is becoming increasingly competitive over the recent years. Number of trends and factors are driving change which is leading to an increasing pressure on pharmaceutical companies to deliver higher productivity from their sales force. Pharmaceutical companies, today, are using a combination of one or more tools like ethical promotion through sales force, journal advertisements, sponsored conferences, samples, promotional gifts, CME's, scientific literatures, mailers, etc to impact the Doctor's prescription behaviour favourably.

Academic scholars and regulators have turned to assessing how both marketing action of pharmaceutical firms and patients requests influence physician decision making on drug treatment, both prescription and sampling behaviour. But even in the relatively developed research stream on marketing efforts and prescription behaviour, controversy has been raised recently. While some studies (Gonul et al 2001), find that detailing has a positive and significant effect on prescription written, other studies find either a very modest effect (Mizik and Jacobson 2004) or no effect (Rosenthal, et al 2003) of detailing on brand prescription or sales.

At this point, most research has been conducted on how marketing efforts targeted to physician affect physicians prescription behaviour. Patient request as a factor influencing physician decision making and sampling a physician decision have received less attention so far.

It has been observed that physicians are quality, price and availability conscious persons. Quality of medicines is most important for physicians, as it not only helps curing the disease but also helps in building their reputations. Physicians on the basis of company image and consistent result with a product, judge the quality of products. So company image is also on high priority in their mind while prescribing medicines. (Usha Arora, Girist Taneja 2006). A regular visit by a smart medical representative is the best tool of promotion for a pharmaceutical company. Presenting good quality literature, journals and sponsorship for conferences or personal tours are preferable promotional tools in comparison to organisation free camps, personal gifts, medicine sample or any other incentives (Usha Arora, Girist Taneja 2006).

Objectives

1. To determine the relevance of various promotional tools that have an impact on the doctor's prescription intentions.
2. To study the Doctor's perception on the promotional effectiveness of the leading pharmaceutical company.
3. To understand the expectations of the Doctor from the medical representatives.

Methodology

1. Area

Area	Mumbai and Pune
Target Respondents	Doctors (GP's and specialist)

2. Population Target Group

The population consists of all the M.B.B.S. doctors as well as specialist such as cardiologist, diabeto-logist, consultant physicians, dermatologist, E.N.T's & general surgeons in and around Mumbai and Pune region.

The sampling techniques used for the study were Convenience sampling and Judgemental sampling. This is because the Doctors that were interviewed were selected on the basis of the area and convenience on the part of the researcher. The limitations of time and most importantly, non availability of the doctors were the factors responsible for limited sample size. Out of all the doctors practising in the specific area, the doctors that were approached were chosen on the judgement of the researcher.

3. Sample Size

During the course of the study, more than 120 doctors were approached in Mumbai region and more than 50 doctors were approached in Pune region. Due to time constraints, non-availability of the doctors and non-cooperation by many doctors, the sample size had to be limited to 50 doctors (GP's as well as specialists). Out of the 50 doctors interviewed, 34 were specialist and 16 were GP's. 35 doctors from Mumbai and 15 doctors from Pune agreed to co-operate and thus were interviewed for the purpose of the study.

4. Research Instrument

The research instrument used for this project was a 'questionnaire'.

The Research instrument chosen for conducting the survey was a structured questionnaire and was prepared as shown in the annexure. The questionnaire needed to be structured in a way that it would take the least amount of time in taking responses from the doctors as the doctors do not like to entertain for a long time. The questionnaire included open ended as well as close ended question. Few open ended question were included to obtain the perception of the doctors. To ascertain proper responses from the doctors, a pilot survey was conducted and then changes were made accordingly in the questionnaire.

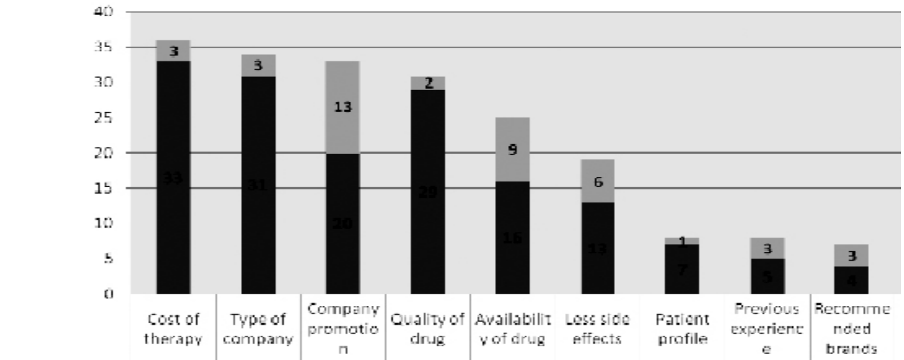
5. Methods of Data Analysis and Statistical Techniques

The basic analytical tools like tabular analysis, cross-tabulation, graphical presentation, descriptive statistics analysis and inference statistics like Chi-Square tests have been used in the analysis of the data.

Data Analysis and Presentations

Overall Recall of the parameters that have an influence on the doctor's prescription pattern :

Graph No.1 : **Recall of the parameters on doctor's preseciption pattern**



	Cost of therapy	Type of company	Company promotion	Quality of drug	Availability of drug	Less side effects	Patient profile	Previous experience	Recommended brands
Probed	3	3	13	2	9	6	1	3	3
Spontaneous	33	31	20	29	16	13	7	5	4

Source : (Primary Data)

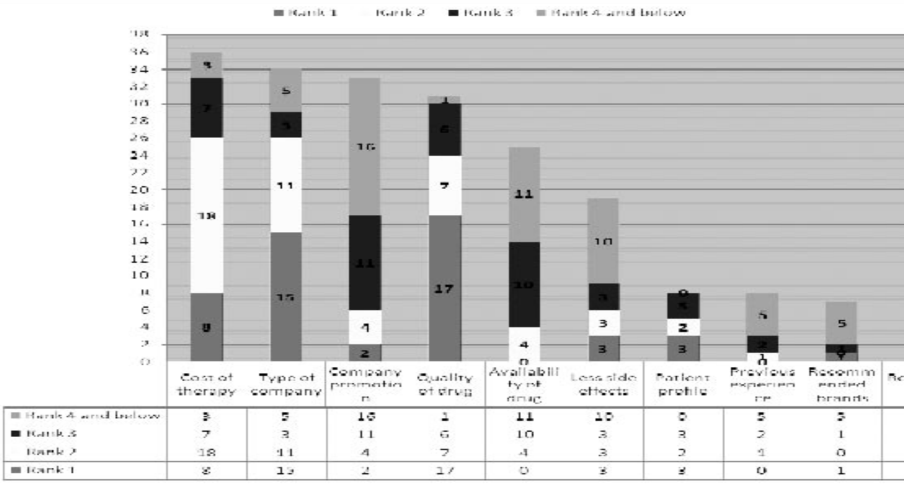
It was observed that cost of therapy, type of company and company promotion were the top three parameters that were recalled by the doctors.

To check whether the observed result from the sample is true for a theoretical population, we apply a statistical method called as Chi-Square test.

The calculated P-value is 3.12×10^{-11}, which is < 0.05. Thus the P- value is significant. We can say that the observed result for the sample holds true even for the population.

Thus, for a population of doctors, we can say that cost of therapy, type of company and company promotion are the parameters that have the maximum influence on their prescription pattern.

Graph No.2 : **Ranking of the parameter**



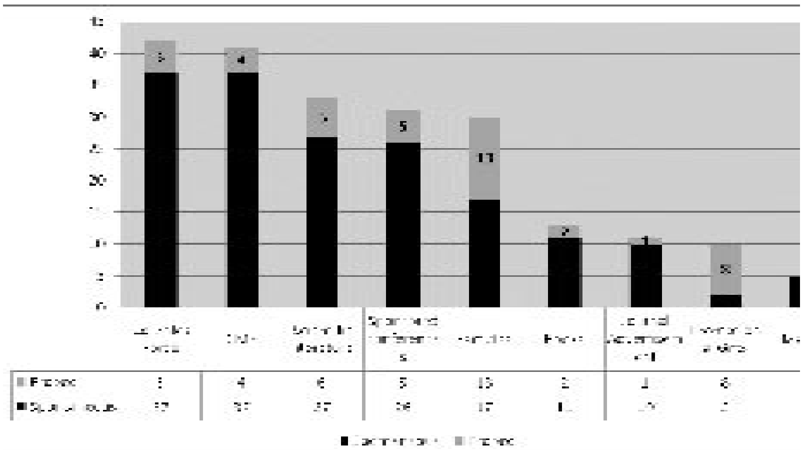
Source : (Primary Data)

Rankings of the Parameters

It was observed that the quality of drug received the highest rank with 17 doctors putting it on top followed by type of company (15 doctors) and cost of therapy (8 doctors).

Overall it was observed that cost of therapy appeared the most in the top 3 ranks followed by quality of drug and type of company.

Graph No.3 **: Overall Recall of the Promotional Tools Which are Important in the Doctor's Perception**



Source : (Primary Data)

It was observed that Company sales force, CME and scientific literature were the top three promotional tools that were recalled by the doctors.

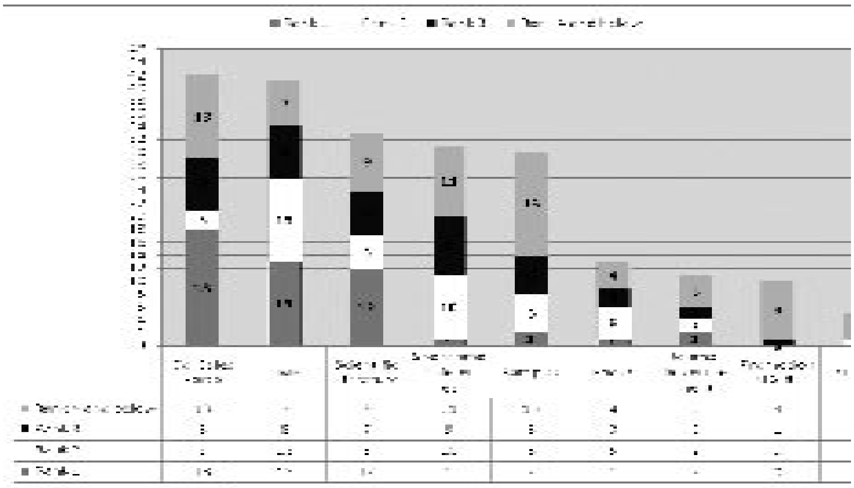
To check whether the observed result from the sample is true for a theoretical population, we apply a statistical method called as Chi-Square test.

Chi-Square Test

P-value = 1.37×10^{-11}, which is < 0.05. Thus the P- value is significant. We can say that the observed result for the sample holds true even for the population.

Thus, for a population of doctors, we can say that Company sales force, CME and scientific literature are the promotional tools that, according to doctors' perception, are the most important promotional tools.

Graph No.4 : **Rankings of the Promotional Tools**



Source : (Primary Data)

It was observed that the company sales force received the highest rank with 18 doctors putting it on top followed by CME's (13 doctors) and scientific literatures (12 doctors).

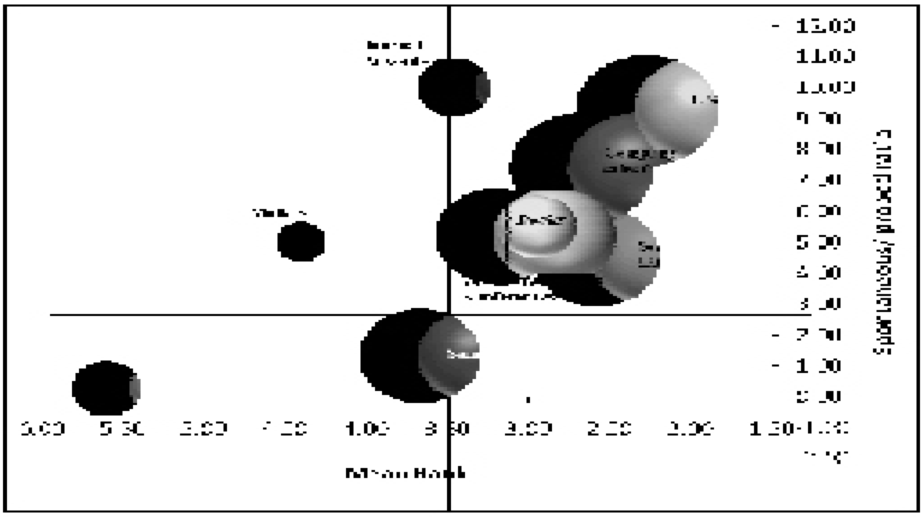
Overall it was observed that CME's appeared the most in the top 3 ranks followed by company sales force and scientific literatures.

Table No.1 : Bubble Chart for Promotional Tools

Promotional Tools	Spontaneous	Probed	Spontaneous/Probed	Mean Rank	Total
Co. Sales Force	37	5	7.40	2.67	42
CME	37	4	9.25	2.27	41
Scientific literature	27	6	4.50	2.58	33
Sponsored conferences	26	5	5.20	3.19	31
Samples	17	13	1.31	3.67	30
Books	11	2	5.50	3.31	13
Journal Advertisement	10	1	10.00	3.45	11
Promotional Gifts	2	8	0.25	5.60	10
Mailers	5	0	5.00	4.40	5

Source : (Primary Data)

Graph No.5 : **Bubble Chart for Promotional Tools**

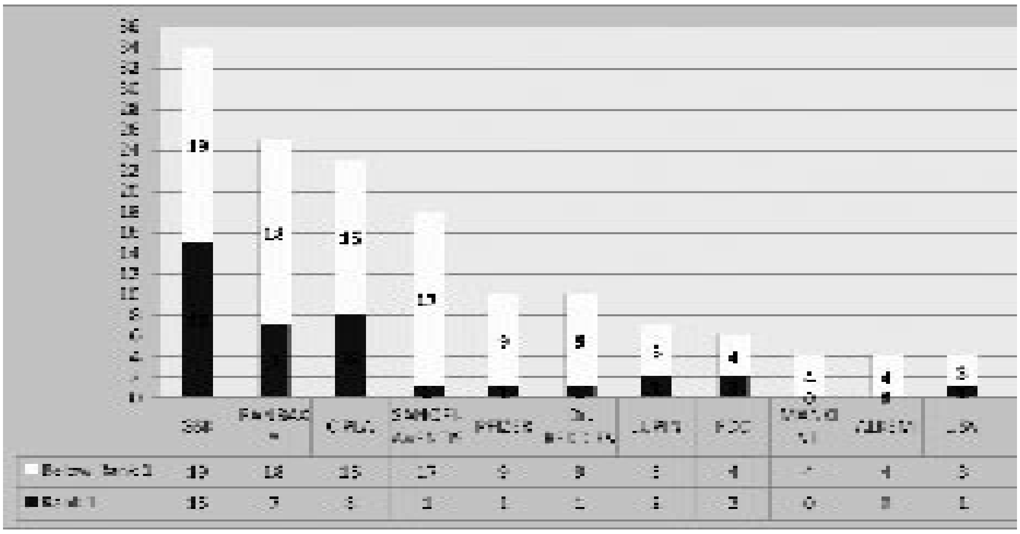


Source : (Primary Data)

Above is a grid showing the different promotional tools according to their rankings and their spontaneity ratio:

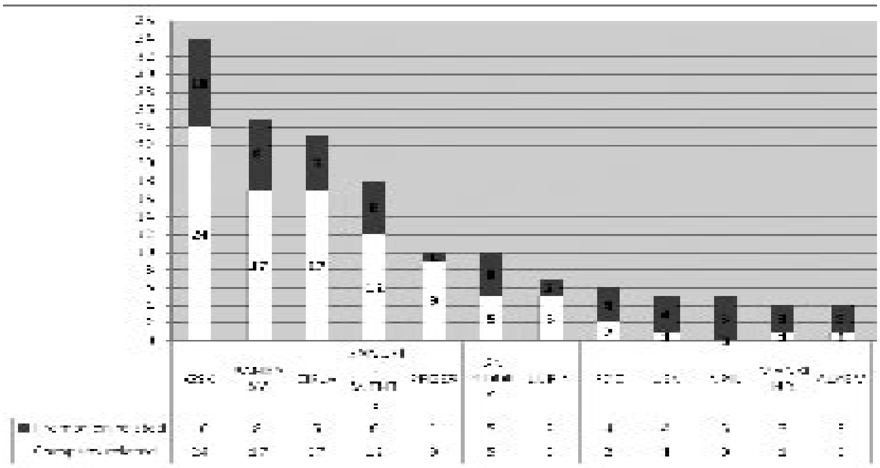
It was observed from both the charts that CME, company sales force, scientific literature, sponsored conferences, Journal Advertisement and books were the promotional tools that were more spontaneous and received the higher rankings.

Graph No.6 : **Company recall by Doctors**



Source : (Primary Data)

Graph No.7 **: Company recall by Doctors**



Source : (Primary Data)

It was observed through the above two graphs that GSK leads the companies that appeared on top of the doctor's mind with 15 doctors listing the company on top of their mind. The company also showed the highest recall percentage of 68% among 50 doctors followed by Ranbaxy (50%) and Cipla (46%).

Sanofi-Aventis appeared on top of mind of only one doctors and showed a percentage recall of 36%.

It was also observed during the survey that most of the doctors that were interviewed did not recall the company's name as "Sanofi- Aventis". The doctors always remembered the company as Aventis Pharmaceuticals.

Following information on the company ranking in IPM from SSA+H'SA (retail+hospital sales) ORGims, India (MAT June 08) was available:

Rank in IPM	Company	Rank in IPM	Company
1	Cipla	8	Lupin
2	Ranbaxy	9	Sanofi Aventis
3	GSK	10	DRL
4	NPIL	11	Pfizer
5	Zydus	12	Abbott
6	Sun	13	Aristo
7	Alkem	14	Mankind
		15	Emcure

As far as the sales is concerned, Cipla leads followed by Ranbaxy and GSK whereas if we consider the recall percentage among the 50 Doctors interviewed, GSK leads followed by Ranbaxy and Cipla.

Thus it can be said that the GSK, Cipla and Ranbaxy are the 3 top companies in the Indian market and the data collected through this project proves it further.

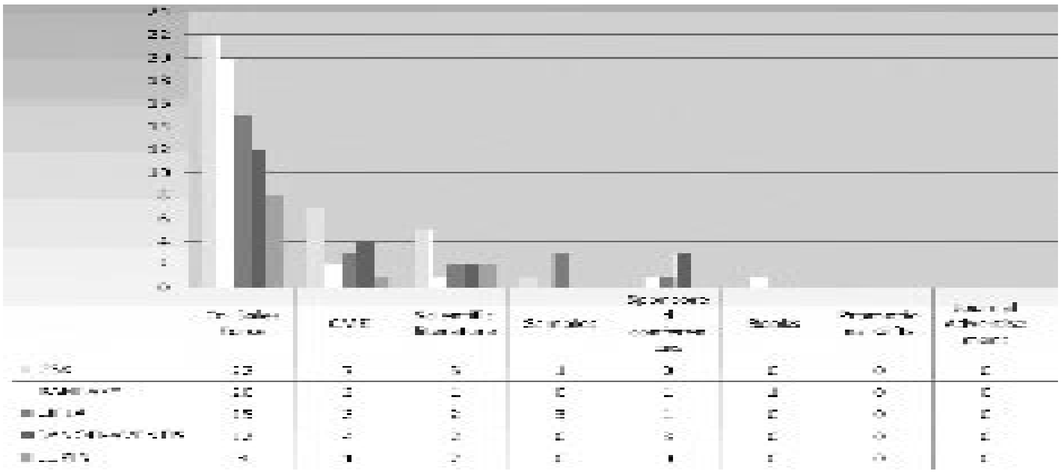
Reason for company being on top of mind

It was observed that 62% doctors gave company related reasons for company being on top of their mind whereas 38% doctors gave promotion related reasons.

The following were the different Company related reasons given by the doctors:

1. Well Known companies/ Famous companies/ Good company
2. Professional approach of the company towards doctors.
3. Standard Products/ Quality Products or Original Molecule
4. Research / Scientific/ Clinical Backup
5. Cost effective products
6. Prescribe the products of the company
7. Offers a variety of products
8. Good Vaccines

Graph No.8 : **Reason for company on top of mind.**



Source : (Primary Data)

The following were the promotion related reasons given by the doctors:

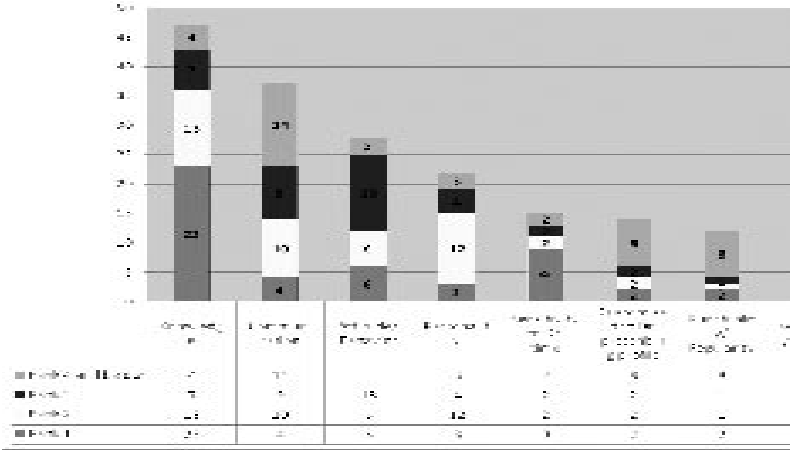
1. Good association of the company with the doctor/ Effective communication by the company/ Good sponsorships & value added gifts.

2. Good MR's/ Remembers MR / Regular visits by the MR.

Strengths of the companies in promotional activities

It was observed that the strengths of the top 5 companies listed by the doctors lied in the company's sales force. Thus the important promotional tool of these companies was determined to be their sales force.

Graph No.9 : **Promotional activities**



Source : (Primary Data)

Overall expectation of a doctor from an MR

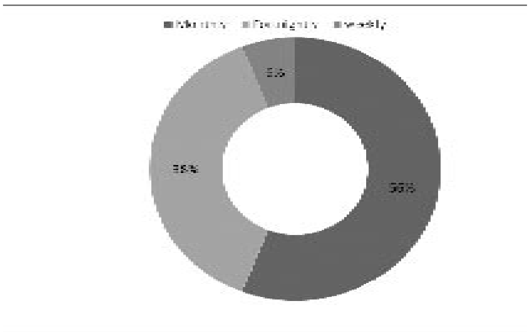
Here, it can be observed that Knowledge of the MR, his communication, Attitude/ Behaviour followed by his personality were the most important qualities a doctor would like an MR to possess.

Rankings of the qualities

It was observed that the Knowledge of the product received the highest rank with 23 doctors putting it on top followed by sensitive to Dr. time (9 doctors) and Attitude/ Behaviour (6 doctors).

Overall it was observed that Knowledge of the product appeared the most in the top 3 ranks followed by Attitude/ Behaviour and communication.

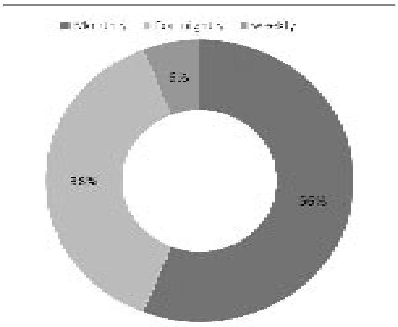
Graph No.10 : **Name of company influence decision of a doctor to meet an MR**



Source : (Primary Data)

It was observed that 29 out of 50 doctors (58%) were of the opinion that the name of the company does not influence their decision to meet a particular MR.

Graph No.11 : **Frequency of MR visit preferred by doctors.**



Source : (Primary Data)

It was observed that 28 out of 50 doctors (56%) preferred that an MR should visit them once a month whereas 19 out of 50 doctors (38%) preferred that an MR should visit them twice a month.

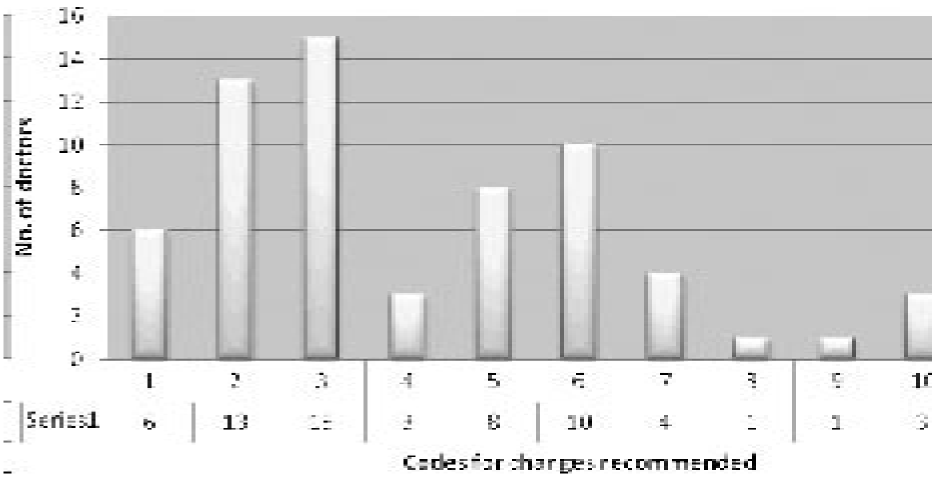
Changes recommended by doctors in promotional activities

In order to represent the recommendations suggested by doctors graphically, the following codes were used:

CODE	Changes Recommended
1	No Change recommended
2	Professional approach towards the doctors
3	Increase in the no. of CME's/ Books/ Scientific literatures
4	Increase in the samples
5	Unethical practices/ personal gifts/ holiday/ tour sponsorships should be stopped
6	Improve MR quality- improve knowledge and basic qualification of an MR should a pharma graduate
7	Decrease the cost of the drug
8	Sponsor events rather then individual doctors

CODE	Changes Recommended
9	Discount to pharmacies/ chemist should be stopped
10	Doctors should not be taught/ detailed about the symptoms of the drug and no pressure should be exerted on doctors to prescribe a particular product
11	Ensure availability of the product nearby

Graph No.12 : **Codes for charges recommended**



Source : (Primary Data)

It was observed that Increase in the no. of CME's/ Books/ Scientific literatures was the most recommended suggestion by the doctors. The doctors also recommended the companies to have a professional approach towards the doctors.

Conclusions and Suggestions

Conclusions

The following conclusions were emerged from the study.

1. Our first objective was to determine the relevance of various promotional tools that have an impact on the doctor's prescription intentions. It was observed that Company sales force, CME and scientific literature, according to the doctors' perception, are the most important promotional tools and which have the maximum impact on the doctor's prescription intentions

2. Our second objective was to study the Doctor's perception on the promotional effectiveness of the leading pharmaceutical company. It was observed that the leading pharmaceutical company was GSK with a percentage recall of 68% and their promotional strength was observed to be its sales force.

3. Our third objective was to understand the expectations of the Doctor from the medical representatives. It was found out that good product knowledge, good communication, good attitude/behaviour and personality were the preferred qualities that a doctor would like an MR to possess

4. It was observed that training, decreased time in the doctor's cabin, increase in the competition and analysis of market scenario were the challenges faced by the first line management in meeting the expectations of the Doctor.

5. It was noted that increased attrition rate, increased competition and thus increase in the

number of representatives were the challenges faced by the Area managers in maintaining the motivation of the medical representatives.

Suggestions

1. To ensure MR's have adequate knowledge of pharmaceutical industry, all the companies should recruit Pharmacy and/or science graduates for the post of an MR and conduct continued training process.

2. Companies should ensure excellent setup of their training programs and should involve doctors in the MR training programs to highlight the expectations of a doctor from an MR.

3. There is an increase in the attrition rate among the MR's. The pharmaceutical companies should look into the matter immediately and more incentive based salary structure should be adopted so as to motivate the MR and prevent him/her from leaving.

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Opinion of Youth About Level of Ethics in Advertising in India

Anurika Vaish, Pratika Mishra, Neha Gupta

Abstract

Advertising is a powerful media vehicle shaping the beliefs and behaviours in the modern day society of glitz and glamour. It is like a bi-edged sword with two targets. At one end it meets a company's objective of communicating with its target audience and with the other it provides the base to the consumers to make a knowledgeable and informed choice.

Promoters consider advertising as virtue of the open market and an agent for consumer welfare activities. Its critics accused it of a range of sins, from supplying harmful products to being touted as an economic waste, from inconsequentiality to spreading moral pollution, from bigotry to pretense.

Paper considers advertising initiatives as unethical that try to degrade a competing brands/products, makes false or inflated claims, conceals any information which can be vital to human life (like any possible side-effects of a drug), is obscene, immoral or against national and public interest. Even though comparative advertising to certain levels may be legal, but researchers still doubt its potential on coming-off clear on ethical grounds given the way it is being used today. Advertising professionals and their clients are yet to reach a unanimous decision about such questionable practices. However, considering the question of unethical practices, the focus must be to safeguard the interest of consumers (and the public at large) as their satisfaction is the key to the marketing success and the ultimate success of the business.

Keywords : Advertising, Youth, Ethics, Culture, Values, Consumer.

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Introduction

Professionals might be at cross-roads of making up their minds but this research aims to study the opinion of youth in India relating to the level of Ethics in Advertising, i.e., to find out the degree to which young people of India feel that ethical advertising is important and the extend to which they feel ethics are incorporated in advertisements running currently. In finding the data for research all types of product/service advertisements that come under ethical considerations for some reason. The research has been conducted in Indian context and all respondents are Indian residents.

Jill Kurp Mahe (2006)r, John B. Lord (2006), Renée Shaw Hughner(2006), , and Nancy M. Child

(2006) states on, Food Advertising on Children's television. The premise of this research was the 2004 WHO report on child obesity that brought to light that world-over 22million children under the age of 5 years were overweight. The rising rate of child obesity and the threat of a national health epidemic for children was the cause on concern for the US department of Health and Human Services. Some factors that the research attributes to this rise were more sedentary lifestyle with a lot of screen –activities as opposed to playing-outside, fast-food driven eating habits and astute advertising targeting kids. The research analyzed the use of nutritional appeals in advertisements especially in prime-time advertising slots when viewership is highest and further concerns have been raised upon such appeals children are especially vulnerable to commercial influences. Responsible self-regulation by ad-agencies could and consumer awareness in children's advertising can help solve some problems.

David W Schumann (2004) in paper titled, 'Using animated spokes-characters in advertising to young children' examines the impact of deceptive and manipulative techniques used in response-stimulating advertising to children. Television itself being an effective audio-visual medium of information dissemination, use of such spokes-characters adds with increased attention of pre-school-aged children. Perceptual capabilities of these kids being still not developed to differentiate between brand and product attributes, advertisers have been criticized for using the attention-attracting and attention-cueing audio-visual contents like spokes characters to develop brand preference due to associations formed by children with such cartoon characters.

Research Methodology

The present research is diagnostic in nature survey method is used for the purpose of the study. Primary data about opinion of youth relating to ethics in advertisement was collected through respondents with the help of schedule. Secondary data has been collected through books, journals and website.

The sample size of present study is 65 youths ranging age from 18 to 29 years. The samples have been taken from, Indian Institute of Information Technology (IIIT), Allahabad and Symbiosis Center for Management Studies, Pune (2004-07 Batch). Where students come from various states and cities of India and hence researchers have tried to achieve the national coverage in terms getting youth ideology from different regions.

Data is collected using Likert Scale and analysis with the help of averages and percentages.

Findings of Research

Table No.1 : Sample Distribution.

Following table narrates sample distribution as per age, sex and education of sample respondent.

Sr.	Age	Higher Secondary		Under Graduate		Graduate		Post Graduate		Total
		Male	Female	Male	Female	Male	Female	Male	Female	
1	18-21	1	-	4	2	3	-	-	-	10
2	22-25	-	-	-	-	15	12	20	5	52
3	26-29	-	—	—	-	-	-	3		3
	Total	**1**	**0**	**4**	**2**	**18**	**12**	**23**	**5**	**65**

Source: (Primary Data)

From the above it is seen that maximum of respondents fall in the age group of 22-25 years, there is almost a ratio of 2.5: 1 or 5: 2 between number of male and female respondents and majority of them have completed either graduation or post graduation degree.

Respondents have marked their opinion related to business ethics and advertising and the same have marked their degree of agreeableness.

Table No. 2 : Business Ethics and Advertising

Following tabulation shows sample responses to four attributes viz. Ethics and Profit can co-exist, Business Responsibilities towards society is more than employment, Advertising mirrors Reality, Advertising shapes-up Social Values.

(Figures are in percentage to row total)

Sr.	Attribute	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Ethics and Profit can co-exist	28	44	20	8	0
2.	Business Responsibilities towards society is more than employment	28	34	18	12	8
3.	Advertising mirrors Reality	9	28	28	30	5
4.	Advertising shapes-up Social Values	9	39	26	18	8

Source: (Primary Data)

From table no. 2 it reveals that, 62% of the total 65 respondents are conscious to the fact that today the responsibilities of business extend beyond just creation of employment opportunities, while 72% also believe that in current business scenario ethics and profitability can go side by side, unlike the old notions that negated this view and separated ethical and profitable practices as to extreme poles. Equally the respondents (36% each) agree and disagree to the view that advertising today reflects the reality and a high percentage (28%) are indecisive. The last of the statements in question 1 of section B seeked to measure the degree to which respondents think that Advertising is involved in shaping up contemporary social values and beliefs. As is evident, about 48% (9% strongly agree and 38% agree) of respondents are positive about advertising having impact on our social value systems and beliefs that guide our behaviour. An important correlation that has sprung up from deep analysis is that 100% of people (i.e a total of 24 respondents) who are in agreement (i.e who 'Agree' or 'Strongly Agree') to the view that 'Advertising mirrors Reality' are of the fully supportive of the view that 'Advertising shapes social values'.

Researchers have assessed the general view of level of ethical practices in Advertising today as seen by the respondents and found that majority of young people consider advertising content running on various media today to be low on ethical content. Exactly 44.6% respondents consider Advertisement to be on the lower side of the ethical scale which has mentioned in table no. 3 below.

Table No. 3 : Level of Ethics in Advertising.

Sr.	Attribute	Very High	High	Average	Low	Very Low
1	Level of Ethics in Advertising	7	8	21	28	1
		10.8	12.3	32.3	43	1.5

Source: (Primary Data)

Researchers seek opinion with the help of 31 statements which find out the type of Advertisements and Advertisement themes that young people of India consider as unethical including issues such as advertising targeting kids, public service announcement (anti-tobacco, anti-smoking,etc), use of sexual theme in advertising, celebrity endorsements, awareness campaigns about social issues like AIDs, etc. As is evident, this question contained 6 reversal items with reference to the overall direction of the Likert Scale measuring degree to which advertising is unethical today. There are 5 such evident reversal statements including items coded These refer to advertising for family planning, for body part donations and for creating awareness about AIDs, as well as public service announcements declaring smoking and tobacco consumption as injurious to health. All these five are defacto considered to be ethical and hence their responses have been analyzed separately and the Summated Scale sums the values of the remaining 26 responses by each respondents. The responses were recorded in a table (for each respondent) in terms of the number value of the response as explained in the scaling techniques section previously. The sum of all the responses for each respondent was calculated and a frequency table was prepared of number of respondents falling in various score ranges based on their total. The score ranges have come out to be 0-26 (as 26 *1 = 26), 27- 52 (as 26 * 2= 52), 53-78 (as 26 * 3= 78), 79-92(as 26* 4 = 92) and 93-130 (as 26* 5= 130) and the table no 4 frequency table resulted :

Table No.4 : Advertising today is unethical

Sr.	Scale	Total Range	No. of Respondents	Percentage
1.	Strongly Disagree	0- 26	0	0
2.	Disagree	27-52	0	0
3.	Neutral	53-78	14	21.55
4.	Agree	79-92	42	64.61
5.	Strongly Agree	93-130	9	13.84
	Total		**65**	**100**

Source: (Primary Data)

Hence, one sees that 78% of young people surveyed consider advertising content and themes in current scenario have less of ethics attached to them and advertisers need to rethink carefully their strategies. A notable conclusion that can be derived from the above table is that none of the respondents actually fall on the disagreement side, i.e., 100% are concerned about the issue though some neutral to its degree of impact. Also an age-group wise study of this part of the result shows the following table no. 5

Table No. 5 : Age group wise study of concern advertisement.

Sr.	Age Group	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	18-21 years	2	6	2	0	0
2.	22-25 years	29	20	3	0	0
3.	26-29 years	1	2	0	0	0

Source: (Primary Data)

Table No. 5 reveals concern for the content of being shown and the way it is depicted is rising even at an age most susceptible to the glitz and glamour of the ad-world. The young Indians are realizing what they are being subjected to and its implications.

Following table no. 6 gives analysis of the previously mentioned reversal items including advertising to kids, for social causes like AIDs and public service announcements.

Table No. 6 : Reversal Items Analysis

Sr.	Responses	Total Range	No. of Respondents	Percentage
1.	Strongly Disagree	0 to 5	6	9
2.	Disagree	6 to 10	33	50
3.	Neutral	11 to 15	16	25
4.	Agree	16 to 20	7	11
5.	Strongly Agree	21 to 25	3	5
	Total		**65**	**100**

Source: (Primary Data)

Table No. 6 finds that 59% of the respondents disagree that such advertising is unethical and hence advertising propagating family planning may be seen necessary tool in population control exercises, AIDs awareness can be treated to be important, Advertising calling for body part donations have humane considerations and public service announcements by government bodies are considered necessary for social welfare. All these are not unethical in nature.

Study of impact of Advertising on editorial content, material wants of the society, value system and impact on advertising of self-regulation by advertising agencies and their codes of conduct were studied. Respondents were asked to give ratings to six statements on a 5-level attitude measurement scale which is depicted in following table.

Table No. 7 : Impact of Advertising

Sr.	Responses	Total Range	No. of Respondents	Percentage
1.	Strongly Disagree	0 to 6	0	0
2.	Disagree	7 to 12	2	3.0
3.	Neutral	13 to 18	8	12.3
4.	Agree	19 to 24	42	64.7
5.	Strongly Agree	25 to 30	13	20.00
	Total		**65**	**100**

Source: (Primary Data)

Researchers further analyzed the impact of unethical advertising on buying behaviour of the respondent. It measures whether they have and/or will in future indulge in purchase of an item whose ad seemed to have unethical content and whether they would be interested/ involved with such a company whose advertising has socially unacceptable contents.

Table No. 8 : Impact of unethical advertising on buying behaviour.

Sr.	Contents	Yes	No	Total
1.	Bought a Product whose Ad had Unethical Content	42	23	65
2.	Will buy a product with unethical Ad content.	52	13	65
3.	Will you invest in a company with Unethical codes of advertising?	47	18	65

Source: (Primary Data)

Thus one see that the number of people who would refrain in future from buying products whose advertising have unethical content to 52 compared to 42 who have done so in the past. Hence the concern for the issue is increasing and calls for immediate attention by advertisers before sales start to be impacted drastically. Also a clear majority of people would not like to be associated with such companies/products in other ways like through investments in the company and other means of association.

When Ethics Were Questioned In India

1) NEO Sports(Nimbus Corporation) v/s IOB (Govt. of India)

Nimbus Corporation issued a show-cause notice by the Information and Broadcasting Ministry of India on February 14, 2007 for alleged racism in its advertising for the India-West Indies cricket series scheduled between January 21- January 31, 2007 and for which Nimbus was the official telecast rights holder. The controversial advertising showed a West-Indian being denied water after he had spicy Indian food and another showing a west-Indian couple being left in the midst of a river by an Indian rower. These themes were considered as hurting Indian sentiments and degrading the Indian culture which has in it engrained the concept of “Atithi Devo Bhava” (meaning ‘the guest is like god’ and hence to be treated with respect). Regards should be given to the fact that this is also the tag-line of the IOB’s tourism marketing campaign called ‘Incredible India’. Hence, action became due in response to the various complaints received by the Advertising Standards Council of India (ASCI) and a PIL filed against NEO (the in-question television channel of Nimbus).

2) When Comparative Advertising had to face the music

a. Regaul vs Ujala - two of cloth-whitener manufacturers and marketers trapped in a legal battle when a television advertisement promoting Ujala liquid blue raised controversies. The Ad depicted that only three drops of the liquid were enough compared to spoons full of other branded whitener for lasting whitening. The issue was fueled when a lady in the Ad holding the Ujala bottle looks down upon the other brand bottle with not label and exclaims ‘chhi, chhi, chhi’ in utter digust. This resulted in Regaul filing a complaint against Ujala with the MRTP (Monopolistic and Restrictive Trade Practices) Commission for alleged disparagement of goods. Though the complaint was rejected on the grounds that the bottle used in the ad to depict the other brand had no label.

b. Colgate and Vicco- The oval-shaped tin (of course with no label) used to depict competing product in Vicco toothpowder promotions created a fury. The ad described the white toothpowder in the can as ‘useless’. Colgate claimed alleged disparagement of goods with the MRTP commission. Even though ‘Colgate’s’ name was not used anywhere, the commission adjudged that its claims were justified when we see that the target audience for the product (basically illiterate villagers and low income group) are highly vulnerable to such messages because they might take the invisible voice in the television promotion to be that of God, and hence Colgate is justified.

c. Pepsodent and Colgate- HLL’s advertisements for its then latest variant of Pepsodent toothpaste (tagged as ‘New Pepsodent’) claimed to be ‘102% better than the leading toothpaste’. Colgate claimed a direct assault considering that at that time Colgate had 59% market share and Pepsodent had only 27% and this made Colgate the 'Leading toothpaste' targeted-at in the advertisements. The ad depicted testing of saliva samples for two boys, for germ content, hours after brushing and meanwhile the kids were asked to tell the name of the toothpaste they used. Even though only lip-movement was visible when the competing brand name was said by one of the children, but the lip movement clearly showed that the name being taken was 'Colgate'. Besides the music that played during this time was similar to Colgate's jingle. The commission accepted Colgate's claims.

d. Cherry Blossom vs Kiwi- The use of a bottle marked 'X' in advertisements for Kiwi raised eye-brows in the Cherry Blossom board room. The bottle used to depict a competing brand, and show the superiority of the KIWI liquid shoe-polish, was similar in size and shape to the one registered by Cherry Blossom for its variant in the product category. The use of a registered design bottle by Kiwi advertising took the case away from them.

e. Godrej vs Vasmol in the hair-dye case- The television commercials promoting the Vasmol product (Vasmol 33 Hair Dye) downgraded the use of 'Sadharan' hair dye (depicted with two cylindrical bottles named ordinary) and attributed their use as the cause for hair fall. Godrej (which has products like 'Godrej Hair Dye' and 'Godrej Kesh Kala') alleged that the bottle used to depict competing brands was very much identical to its' own and moreover it called the brands as 'ordinary' & having harmful chemicals.

3) Evils of Political Advertising

a. The hype and the fall-In 2004, after the dissolution of the 13th Lok Sabha, BJP decided to leverage its popularity before the next polls and out with the 'India Shining' campaign. The effort was to highlight the progress country had made during Atal Bihari Vajpayee's tenure and to create a 'feel –good factor'. Conceptualized by Grey Worldwide-India (GWI), a part of the Grey Global Group, BJP is supposed to have spent Rs. 5 billion on the campaign. To counter this, Congress hired Orchard Advertising, an Indian subsidiary of US-based advertising firm Leo Burnett, and result of this association was the campaign which asked the question 'Aam Aadmi Ko Kya Mila?'. Basically countering the mood set by the India-shining campaign. The advertising used subtle, subdued colours, if any. The exit polls and opinion polls favoured NDA, everyone was quite sure that NDA would be re-elected to form the government. But the results were shocking, Congress leap-frogged ahead. Psephologists, who tried to analyze the reasons for this failure, felt NDA made false claims in the campaign and besides the campaign alienated the common man for whom India was not shining at all. As put by Salman Rushdie:

"The gulf between India's rich and poor has never looked wider than it does today, and the government has fallen into that chasm."

b. Samajwadi party has long used the friendly relations of its chief Amar Singh with the India's first filmy family, the Bachchans, to try and get sum leverage for itself especially in UP. Bollywood stars are the new public mouth-piece of these parties. Much can be attributed to the PR firms that now handle campaigns for parties. Most political parties are now outsourcing the PR part to professionals because it is now believed that advertising is not what a political party can do for itself. So Samajwadi party advertising in newspapers touted Uttar Pradesh as 'Uttam Pradesh'. This got reaction in form of an advertisement proclaiming:

'UP poora trast hua, lekin apradh abhi adha hai; inhen ek mauka aur chahiye, poore ka vaada hai'

Meaning that the SP government if given a chance will be able to take the crime rate to higher levels and the ad quoted examples to support allegations like the Nithari case. In another series of rebuttles, a SP ad had Amitabh Bachchan declaring his wish to be born again on the banks of Ganga. And to counter this came an ad stating:

"Forget about rebirth…its difficult to live even present life on the banks of Ganga."

So political parties indulging in such mud-slinging activities is not what they are for. Using celebrities in high-decibel election campaigns to brand itself is the latest fashion in the field. It's the latest weapon for fighting it-out for vote banks. But one must consider that most of these advertising present manipulated facts, suited to meet the branding requirements of the respective party.

c. Another ***SP ad raising controversy*** was published in some leading Hindi dailies across UP, with a image of a locality where every house had a green flat atop and the slogan read: "'kya in madrasson ke irade pak hain?'". 'Pak' in urdu means 'pure' but Pak is also the generally used slang to refer to neighbouring country of Pakistan. Hence the ad was labeled as promoting communalism in the state.

Conclusion

There is a dire need of **external structures and systems to support and** encourage responsible practice in advertising and to discourage the irresponsible because even professionals with sensitive consciences can have enough inducements for unethical behaviours. Added to this is the result of our analysis showing the increasing emergence of concerns regarding the content of advertisements shown to the public and their social and cultural implications.

The overall above findings throw some light on the importance of getting advertising communications right. A call for the advertising industry to rise-up to the issue and develop sources of support for people involved in developing the campaigns so that their behavior and work can be guided in the right direction. Developing ethical codes for the industry can be one solution. But these codes have to be made voluntarily, they cannot be forced upon. Their impact and effectiveness will be determined by the degree to which the advertisers willingly comply to with them.

One factor whose importance cannot be ruled out, is involving the public. Their representatives need to participate and should definitely be consulted while formulating, applying and editing this Ethical code of conduct for the advertising world. It is in their own interest that representatives from the public form groups and voice general opinion on matters related to ethical conducts of media.

Another major part is to be played by the public authorities. By formulating laws and overseeing their application, public authorities should ensure that public morality and social progress are not endangered through misuse of the media.

The news and information broadcasters have the duty of keeping the public informed about the latest happenings from around the world, including those from the advertising front. In the final analysis, however, freedom of speech and communication should exist; it is largely up to advertisers themselves to ensure ethically responsible practices in their profession.

This paper nowhere wishes, and certainly does not expect, to see advertising eliminated from the contemporary world. The importance of advertising is even greater in the functioning of today's market economy. But the role has got to be more constructive and responsible.

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An Evaluation of Quality Systems in Chemical Industries

U. M. Deshmukh

Abstract

The main purpose of quality system in all the surveyed chemical industries is to set up a documented system at appropriate levels to delineate the quality policy, the approach to the elements, the procedures to be followed, the quality plan, and the standard applicable, with a view to ensure the cost effective, ever-improving quality of the products and services is thus achieved.

The present paper critically studies the quality systems of various Chemical Industries & further understands how these quality systems help in improving the quality of the products.

The paper concludes that, Quality Management Department's approach in all chemical industries tries to achieve & sustain long term Organizational success through quality systems by encouraging employee feedback and participation, satisfying customer needs and expectations, respecting societal values and belief and obeying governmental statutes and regulations. Quality Management Departments are also aware about the fact that it is not merely sufficient to satisfy the customers but we have to delight them through every aspect which is possible only by excelling in high quality standards.

Keywords : Quality, Quality System, Quality Control, Chemical, Quality Circle

Introduction

In today's world, quality, cost and the availability of the product and the service on time have become the basic necessities. Customer needs a quality product / service at a competitive price. Customer's requirements from a product / service can be captured in the specifications of the product. The production process can then be made to conform to the specifications. 'Conformance to Specifications' has been a quality axiom since a long time.

High performance design and consistent quality are competitive priorities associated with quality. World class competition requires business with a good quality system to produce a quality product or service efficiently. Good Quality systems of the Industries are competent enough to produce quality products / services efficiently. Quality system is the organizational structure, responsibilities, procedures, processes and resources for implementing quality management. Quality system which includes ensuring proper quality for a company's output is important not only for its survival in the market, but also to expand its market or when it wants to enter into a new product-line and various other marketing ventures. If a Country's products are to make an impact in the international market, it is vital that the quality of its exports should be at par with, if not better, than similar products from other nations.

Quality System is thus an important long-term marketing strategy as well. The resounding successes of several Chemical Industries in recent times have invariably been linked to excellent practices pertaining to quality systems. It is

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possible to make significant improvements in quality through a good quality system and at the same time make the products and services available at a lower cost than that offered by the competitors. A quality system in the chemical industry must enable a manager to understand the qualitative attributes that influence a customer and have a method of translating these into unambiguous quantifiable parameters for design and manufacturing.

Above discussions amply justify the necessity of adopting a good Quality System in the chemical industry. The specific objectives of this paper are as under:

- To critically study the quality systems of various chemical industries.
- To understand how these quality systems helps in improving the quality of products in the chemical industry.

Methodology

Population of the study consists of all the chemical industries in Kolhapur district. For the purpose of this research, a sample of 5 chemical industries, with the use of convenience sampling method was taken up.

For fulfilling the objectives of the study the primary data was collected through a pretested structured interview schedule administered to the respondents working in the sample chemical industries, informal discussions with them, and personal observations. Secondary data was collected from the office records and library sources.

Results and Discussions

1 Management's approach in all the chemical industries tries to achieve and sustain long-term organizational success through quality systems by encouraging employee feedback and participation, satisfying customer needs and expectations, respecting societal values and belief and obeying governmental statutes and regulations. It is known that only survival of the fittest is possible in the competitive world. From that point of view the managements approach seems to be right because success of an organization definitely depends on the employee's participation, customer satisfaction and societies goodwill for the organization.

2 Management in the organizations is aware about the fact that the delightment of customers in every aspect is possible only by excelling in high quality standards. Delighting the customers refers to giving them the products and services which are more than their expected satisfaction level. Where customers get such high quality products and services that always next a long term relationship with the organization.

3 Many of the organizations are preparing quality manual, having constituted the quality improvement team and conducting activities of industrial training. Contents of quality manual includes documents control form, company profile, general information, distribution procedure, quality system requirement, management responsibility, design control, inspection and testing, handling, storage, packaging, statistical technique, complaints, regulatory requirement etc. Quality improvement team includes unit head, laboratory incharge, quality control lab incharge etc. Arranging training programme is the responsibility of management, management representatives from human resource development department and respective sectional heads.

4 From employees point of view welfare and recreational facilities are provided by all the chemical industries. It not only motivates the employees but creates a sense of belongingness for the organization. Such motivated employees works with full efficiency & dedication which adds values to whatever they do and ultimately benefits the organizations.

Table No.1 : Personal Protective Equipments

Res-ponse	Helmet		Gaugal		Leather Boot		Cotton Mask		Face Shield		Apron		Oxygen Cylinder		Ear Plug		Safety Belt	
	*	%	*	%	*	%	*	%	*	%	*	%	*	%	*	%	*	%
Yes	05	100	05	100	05	100	05	100	05	100	05	100	05	100	05	100	05	100
No.	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00
Total	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**

Source: (Primary Data)
** Number of respondents*

From Table No. 1, it is found that the various personal protective equipments like Helmet, Gaugal, Leather boot, Cotton mask, Face shield, Apron, Oxygen cylinder, Ear plug, Safety belt etc are being used by all the sample units for human safety and health point of view.

Table No 2 : Methods of Fire Extinguishment

Response	Proper storage of materials		Cooling		Blanketing		Air dilution	
	*	%	*	%	*	%	*	%
Yes	05	100	05	100	05	100	05	100
No.	00	00	00	00	00	00	00	00
Total	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**

Source: (Primary Data)
**Number of respondents*

From Table No.2, it is found that all the sample units uses different methods of fire extinguishment like Proper Storage of Materials, Cooling, Blanketing, Air dilution.

Table No 3 : Types of Fire Extinguishers

Response	Water Type		CO2 Type		Dry Chemical Powder		Foam Type	
	*	%	*	%	*	%	*	%
Yes	05	100	05	100	05	100	05	100
No.	00	00	00	00	00	00	00	00
Total	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**

Source: (Primary Data)
** Number of respondents*

From Table No.3, it is observed that all the sample units make use of different types of extinguishers like water type fire extinguishers, CO2 type fire extinguishers, Dry chemical powder, Foam type fire extinguishers.

Human safety and health is another important aspect which is taken into consideration by all the chemical industries. Also fire hazards prevention techniques, first aid training, colour codes, mechanical maintenance unit etc. is to be provided. Generally in all the chemical industries the procedures and methodology for the above is same. Chemical industry is very versatile industry manufacturing various hazardous products. It becomes very much essential to take proper precautions for human safety and health as human resources are company's most important assets and accordingly all the chemical industries do the same.

Table No.4 : Operations of Mechanical Maintenance Unit

Res ponse	Welding		Soldering		Brazing		Tuning		Cutting		Fabrication		Threading		Grin-ding
	*	%	*	%	*	%	*	%	*	%	*	%	*	%	*
Yes	05	100	05	100	05	100	05	100	05	100	05	100	05	100	05
No.	00	00	00	00	00	00	00	00	00	00	00	00	00	00	00
Total	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**

Source: (Primary Data)
**Number of respondents*

From Table No.4, it is found that all the sample units exercises different operations like welding, soldering, brazing, tuning, cutting, fabrication, threading, grinding of mechanical maintenance unit for maintenance of their plant.

Table No.5 : Types of Equipments used for Maintenance

Res ponse	Heat Exchanger		Pumps		Blowers		Compressors		Reactors		Pipe Lines	
	*	%	*	%	*	%	*	%	*	%	*	%
Yes	05	100	05	100	05	100	05	100	05	100	05	100
No.	00	00	00	00	00	00	00	00	00	00	00	00
Total	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**

Source: (Primary Data)
** Number of respondents*

From Table No. 5, it is found that in all the sample units various equipments like Heat exchangers, Pumps, Blowers, Compressors, Reactors, Pipe lines etc. used for different kinds of maintenance. Gas cutter, Drilling machine, Welding machine, Grinding machine etc. are the types of machines which are also used for maintenance.

Table No.6 : Types of Maintenance

Res	Preventive Maintenance		Breakdown Maintenance		Predictive Maintenance		Scheduled Maintenance	
	*	%	*	%	*	%	*	%
Yes	05	100	05	100	05	100	05	100
No.	00	00	00	00	00	00	00	00
Total	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**

Source: (Primary Data)
**Number of respondents*

From Table No.6, it is found that all the samples units follows various types of maintenance methods like preventive maintenance, Breakdown or Corrective maintenance, Predictive maintenance, Scheduled maintenance for maintenance of their plant.

Table No.7 : Monthly Inspection Frequency

Sr. No.	Frequency	Total Number of Respondents	% of Total Number of Respondents
1	1	3	60
2	2	1	20
3	3	1	20
	Total	**5**	**100**

Source: (Primary Data)

Inspection is a regular function which is a feature of inspection department in all the sample units. Above table presents the information regarding inspection frequency of sample units.

It is found that 60% of the sample units exercise inspection function once in a month, whereas 20% of the sample units exercise twice in a month and remaining 20% exercises function thrice in a month.

5 The following table presents the Information regarding methods which are used for analysis of quality in quality control lab of sample units.

Table No.8 : Methods used for analysis of quality in quality control lab.

Res	Gas Chropmato graphy		Karl Fisher Titration		pH Meter		Spectro Photometer		Color imetry		Water Analysis		Determination of $KMnO_4$ KOH,K_2Co_3	
	*	%	*	%	*	%	*	%	*	%	*	%	*	%
Yes	03	60	03	60	02	40	01	20	01	20	05	100	01	20
No.	02	40	02	40	03	60	04	80	04	80	00	00	04	80
Total	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**

Source: (Primary Data)
**Number of respondents*

From the Table No 8, it is found that 20% of the sample units uses methods like spectrophotometer, colorimetry and determination KmnO4, KoH, K_2CO_3 respectively, 40% of the sample units uses pH meter, 60% of the sample units uses Gas Chromatography and Karl Fisher Titration respectively, whereas water analysis method is used in all the sample units.

Though there is quality control lab in every chemical industry, the procedures followed in the labs differs from industry to industry depending on the products they manufacture. It is but essential to understand that the control procedures will vary as the products manufacturing processes varies. Number of products they manufacture are having various compositions. As the composition of the product changes it becomes essential to apply appropriate quality control technique since one cannot go for one technique for all the products henceforth quality control lab in every chemical industry exercises different procedures for testing the products.

6 Some of the chemical industries are adopting certain tools and techniques like PPC (Production Planning and Control), SQC (Statistical Quality Control), QC (Quality Circles) etc. for quality development. The highest efficiency in production is obtained by manufacturing the required quantity of product of the required quality and in the right time by the best and cheapest manner. To attain this objective management uses production planning and control tool that coordinates all manufacturing activities. Regarding statistical quality control, respective sections collect relevant data in respect of quality variance, supply variance, customer complaints and apply SQC technique to assess solutions through records, graphs, charts etc. Under quality circles a group of people from organization voluntarily meet together to discuss the problems of their departments and find the solutions.

As far as possible industries should provide storage facilities for raw materials. In chemical industries most of the raw materials are toxic, flammable nature and if such materials are not properly stored, it may cause accidents. So storage of materials should be very appropriate. Company should plan the inventory as per Economic Ordering Quantity (EOQ) policy. This will give clear understanding regarding annual demand, carrying cost, holding cost and accordingly materials optimization is done.

7 Majority of the chemical industries are giving prime importance to pollution control aspect which is highly sensitive and important for the society, and in fact for everyone i.e. for inside and outside of the organization.

Table No.9 : Methods of Waste Water Treatment

Response	Primary Treatment		Secondary Treatment		Tertiary Treatment	
	Number of Respondents	%	Number of	%	Number of	%
Yes	05	100	05	100	03	60
No.	00	00	00	00	02	40
Total	**05**	**100**	**05**	**100**	**05**	**100**

Source: (Primary Data)

From Table No.9, it is found that all the sample units uses primary, secondary as well as tertiary treatment methods for treating the waste water at their plant and make it dischargeable to the river streams.

Table No.10 : Types of Pollution

Res ponse	Water Pollution		Air Pollution		Noise Pollution		Land Pollution	
	*	%	*	%	*	%	*	%
Yes	05	100	05	100	05	100	05	100
No.	00	00	00	00	00	00	00	00
Total	**05**	**100**	**05**	**100**	**05**	**100**	**05**	**100**

Source: (Primary Data)
**Number of respondents*

From Table No.10, it is found that the main focus in all the sample units is to control major types of pollutions like water pollution, air pollution, noise pollution, land pollution.

Each industry adopts E.T.P. (Effluent Treatment Plant) which itself takes care of controlling water pollution and land pollution. The stacks or chimneys are kept taller so that the gasses are dispersed in the atmosphere and also before dispersion filtration of the gasses is carried out in bag house filters, electrostatic precipitators etc. for controlling Air pollution. The proper maintenance of the equipment controls the noise pollution. By considering all the governmental norms, every organization should go for pollution control seriously. It is the responsibility of every organization to create the pollution free environment through conducting pollution control programmes in the respective organizations.

Suggestions

1 The State Government and the organizations should create awareness about quality systems among their employees thereby benefiting the organization for long term. So Government should make the rules and regulations regarding quality systems. Employers should take a step forward and delegate the responsibilities to down level and thus the whole organization should strive to get better in quality development.

2 Workers should come forward to get information about the quality standards to be maintained. Workers contributions in overall success of any project can not be underestimated. The workers should take sincere interest regarding quality development and understand how it can be done by discussing with their supervisors, take necessary training and apply that for overall quality improvement.

3 The State Government and the organizations should inspire workers to take active role in their education, since majority of the workers are not literate but semi literate. Virtually it should be made compulsory i.e. some basic minimum level of education should be mandatory, which will be helpful for workers in their job activities and also to the managers when they interact with the workers.

4 Top management should conduct attitudinal and motivational survey, which can further determine the needs in attitude development, motivating managers and employees which can be covered during conferences, seminars, workshops, etc. Attitude is the persistent tendency to behave in a particular way. Attitude of everyone should be directed toward achievement of goals and mission of the organization. This attitude building is prime task of management. The good work should be properly and timely rewarded.

5 Management should always recruit qualified personnel. Such qualified persons will be having basic knowledge and skills, further they should be provided with on the job training and therefore overall work quality will be maintained by these qualified and trained people.

6 Skilled and trained workers should be selected. Training is the process of developing skill and knowledge of the workers and executives. When workers get proper training, the mistakes are definitely minimized, wastages are reduced and time is saved.

7 The management should increase the safety measures for improving quality of the working life. Mostly all the organizations take due care of safety measures but a constant maintenance, safety audits etc. are to be carried out to enhance and assure safe environment in the organization.

8 To improve quality of the product modern machines and sophisticated instruments should be made available in industries. Technological advancement in every field is well known. So new technology should be introduced for the process developments which require definitely huge investments but the returns obtained out of it would be definitely better than ever.

9 Company should use Statistical Quality Control (SQC) techniques to maintain quality of the product. Statistical Quality Control involves control charts, vendor quality rating etc. Control charts are used to determine whether the quality of the product is within the control limit or not. If quality is not within the control limit i.e. as per the specifications or as per the set standards corrective measures can be taken. Similarly vendor quality rating is used for selecting right vendors.

10 Company should use the Quality Circle (QC) concept. Under quality circle system a group of people from the organization come together and discuss the day-to-day problems, suggest any suitable measures and try to find out the solutions. These people do not discuss any other matter which is not related with the organization. So these kind of meetings comes

along with some fine solutions for the existing problems. Therefore, every industry should go for quality circle system.

11 All the chemical industries should give a broad-based "Environmental protection" campaign by undertaking all kinds of pollution control majors. This will not only benefit to the industries and their workers but also to the society as a whole. Chemical industries are basically blamed because of various pollution problems created through them. For example the discharges of effluents into the water streams are so toxic that it is dangerous for further use. The gases emitted through the chemical industries are poisonous and overall life quality nearby the chemical industries gets severely affected and disturbed. Taking these facts into consideration the chemical industries should go for total pollution control measures with reference to water pollution control, air pollution control, noise pollution control and land pollution control. This can be done by implementing various engineering methods available. Thus it will be beneficial for the organization and society as a whole.

12 The industry should utilize scarce resources i.e. machine capacity, man power, money and other facilities in the optimum way. Optimum utilization of these resources makes the organization to achieve its goals in economical way. Profit maximization is also possible through optimum utilization of these resources.

Concluding Remarks

The paper concludes that, Quality Management Department's approach in all chemical industries tries to achieve & sustain long term Organizational success through quality systems by encouraging employee feed back and participation, satisfying customer needs and expectations, respecting societal values and belief and obeying governmental statutes and regulations. Quality Management Department's are also aware about the fact that it is not merely sufficient to satisfy the customers but we have to delight them through every aspect which is possible only by excelling in high quality standards. Delighting the customers refers to giving them such high quality, products and services which are more than there expected satisfaction level. Where customers get such high quality products and services they always next a long term relationship with the organization.

An organization's reputation for quality is the key to its success this linked to a never-ending improvement philosophy. The main purpose of quality system in all the surveyed chemical industries is to set up a documented system at appropriate levels to delineate the quality policy, the approach to the elements, the procedures to be followed, the quality plan, and the standard applicable, with a view to ensure the cost effective, ever-improving quality of the products and services is thus achieved. All the chemical industries are beset with a number of problems. Basically, the three aspects that affect, the exports relate to a) Availability of raw materials, b) Quality control c) Marketing facilities.

In order to overcome the problem of quality control in chemical Industries, application of modern methods of management would enable them to lower production costs, standardize and improve the quality of their products and achieve sustained growth, thus consequently making the products more competitive overseas.

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Learning to Change : Can We Embrace Organisational Change Without Learning ?

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Abstract

This paper examines the linkages between organizational learning and change. It builds on a review of literature to reinforce the view that while organizational learning is a key to achieving competitive edge, organizations have to support learning through well designed HRM and knowledge management policies and strategies. It is essentially a conceptual paper, and a model is developed which links the various concepts and paves the way to further research in the field of organizational learning. Organizational learning is highly contextual. Thus, the paper also provides practitioners with insight into way and means of creating the necessary conditions to promote learning within organizations. It is argued that such measures make organizational sense only when they are firmly rooted in the structure, culture, memories, and intricate internal dynamics of organizations.

Keywords : organizational learning, change, OL processes, HRM

Introduction

Increasingly, organisations are being called upon to cope with changes such as increasing competition, globalisation, and environmental turbulence. All organisations need to be proactive in addressing change, as it is through an expert management of change that organisations can hope to maintain a competitive edge (Weber and Weber, 2001). Since the rationale for any initiative is achieving competitive edge through enhanced performance, organizations are putting emphasis on those factors that drive performance. Performance in organisations is driven by innovation which comes from effective knowledge management (Darroch, 2005). Nonaka (1991) states that organisational learning is a key factor in today's complex, fast moving environment. The realities of global competition and increased customer sophistication have in fact focused organisational attention on the need to develop a learning culture (O'keeffe, 2002). As organizational learning is intimately related to change, there is ground in seeking an understanding of how organizational learning takes place within a context of rapid change. Much has been written on organisational learning and the learning organisation (Senge, 1990, Argyris and Schon, 1996). However, the concept of organizational learning is seen as excessively broad, and according to Wang and Ahmed (2003, p 1), the literature provides "overwhelming, but unclear information to both researchers and practioners."

An important task, specifically for researchers in this field, is coming to terms with the varied, and sometimes, confusing perspectives, that exists in the literature on organizational learning, and to develop a more focused and updated understanding of the concept and its related constructs. For practitioners it offers promises because of its claims as a source of competitive advantage.

The purpose of this paper is to provide a review of literature on organizational learning within the

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context of organizational change. It identifies some key aspects of the concept and practice of organizational learning. These are, defining organizational learning, exploring the link between individual and organizational learning, outlining organizational characteristics that promote learning, linking organizational learning and performance of the organization. Special attention is devoted to understanding organizational learning processes and linking organizational learning to organizational change.

Organizational Learning, a definition?

What precisely is meant by organizational learning? The diversity of definitions could be seen as problematic when it comes to grasping the concept. But the same diversity offers richness in perspective and insight. The idea inherent in organizational learning goes back to the creation of the "action learning" process put forth by Revans in 1982 (Wang and Ahmed, 2003). Action learning is an experience-based approach used to develop people gathered regularly in small groups. It is a technique that involves working on meaningful problems as a way to learn. Revan's rational model depicts action as a formula where learning occurs through programmed knowledge and insightful questioning (Revans, 1982).

By and large the two works which popularized the concept of organizational learning are those of Argyris and Schon (1978) and Senge (1990). However the concept of organizational learning has been linked to individual learning. Organisational learning for instance is described by Argyris and Schon (1996) as occuring when individuals inquire into problems on behalf of organizations. Organisational learning starts with individuals, but individual learning may not necessarily lead to organizational learning (Ikehara, 1999). It becomes the responsibility of the organization at some point to integrate individual learning into organizational learning (Wang and Ahmed, 2003).

A deeper understanding of the concept goes beyond the scope of a simple definition of what organizational learning is, but is intimately linked to its context, the very notion of an organization. Organisations have at one time been viewed as machines that need repair and upgrading (Garratt, 1995). Change agents were technological in orientation. Later organizations came to be viewed as complex organic systems which involved human relationships and could be enhanced through learning (March and Simon, 1993). Hence learning is about deeply held human aspiration, behaviour and vision. Keihl (2004) throws further light on the subject by stating that organizational learning is

> " *..the means by which the organization comes to hold new ideas (beliefs or knowledge) and/or operates in a new way (behaviour), and is the vehicle that the organization uses to create change in paradigms either in degree or in type*."
> (p 16)

Basically the author highlights several aspects of organizational learning, firstly the type of learning as being organization wide, secondly learning as being focused on innovation, thirdly, learning is the method or means by which change is initiated or carried forth, and finally, the outcome of learning in terms of change enacted and produced. In other words, it is necessary to see simultaneously, what is learnt, how it is learnt and how learning manifests.

As we can observe, while much emphasis in the literature has focused on how individuals learn, the current interest is not on individual, but on organizational learning. Along similar veins, Dibela and Nevis (1994), present three essential criteria of organizational learning:

- New skills, attitudes, values and behaviour are created over time
- What is learnt becomes the property of some collective unit
- What is learnt remains within the organization even if individuals leave

Drawing from the work of Huber (1991), organizational learning is seen as a series of three processes namely, knowledge creation or acquisition, knowledge dissemination, and knowledge utilization. Organizational learning is said to require all three processes as any learning does not become organizational until it leaves the domain of individuals and become accessible to and appropriated by the organization, which uses it to change other individuals and groups.

The above suggests that in organizational learning, importance is on organizations to acquire, transfer, utilize or apply knowledge so as to modify behaviour to reflect that learning (Campbell and Cairns, 1994).

The Learning Organization

Linked to the concept of organizational learning, is the notion of the learning organization, a term used to describe organizations that are capable of effective organizational learning. It may be important at this stage to draw a distinction between organizational learning and learning organization. While organizational learning refers to a process which answers the question of how learning is developed in an organization, the idea of the learning organization refers to a type of organization rather than a process (Yeo, 2003). The learning organization is seen both as a vision to strive to and a metaphor to help conceptualization. Drew and Smith (1995) have referred to the learning organisation as a metaphor rather than a distinct type of structure, where employees learn to continually generate, retain, and leverage learning to improve performance. Reynolds and Ablett, on the other hand, see a learning organization as one in which learning is taking place that changes the behaviour of the organization itself (1998). Hence learning organizations embody inbuilt, evolving capabilities for change and transformation. As stated by Garvin (2000) a learning organization is one that is skilled at creating, acquiring, and transferring knowledge, and at modifying its behaviour to reflect new knowledge and insights.

Key features of a learning organization as derived from Argyris and Schon (1978) and Senge (1990a) are :

Open systems thinking.

Open systems thinking embodies the notion of teaching people to reintegrate activities, to see how what they do and what others do is interconnected. System thinking in fact enables a person to understand the underlying structures that govern the way people act and relate to each other, to the group and the organization. Senge (1990b) suggests that for a firm to develop as a learning organization, it is necessary for every individual to develop system thinking. In real life however, individuals within organizations tend to see activities in an isolated way, disconnected from the whole and people mostly react to distinct events rather than undertaking any thorough analysis of the situation as a series of events interlinked in time and space.

Personal Mastery.

Personal mastery involves improving individual capabilities. For an organization to be striving for excellence, the individuals within that organization must constantly be improving their own personal proficiencies. This is a matter of personal choice for the individual and involves continually assessing the gap between current and desired competencies in an objective manner, and practicing and refining skills until they are internalized. This develops self-esteem and creates the confidence to tackle new challenges. However, separate learning by different professions or functions may be detrimental because individual expertise is insufficient, it is in interaction within teams that competencies develop.

Team Learning.

Team learning, as a key component of learning organizations, is vital because it is largely through teams that organizations achieve their objectives. As mentioned earlier, development of the whole team rather than learning within single profession is essential Communication between and across all layers of the company gives a sense of coherence, making each individual a vital part of the whole system. Although teams are instrumental to learning, a team cannot learn without establishing a situation where individuals learn. Learning takes place first through an awareness and understanding of the individual limitations and a search for collaborative action to solve problems.

Updating Mental Models.
Mental models are the deeply held assumptions and generalizations formed by individuals internally and often implicitly (Senge, 1990a). These models influence how people make sense of the world. They control, for example, how causes and effects are linked conceptually and draw parameters around what individuals see as possible and attainable within the organization. Changing and updating these mental models is essential to learning new ways of doing things. Until individuals are engaged in surfacing and updating mental models, organizational level learning can not occur (Senge, 1990a).

Overcoming Defensive Routines.
Argyris (1991) argues that people are often reluctant to change their mental model because of defensive routines. Defensive reasoning occurs in situations of actual or anticipated threat. Limited cognitive skills of individuals in the face of complex tasks, and a wish to keep in control, leads to defensiveness and reduces the likelihood of learning. Learning organizations strive to overcome such routines through creating an environment of psychological safety for team members (Edmonson et al, 2001).

A Cohesive Vision.
Empowering and enabling individual within an organization has to be promoted by providing clear strategic direction and articulating a coherent set of values that can guide individual actions. Encouraging a shared understanding of this vision and commitment to it is crucial in building a learning organization.

Recognition of Tacit Knowledge.
Learning organizations recognise that those individuals closest to processes have the best and most intimate knowledge of their potential and gaps. Therefore, the learning culture values tacit knowledge and shows a belief in empowerment through a systematic enlargement of discretion, responsibility, and competence.

Openness.
Because learning organizations try to foster a systems view, sharing knowledge throughout the organization is one key to developing learning capacity. Knowledge mobility means a preference for informal channels and personal contacts over written reporting procedures. Cross-disciplinary and multifunction teams, staff rotations, and team reflection are essential components of this informal exchange

Trust.
For individuals to give of their best, take risks, and develop their competencies, they must trust that such activities will be appreciated and valued by colleagues and managers. In particular, they must be confident that should they commit mistakes they will be supported not punished. In turn, managers must be able to trust that subordinates will use wisely the resources put at their disposal for work. As pointed out by Isaacs, (1999, p. 162),

> "*Only as you learn to take seriously the possibility that what you think might in fact be valid for others do you find the confidence and the backbone to share it.*"

The notion of a learning organization gives us an idea of the capacity of organizations to direct their learning in ways that brings them closer to their targets (Robinson, 2001). Both Argyris and Senge have presented a relatively prescriptive view of learning, advocating how organizations can learn more effectively, in contrast to describing how organizations are learning. The question of how organizations do learn is central to the development of coherent theory on organizational learning, and is a key concern of this paper as well. The next section will review the various approaches to organizational learning.

Approaches to Organizational Learning.
There is more than one approach to organizational learning and each has provided a vital insight into

the subject. While one line of thinking in organizational learning has focused on a normative strand, sometimes referred to as research on the learning organization, another has focused on a more descriptive strand rooted in social and cognitive psychology, and pursuing its queries on the processes of organizational learning (V. Robinson, 2001). Descriptive theories are of interest in that they promote understanding on **how learning occurs**. Basically these theories have however been concerned with learning at individual level.

There have been broadly four orientations in theories about individual learning. These are behaviouristic, cognitive, humanistic, and social (Marriam and Caffarella, 1991, 1998). Behavioural theories as represented by Skinner (1973), views learning as a change in behaviour stimulated by the external environment. Cognitive theories are focused on internal mental process including insight, information processing, memory, perception. Two prominent writers in this field are Lewin and Piaget. Humanistic theories contend that the learning process is a personal act to fulfill one's potential in order to address affective and cognitive needs. Social learning theories suggest that learning happens through interactions with the social context and in relationship between people and their environment (Marriam and Caffarella, 1991, 1998). Of interest also is the work of Kolb (1984) who explores experiential learning through a learning cycle of four processes, namely observation and reflection, formation of abstract concepts, testing ideas in new situation and concrete experience. While learners also have different learning styles (Kolb, 1984), and the ability of individual members to attain knowledge on behalf of the organization is highly dependant on individual cognitive ability, (Murray and Moses, 2005) learning behaviours ultimately become institutionalised in organizational routines.

Another related perspective on organizational learning is that of adult learning to which Brookfield (1995) has contributed several important ideas. It is believed that adults are able to take control of their own learning and in particular they are capable of setting their own learning goals, locating appropriate resources, deciding on which learning methods to use and evaluating their progress. Adults are capable of critical reflection, a process by which they question, and then replace or reframe an assumption that up to that point has been uncritically accepted as representing commonsense wisdom. Critical reflection is also seen as a process through which an alternative perspective may be taken on previously taken for granted ideas, actions, and reasoning (Brookfield, 1995). Mezirow has proposed a theory of transformative learning

> "*that can explain how adult learners make sense or meaning of their experiences, the nature of the structures that influence the way they construe experience, the dynamics involved in modifying meanings, and the way the structures of meaning themselves undergo changes when learners find them to be dysfunctional*" (Mezirow, 1991, p.xii).

A distinctive aspect of learning for adults is that it is grounded in their experiences, and these experiences represent a valuable resource. Finally adults seen as being able to learn 'how to learn,' They possess a self-conscious awareness of how it is they come to know what they know; an awareness of the reasoning, assumptions, evidence and justifications that underlie their beliefs (Brookfield, 1995).

Of particular interest from a strategic perspective is the resource-based view of the firm, which states that for the organization to achieve competitive edge, it needs to develop its resources in unique and inimitable ways. One of these resources is its human capital (Hamel and Prahalad, 1994). One way of developing its human resources is to make it competent, flexible and adaptive, and highly creative through learning. Senge, (1993, p. 3) asserts that "*the rate at which organizations learn may be the only sustainable source of competitive advantage*"

The knowledge-based view of the firm is an extension of the resource-based view, where knowledge is considered as a special resource in the organization. As knowledge development resources are mainly intangible and dynamic, they give rise to highly individualized development. The emphasis put here on the need to match development of human resources to strategy suggests that organizational learning is a strategic concern. Reynolds and Ablett (1998) state that one difficulty encountered in the implementation of organizational learning initiatives is that experienced as a result of developing or experimenting these initiatives in isolation, and not as an integral component of the overarching strategy. As suggested by Altman and Iles (1998), this perspective which views learning as strategic, gives leadership a key role in directing, channelling and focusing organizational level learning within a strategic perspective.

It is imperative to bring on board the perspective of Senge (1990a) who argues that while personal mastery, team learning, mental models and shared vision are important, system thinking is the cornerstone of organizational learning. Schools for example are trapped and less able to innovate than their business counterparts because of industrial age paradigm and assumptions focused on fragmented learning (Senge, 2000). A system perspective has to do with the ability to think in terms of whole systems and the interdependence of parts (Nevis and Dibella, 1994). It is suggested that managers cannot learn when they focus on short-term results and ignore long-term consequences of their actions. Organizational learning is in fact limited when workers are not able to recognize the relationship between processes, structures and remote actions. This thinking reminds us of the learning cycle of Kolb on individual learning (Kolb, 1984). Immediate or concrete experiences lead to observations and reflections. These reflections are then assimilated, absorbed and translated into abstract concepts with implications for action, which the person can actively test and experiment, which in turn enable the creation of new experiences. Unless a connection is established between the phases, and a system approach is taken, learning is not optimized. As pointed out by Deming,

"*Experience cannot teach anything unless a question is put to experience*"
(Deming, 1986)

A system view of organizational learning derives mainly from the information processing perspective (Wang and Ahmed, 2003), organizations being referred to as information processing systems, acquiring, interpreting, distributing, and storing information within. As organizations are open systems, they also engage in inter-organizational learning, a vital element whereby organizations learn through environmental scanning and promote their capabilities in gaining a competitive edge over other companies. That is why organizations in turbulent environments need to learn faster.

Most models of organizational learning are based on hierarchical levels of learning. Senge (1990a) distinguishes between adaptive and generative learning. While adaptive learning is about developing capabilities to manage new situations by making improvements and amendments, generative learning focuses on developing new perspectives and possibilities. Similarly, Argyris and Schon (1991), make distinctions between single-loop and double-loop learning. In the first type, the authors refer to errors being detected and converted within logic of continuous improvement without questioning existing assumptions. On the other hand, double-loop learning implies challenging existing theories, this process leading to a collective undertaking of a higher level, with probably the creation of new knowledge and new meaning. There is also a triple-loop level in which essential principles on which the organization is based, such as its mission, vision, and even its culture is questioned (Swieringa and Wierdsma, 1992). Furthermore, deutero-learning is said to occur when an organization engages its members in reflecting upon and inquiring into previous episodes of organizational learning or failure to learn, thus inventing new strategies for learning (Morgan, 1989).

While all these approaches lead to a deeper understanding of the concept of learning, it of high relevance to reflect on how individual learning leads to organizational learning since organizations are construct and cannot by themselves learn (Morgan, 1996).

Individual and Organisational Learning

A key question in existing literature on organizational learning is how individual learning become organizational (Lahteemmaki et al, 2001). Related questions that arise are:

- Do organizations learn in the same way as do individuals?
- If it is individuals who learn, then how does the transfer take place to produce organizational learning?

There is much similarity between individual and organizational learning. Yet organizational learning differs from individual learning and Dibella and Nevis (1994) have highlighted three features that characterize organizational learning as distinct. Firstly, learning is evolutionary and happens over time through continuous creation of collective meaning as a result of interactions with other workmates, with customers, technology, events, opportunities and experiences. Secondly the authors state that what is learnt becomes the property of some collective unit. Organizational learning refers to patterned learning that occurs in groups. Thirdly, they claim that what is learnt remains within the organization even if individuals leave, provided the organization has actively created a collective memory through capture of what individuals have learnt. As pointed out by Huber, (1989 p 3),

> "*an organization has learned if any of its components have acquired information and have this information available for use, either by other components or by itself, on behalf of the organization*."

Although organizational learning is not synonymous with individual learning, it is a fact that that individuals cannot learn in isolation. Learning is basically a social process. Bandura (2001), in his social cognitive theory puts forth the idea that much human learning occurs in a social environment. While we engage in vicarious learning by observing the performance of models around us, what he calls enactive learning involves learning from reflection upon the consequences of one's own actions. Judging one's actions and its consequences are for that matter, a question of processing feedback obtained from one's own social environment, and of perceived gain in relation to that environment. For although ideas may be produced in the minds of individuals, interaction between individuals plays a critical role in developing these ideas (Nonaka, in Starkey ed, 2004). As pointed out by Starkey, Tempest and McKinlay, (2004, p 5)

> "*Reality and truth are socially constructed, and learning is about the collective construction of meaning, rather than the insight of experts*."
> (Starkey, 2004 p 5)

Is there then such a thing as individual learning abstracted from the organizational context in which it happens? Do individuals learn or do organizations learn? How we relate the two levels, has implications for any theory we would want to develop on organizational learning. Argyris (1999) says that it does makes conceptual sense to state that individuals can undertake learning processes in the form of organizational inquiry on behalf of an organization, and this can, in turn, yield learning outcomes. The reason why individuals can act on behalf of organizations is that organizations are political entities which make collective decisions, determines membership, and delegate authority for action to individuals in the name of the collectivity (Argyris, 1999).

If organizations learn through individuals, then it is of value to reflect on how individual learning is transferred to the organizational level. Argyris and Schon (1978) suggest in fact that, organizational learning takes place through individual actions whose actions are based on a set of shared models. Shared models are deeply held internal images of how the world works, which have a powerful influence on what we do, because they affect what we see (Senge 1990). Hence while learning is a social experience, sharing of mental models is a necessary step to achieve organizational level learning, even if sharing is not evenly distributed or inspired across the organization. The sharing gives rise to new models, which become part of the organizational worldview as a reflection of its culture, deep-rooted assumptions, artifacts and overt behaviour. Thus although organizational learning is independent of any specific individual, it is a product of complex interaction between individuals within the system, and at the interface of individuals and groups, and their environment.

In a study carried out by Scribner (1997) on how could action guide the acquisition and organization of knowledge, the following two findings are obtained:

- What we learn is bound up by what we have to do.
- Even when we are in the domain of common knowledge, we cannot assume that the richness of such knowledge or its attribute is uniform across the population groups.

The above would mean that each person in the system is likely to select and organize knowledge in a way unique to the person and linked to his/her individual scheme (Kim, 1993). Factors, which influence this process of selection and organization of knowledge are, firstly the modality of encounter with the information or the experience producing that knowledge, and secondly, the purpose for which the process of knowledge acquisition is being undertaken. It would seem that while individuals learn in a continuous process of interaction in their workplace, and even outside, such learning does not become shared and common knowledge in a predictable, organized and standardized manner. All that individuals learn is not captured within the organizational database or memory since the transfer is highly path-dependant and individualized. Managing knowledge and promoting transfer of learning becomes a key responsibility of any organization that wants to optimize learning.

Organizational Characteristics Associated with Learning.

While individual learning feeds organizational learning, the organization has the capacity in turn to influence what and how individuals and groups will learn. The literature on the learning organization is highly prescriptive and thus offers hints about what specific organizational characteristics are associated with learning organizations. While Senge (1990a) has proposed the five disciplines as elements that promote learning within organizations, Dibella and Nevis (1994) have elaborated a number of facilitating factors, which provide the necessary conditions that ‘ allow learning to emerge and flourish’ (p 62).

Deriving from the work of Nevis and Dibella (1994) and Nevis, Dibella and Gould (1995), some of these characteristics which support learning are:

- Structure
- Information system
- Human resource system
- Organizational culture
- Learning orientation
- Corporate strategy and leadership.

Structure

It is suggested that certain structures facilitate learning within organizations to the extent that the structure of the organization provides channels of communication through which information flows in the organization (Duncan and Weiss, 1979, p. 105). These facilitating factors promote greater communication, networking, teamwork, which not only allows more sharing across boundaries, but promotes system thinking. Relatively flat hierarchies enhance opportunities for greater involvement and are more likely to promote personal mastery and efficacy as essential prerequisite to organizational learning as claimed by P. Senge (1991). Thus, the hierarchical structure tends to simplify and specialize the learning tasks, at the same time decreasing the organization's capacity to adapt its behavior over time (Levinthal and March, 1993). Argyris (1987) also claims that hierarchical structures do not allow questioning and confrontation by discounting alternative perspectives on issues, hence promoting defensiveness. Thus multiple advocates from all levels of the organization are not encouraged to advance new ideas and methods as we would expect of a learning organization (Dibella and Nevis, 1994). Also teams are places where most interaction takes place. A key advantage for forming cross-functional teams is that the diverse background of the participants can help generate creative and novel ideas. It is likely to improve the quality of input and speed up the interpretation process of the organizational learning cycle (Nonaka, 1994). As stated by Hong (1999), organizations learn through their individual members and it is crucial whether the new idea from any individual can easily be shared and transferred to other members in organizations.

Information System

Organization learning relies heavily on information processing which involves scanning the environment for the purpose of gathering relevant information, and processing them and feeding informed decisions. Waddell and Cumming (2004) suggest that for the organization to be able to go beyond the traditional focus on single-loop learning, using information for control purposes, to knowledge management requiring rapid acquisition, processing and sharing of complex information there is the need for a sophisticated information system.

Human Resource Practices

To the extent that people are those who create and manage knowledge, Human Resource (HR) practices are needed that promote learning through high quality human resource development programmes as well as appropriate appraisal and reward system. A key role of the HR policy is that of diversity management which can allow operational variety. An appreciation for diversity can lead to a climate which allows the emergence of innovative concepts. Steiner (1998) has contributed to the literature of organizational learning by making a distinction between exploitation of existing talents and exploration of new ones. While exploitation reinforces a strategy of quality enhancement of routines, through single loop or adaptive learning, exploration tends towards generative or double loop learning where new questions are asked and answers are sought to problems. Organizations strive to keep a safe balance between exploitation and exploration, and thus avoid too much divergence from established norms. Some degree of divergence is however a necessary condition for learning.

Organization Culture

Culture is at the heart of learning. Learning organizations recognise that those individuals closest to processes have the best and most intimate knowledge of their potential and flaws. Therefore, the learning culture values tacit knowledge and shows a belief in empowerment through a systematic enlargement of discretion, responsibility, and competence. A culture of openness, risk-taking and innovation, initiative promotion and, what Dibella et al calls organizational curiosity is a key facilitating factor for organizational learning. (Dibella et al, 1994) This pertains to an interest in leaving the comfort zone and experimenting new ideas and proposals. The factor is in line with what Argyris refers to as inquiry by organizational members.(Argyris, 1978). Also the motivation to learn comes both from a culture focused on continuous learning and an adequate provision of resources for same.

Learning Orientation

A collective concern for performance drives synergy in learning and feeds the very motivation to learn. This learning orientation is enhanced by what Senge (1990a) refers to as shared mental models which lead to developing a shared perception of the gap between present, current and desired performance Sharing of mental models occurs optimally within a climate of openness and psychological safety. Along similar lines Argyris (1999) suggests that people in organizations learn through a process of error detection and correction which eventually comes to be embedded in the images of the organization as held in the minds of the members. Such a process can only happen when errors are not hidden so that with them, we lose the opportunity of exploring new grounds, gaining new insights and learning new lessons.

Leadership

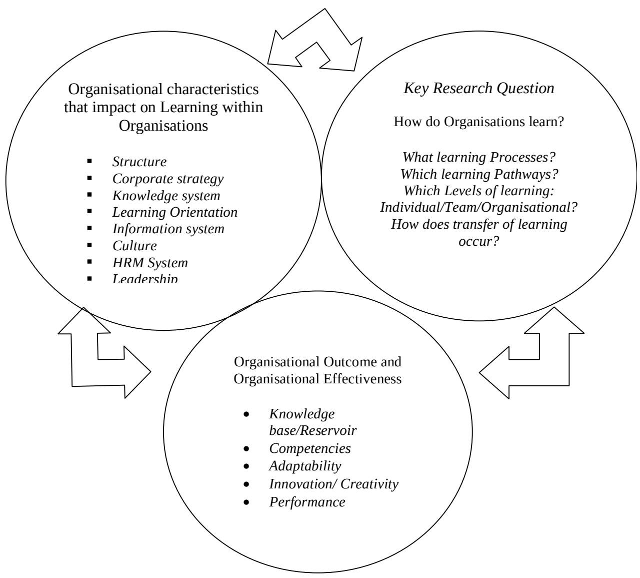
The learning organization calls for distributed and dispersed leadership. The underlying assumption is that all people in the organization are potential deposits of knowledge and organizational wisdom, and all can create new knowledge. Hence it is imperative to have a kind of leadership that, instead of claiming authority of competence, creates the necessary trust to enable bring out tacit knowledge embedded within the individuals and the organization (Nonaka, 1996). As Dibella points out, involved leadership within a learning organizations allows a relatively higher degree of knowledge creation, dissemination and utilization as well as the rise of multiple champions and advocates (Dibella and Nevis, 1994). Iles and Altman, (1998), go further by stating that leadership, as a transformative process, has a crucial interlinked role in bridging organizational and individual learning.

The above review of organizational characteristics that play a key role in promoting and even shaping learning within organizations, shows that learning is highly path-dependent and contextual. Investigating those factors that enhance learning can help an understanding of organizational learning processes. The model developed below in figure 1 is an attempt at linking organizational characteristics and the question of how organizations learn. The organization shapes its learning processes through its various characteristics, and at the same time is shaped by its own learning. Both these elements feed into the prime strategic objectives of enhanced organizational effectiveness and performance.

Organizational Learning and Organizational Outcome

A key premise of the organizational learning concept is that organizational learning initiatives will lead to higher organizational effectiveness and performance. Although this linkage is widely assumed, the mechanisms through which organizational learning translates into performance are not well documented (Waddell, Cummings, and Worley, 2004). They suggest that organizational learning processes impact on the reservoir of already existing knowledge, cognition and skills, and to the extent that the new knowledge developed or created is relevant to the various tasks, the overall performance will be influenced. Organizational learning thus has a strategic position in driving performance.

Figure No. 1: Linking organizational characteristics to organizational learning and organizational outcome and effectiveness.



In fact, according to Grant (1991), successful organisational strategy has been more often attributed to the resource capability of the organization. Capabilities refer to complex patterns of coordination between people and other resources leading to sustainable competitive advantage over time, while competencies are what the firm can do as a result of resources working together (Prahalad and Hamel, 1990). We believe that it is not enough for learning initiatives to have generated new knowledge and new problem-solving skills, but that learning should be able to go further to produce the type of competencies that result in strategic actions that positively correlate with effective organizational change and superior firm performance.

Accordingly, an issue that becomes relevant is the degree to which the members of an organization will be ready to transfer the learning into practice. It is obvious that a dominant supportive role needs to be played by key organizational features such as a comprehensive and aligned HR system, distributed leadership and innovative culture in promoting not only intense sharing and optimal transfer, but also the utilization of learning in developing inimitable competencies both at conceptual and operational level. As pointed out by Kim (1993), effective organizational learning requires a balance of conceptual and operational learning.

In a study carried out by Murray and Donegan (2003) in the construction industry, the authors identified four types of competencies as embodiments of learning. These were management competencies, operational competencies, technology, and learning competencies. The study revealed that in all of these areas, learning took place predominantly at a lower level restricted to efficiency concerns. Low current learning was associated with individuals and groups lacking the complexity, diversity and ability to interpret complex environments both internal and external. Higher level learning, or double, and triple loop learning which include the ability to challenge existing routines give rise to the development of superior competencies. Thus higher firm performance is likely to be 'strongly linked to superior competencies evidenced by superior learning.' (Murray and Donegan, 2003, pp 61)

Three key ideas are presented in the model in figure 1. Firstly, the impact of key organizational characteristics on performance and on organizational effectiveness is moderated by organization wide learning. No major or worthwhile breakthrough in achievement or change is likely without superior level learning. Secondly, learning itself being a highly contextual phenomenon, is intimately linked to the organizational context and the nature of the linkages have been, and continue to be a fertile research area. Thirdly, in order for learning to be optimized, it has to rely on the support of important organizational characteristics. In other words, such constructs as organizational culture, leadership and HRM systems moderate the link between learning and organizational outcome.

Organisational Learning Processes: Why would people learn?

After a brief review of the selected areas of interest in organizational learning, attention is now devoted to how learning at organizational level takes place, or what are some specific learning processes that make up organizational learning. While it is useful to identify which organizational features are more apt to promote learning, it still does not help to fully understand how or through what processes they do so. An insight into how organizations learn or what processes are at the heart of organizational learning is a key research question in this field. While the direct effects of individual learning and team learning on organizational learning can be observed, the specific nature of these relationships needs to be clarified (Chan, 2005).

Argyris and Schon have depicted organizational learning as a process of inquiry. Organisational learning is described in terms of problem solving, error detection and correction. The onus is on the process of inquiry and is within the premises of double loop learning which challenge prevalent norms, although in single loop learning as well, problems are detected and solved within existing norms and parameters without challenging them. The authors suggest that to react to the mismatch identified, members go through a process of thought and further action. After modifying their understanding of events and phenomena, they modify their actions. Critical reflection plays an important role in learning (Hoyrup, 2004). It is suggested that for reflection to take place, we need to go beyond routine and habits. Thus, problems are defined, then investigated, and according to Hoyrup, the conceptualization of the problem influences further acquisition of knowledge and thinking, Drawing on the thinking of John Dewey, Hoyrup offers three phases to the process of problem solving:

- A guiding idea for action is formed together with a hypothesis.
- Ideas and their meanings are elaborated in relation to each other, while integrating available knowledge.
- The guiding idea is tested and assessed in the light of feedback and insight obtained.

As shown in figure 1, such a process draws heavily on past organizational knowledge, on the learning orientation favouring scanning and organizational curiosity together with a culture of innovation. All this would simply not happen in the absence of a positive organizational climate as it involves a type of reflection entailing a collective capacity to question assumptions (Hoyrup, 2004).

An important question is what motivates people in organizations to engage in the inquiry process? While behavioural approaches to learning emphasise reinforcement as the primary means of controlling and maintaining motivation, many cognitive theorists believe that this approach places too much emphasis on external control, denying the opportunity for individuals to be self-directed. In particular, cognitive psychologists believe that any theory of motivation must consider the psychological processes involved in our decisions about which activities to invest in. According to Dewey (1986), learning is driven by the learner's sense of disequilibrium, or what has been termed cognitive dissonance, when confronted with new experiences and ideas. Learning is triggered by the meeting with an uncertain situation, whereby an emotional response provides a feeling of mismatch, discomfort or of "something wrong". This is likely to lead to an inquiry or to some degree of critical thinking. The uncertainty is resolved when the situation is no longer experienced as uncertain but as a coherent whole. If real growth is to occur, the learner must want to learn and play an active part in engaging in the creation of a new scenario out of the seemingly unstructured situation.

Hoyrup (2004, p 453) states that:

> *"Developmental or challenging work is a prerequisite for implementing organizational learning. Work should be organised in such a way that it promotes human development"*

Thus besides external reinforcement like a challenging work environment, an inner drive for self actualization is a necessary ingredient.

The above defines reflection and learning as a conscious process. We may not however be aware of all our assumptions that are, what Argyris and Schon (1978) call, our theory-in use. A theory-in-use is a mostly tacit model which describes the values, beliefs and assumptions that explain a particular pattern of organizational behaviour, and learning is equated with surfacing our theory-in-use and reconstructing it in a way as to change its underlying value system (Robinson, 2001). However the difficulties inherent in surfacing theory-in-use may have been underestimated, as people do not readily question those deeply held assumptions on which they have constructed many of their realities. Argyris and Schon (1978) themselves argue that most organizations have shared assumptions that protect the status quo, preclude people from challenging others' characteristics, and hence very little learning is possible (Starkey, Tempest and McKinley, 2004) It is also not easy to make internalized or tacit knowledge public and give it a chance to turn into organizational knowledge. A key contribution into how this may happen is made by Nonaka (1994).

Organisational learning processes are analysed by Nonaka (1994) from different perspective, that of knowledge creation. The basic argument is that the organization does not only acquire, process and utilize knowledge, it is also capable of creating knowledge and this is seen as the basis of learning. An important distinction is made between tacit and explicit knowledge, and a crucial aspect of organizational level learning is the conversion of knowledge which leads to creation of new knowledge. Our concern is mostly on learning processes and what Nonaka (1994) proposes as key elements in this conversion process, helps to throw light on the issue. These processes are:

- An enlargement of the individual's knowledge base through high quality experience, which is equivalent to Senge's notion of personal mastery.
- Sharing of tacit knowledge through intense interaction and socialisation mostly through self managed teams.
- Conceptualisation and crystallisation of created knowledge through a process of internalization. Both processes are collective in nature.
- Some form of justification to validate the knowledge created.

Thus, individual learning takes place through complex internal psychological processes of acquisition, and leads eventually to the development of cognitive structures of knowledge (Hoeve and Nieuwenhuis, 2006). The processes also include development of psychodynamic patterns of emotions, motivations and attitudes. (Illeris, 2002). Through intense interaction and participation in collective experiences, individuals tune their own learning process to the learning process of others, which might lead to a negotiation for collective learning process. The key point here is that social and emotional aspects are very important and highly influence the process. As emphasized by Hoeve and Nieuwenhuis (2006), in order to fully consider the social and emotional aspects, it is important to consider how learning processes may be affected by social conditions and mechanisms and there is a need to address such issues as socio-political process, power distribution, and conflicts of interest.

Why would people want to engage in learning and knowledge creation? The first observation in Nonaka's theory is that the process is based on a high degree of socialization. Although it is the individual who hold the prime responsibility to learn, it all happens with a highly networked social context. And human beings find satisfaction in belonging to meaningful systems. Secondly, commitment is seen as a strong basis for knowledge creation (Polanyi, 1958). This commitment is induced by some degree of autonomy for individuals, such that they are allocated more flexibility in acquiring and processing information. Also important is the fact that, when people, due to constant environmental flux, encounter a disruption in their usual safe mode of functioning, they begin to question the previous frame of reference and in the face of the anxiety created, they look naturally to new modes of coping within an evolutionary perspective of survival or acquiring higher adaptation capabilities (Eigen, 1971). Human resource management practices hold the mandate to create a high level of commitment among employees and to that extent become a key promoter of organizational learning. How can such a condition be created by management? What counts as an effective learning system?

According to Kolb (1996 p 286),

> *"the most effective learning systems are those that can tolerate differences in perspectives."*

Kolb suggests that individuals have different learning styles. While some people are what he termed as convergers whose dominant learning abilities are heavily drawn upon formation of abstract concepts and generalizations and testing them in new situations, divergers are more inclined on viewing concrete situations from various perspectives. Along similar lines, accommodators are people who can adapt to specific immediate situations their strengths being greater ability in carrying out plans and getting involved in new experiences. Finally, assimilators are excellent in creating theoretical models and in inductive reasoning. Based upon empirical evidence, Kolb states that these different learning styles for managers are not only associated with different functional areas, but also have direct implications for problem solving styles among managers. Thus organizations, like individuals, also learn and develop distinct learning styles through their specific interactions with their environments, by differentiating into units to deal with complex environments. Lawrence and Lorchs (1967) define organizational differentiation as differences in cognitive and emotional orientation among managers in various functional units. As organizations are made up of individuals with different even opposing learning styles, Kolb (1996,) concludes that the nature of the learning process is such that opposing perspectives are essential for optimal learning.

It is this difference in perspective that creates a breakdown of the status-quo, that gives birth to a problem which prompts inquiry so as to redefine things in a new light and construct a new meaning, in short, it is the main feature that lays the foundation for organizational learning. As pointed out by Dixon (1999), it is not the differences, but the resolution of differences through a process of confrontation that produces learning. Elkjaer (2005) adds an organizational dimension to this thinking by sustaining that, tension arising out of organizational change entails an encounter with uncertainties and represents a situation which may trigger inquiry and critical thinking, and thereby paving a way for organisational learning. She is of opinion however, that this requires that employees as well as different layers of management are able to cope with working in an organization in which many different and contradictory things are going on at the same time and in which uncertainty is part of everyday working life.

How is uncertainty handled such that it might promote learning? This issue is addressed by Edmonson et al (2001) who, based on empirical evidence suggests that an environment of psychological safety is necessary for team members to formulate important decisions and implement them. Having shared vision, a culture that supports risk-taking, and members who have skills to cope with stress and ambiguity, are among the conditions necessary for the implementation of self-managed teams (Ramgutty-Wong, 1999).

Teams then are central to learning as in most of our thinking on organizational learning there is a need to go beyond the individual. Teams, as collective entities play a key role in learning, individuals by themselves cannot drive organizations forward. It is teams, as social units involved in collective learning who set norms, who validate learning in a way, and are the vehicles for reflection, dialogue and sharing of meaning, linking individual and organizational learning (Altman and Iles, 1998). It is of interest to explore what processes support learning in teams.

Senge (1990a) suggests that team learning is more important than individual learning since most decisions are made in subunits such as teams and divisions. Collective interpreting and sense making within a group or team facilitates shared understandings. At an individual level, people engage in interpreting their environments based on a combination of their cognitive capacity and organizational beliefs, norms and values that permeate them (Murray and Moses, 2005). Individual learning results in a changed script (Hoeve and Nieuwenhuis, 2006) Exposed to dynamic team processes, they may develop higher socio-cognitive capacities leading to superior learning, which in turn feeds in teams and the wider organization. At the heart of the sharing and transfer process, is intense socialization, confrontation of ideas and beliefs, and constant negotiation for collective meaning and for the construction of new organizational routines. To understand organizational learning is to understand the processes by which such routines evolve (Robinson, 2001).

A fertile area for further exploration is how team processes sustain and promote learning in organizations. While both the learning organization literature and the self-managed work team literature have suggested that there are potential links between teamwork and learning, as yet the link between these two concepts remains undeveloped (Power and Waddell, 2004). In a study on self managed work teams and learning, findings show that the relationship between these teams and the learning organization were mediated by several factors including team characteristics, job task, existing competence and experience. (Power and Wadell, 2004) One such team characteristics which is becoming increasingly relevant in a context of globalization and rapid organizational change, is multicultural team learning.

Organisational Change

The concept of change and change management has been a major concern of business as well as academic research. However, despite the abundance of scholarly work on the subject, available empirical evidence shows that the majority of organizations are still far from the optimal level of effectiveness. (Cicmil, 1999).

It is useful to get a deeper understanding of what is organizational change.

Looking at the theories of organizational change, we identify Blanchard and Waghorn (1997) who refer to the learning curve of an organization. The insight offered in this work is that organizations first go down through what has been termed the trough of chaos and then, they get organized, to move up the curve. In this process, the organization devises some change management strategy to make sense of the chaos where the established rules and norms for coping has broken down in the face of internal or external change. Active learning occurs as the organisation seeks and finds new, more effective ways of managing itself. Deriving from Lewin, Palvia and Chervany (1995) suggest three phases of change as unfreezing, moving and refreezing. Unfreezing is the recognition of potential opportunities that can be gained from the change. This is followed by the moving phase which involves the actual developmental aspects, and finally, the refreezing phase which aims at supporting and reinforcing the change as a new fit within the organization. The process is not however a linear, nor a completely predictable one. Change may entail tensions, negations and oppositions. The critical theory suggests that one opposition force may not necessarily always give in but there are many possibilities of win-win scenarios (Carr, 2000). This thinking brings in the concept of emergent change.

In the light of insight into the dynamics of change, we realize that it is increasingly crucial for the organization to actively manage change with a view to enhance its competitive edge. If change is a process, then the question of how organizations attempt to address change is often crucial to how well it succeeds. Donald et al (2006) suggests some success factors as follows:

- Planning and Analysis
- Assessment of effectiveness
- Comprehensive communication
- Perception of organizational readiness to deal with change
- Top management support
- Perceived utility
- Staff critical mass
- Appropriate training
- Perception of personal gain

According to Judith Chapman (2002), readiness to change comes from knowledge that the organization is poorly aligned with its environment. However, this may not be enough to trigger the willingness to engage in any change initiative, especially when not supported by the culture of the organization. There is a need to empower people and encourage them to broaden their perspective as to the nature of change, its purpose and benefits. The key steps are creating a sense of need and urgency for change, communicating the change message and ensuring participation and involvement and finally, providing anchoring points and a base for achievements of change (Smith, 2005). Alternatively, we need to recognise that change initiatives call for a system approach. It is necessary to go beyond any narrow preoccupation with immediate concerns of fragmented groups, and consider ways in which the futures functioning of different groups/units are interlinked (Chapman, 2002). In fact people will change their individual behaviour more easily if they believe in the organization's overall purpose, and understand the wider implications of their actions in the organization's development towards the future (Karp, 2004).

Some key lessons gained from a study of unsuccessful change projects are (Karp, 2004):

- The responsibility for change must go beyond the hands of the few experts to a wider range of stakeholders.
- Change initiatives need to move away from the problem-solving mode to focus more on the positive strength of the organization
- In change processes less emphasis is to be put on convincing each other, and more energy invested in building common experiences through organizational dialogue that allow people to learn collectively.
- It is necessary to build within the organization, change capabilities through the development of its social capital which is the sum of actual and potential resources within.

The above throws light on a number of important considerations. Firstly organizational change initiatives go through people. The failure of change efforts to meet expectations in the past has largely been due to cultural difficulties and people issues (Karp, 2004).

Secondly, deriving from social constructionism as a philosophy, people to a great extent create their realities through shared symbolic representations and mental processes. The organization is a living construction where people actively interact and learn continuously. Nonaka offers the concept of tacit knowledge which is embedded in individuals and created through socialization to become part of the organizational memories. (Nonaka et al. 1995). Change agents then are all over the organization and not one or two champions.

Thirdly, if learning is about error detection and problem solving, why it more often than not fails to happen? Do defense mechanisms adequately explain failure to learn? Problem solving in fact, is not based on rational thinking alone. People are emotional beings with values and cultures. Change initiatives could benefit much by harnessing the diversity of the workforce. Ashby (1956) as cited by Nonaka (1995) suggests that an organisation's internal diversity must match the variety and complexity of the environment in order to deal with challenges posed by the environment. It is necessary however to present conditions where people learn to take advantage of this resource to deal with contingencies creatively.

The third point focuses on the role of organizational learning in change management which is also our concern in this discussion. As emphasized by Revans (1982), in order for an organization to be successful in today's rapidly changing environment, its capacity to learn must exceed the rate of change imposed on it. Organisational learning is an ongoing process of change which manifests itself through various outcomes, some more visible and tangible than others. This notion is inherent in Robinson's thinking as she presents three aspects of organizational learning (Robinson, 2001). She conceptualises organizational learning as an adaptation to and/or a transformation of the environment, while at the same time being a process of error detection and correction, incorporating a productive mix of single, double and triple learning. As pointed out by Iles and Cunningham (2002), individual learning occurs when individuals learn to learn by the use of varied experiences while teams that learn questions existing processes in a continual search for improvement both in content and in process. Learning and change management are associated with the development of a set of higher order skills

Linking the concepts: an attempt at integration

According to Keilh (2004) organizational learning is a process whereby members come to take up new beliefs, knowledge and values, it is a new set of visible behaviour patterns by members, and it is a vehicle for change. Thus organizational learning is at its heart a process of change. If successfully enacted any organizational change initiative which has taken care to incorporate active learning will result in a state of enhanced creativity, with developed capabilities for innovation, for further learning and what Morgan calls a holographic system where each part carries the whole system in its essence. (Morgan, 1994)

However the whole process is moderated by key organizational features and systems, two most dominant ones being a strategic HRM system closely integrated with an effective knowledge management system. It has been stressed in the literature that knowledge management is one of the vehicles to facilitate organizational learning activities. (Bin Z. & Hoon, T. H. 2001).

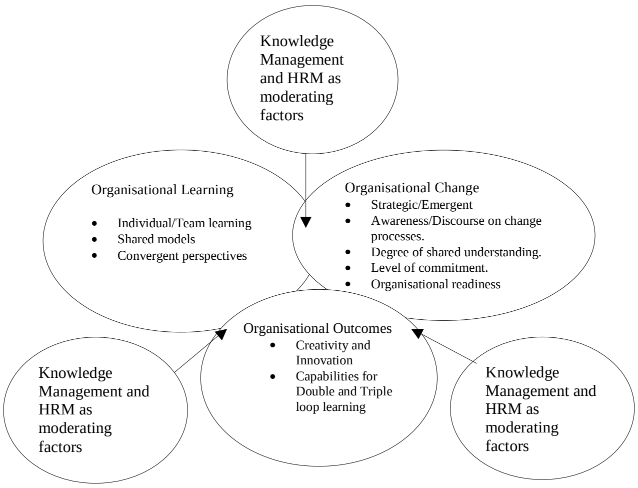
A number of propositions come up:

- The degree to which convergent cognitive perspectives and shared models are developed, is associated with a shared understanding of change processes and hence a higher level of participation and commitment to change.
- Creativity/Innovation are most likely to happen when individual members of a team are allowed some degree of freedom not to subscribe to shared mental models, but to question them. Hence there is a need to have psychological space and safety to diverge from routines, to sustain a breakdown of existing schemes so as to allow for a re-creation of new knowledge. Hence the intensity of shared models and converging perspectives is associated to innovation and creativity, but, beyond a point, is likely to inversely impact on the degree of innovation and creativity as an organizational outcome.
- In order for teams and individuals to develop capabilities for double and triple learning, and indulge in active creativity, there is a need to develop awareness of ongoing processes and build superior cognitive capabilities. Hence innovation and creativity as organizational outcomes are intimately associated with development of a higher level of understanding, and commitment to change processes.

Organizational learning is not always a deliberately planned initiative. It has even been viewed as an oxymoron in the sense that learning is to disorganize and create more variety (Weick et al, 1994) instead of building conformity. However, it is believed that these three propositions are strongly moderated by management actions through Human Resource Management and Knowledge Management practices.

The model proposed in figure 2 shows how the concepts of organizational learning, organizational change and outcomes are interlinked and mutually reinforcing, while at the same time moderated by HRM and knowledge management strategies. While it is still embryonic, it can show potential areas for further conceptual development and for verifiable linkages between variables that can emerge from it. For instance, it is of interest to explore the relationship between multicultural team learning, knowledge transfer and the role of the team both as a dynamic context and an active communication node. Modern teams are turning increasingly virtual. A key issue is how teams filter information and manage knowledge to create and recreate organizational memory. Learning is a highly idiosyncratic phenomenon. Analysing how it happens within specific context is of greater value than general studies detached from contextual realities. All these questions represent potential areas, both for further conceptual exploration and for research.

Figure No. 2: Linking Organizational Learning, Organizational Change and Outcomes through HRM and Knowledge Management.



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A Pearl to be Brightened Further

Case Study

G. P. Jakhotiya

A few years back when Mahanagar Telephone Nigam Limited (MTNL) entered the 'wireless market' and slashed the tariff rate from Rs.16 to Rs.4, the entire market realized that an appropriate definition of 'customer delight' could also be reasonably experienced at an acceptable rate of profitability. Perhaps it was MTNL, which could visualize the huge potential of wireless market and its possible penetration in the early beginning of the 21st century. MTNL never had any problem of technology, as it has been enjoying excellent technological legacies of last eighteen years. It has recently been enjoying the natural (but uncommon) advantage of 'critical mass', supported by its unparallel infrastructure. Its impressive performance of last six years, in the product segments of 'key landline customers' and 'GSM-based communication' has amply proved the willingness and reasonable urge for entrepreneurship, at all the cadres of its value-drivers. The pressure of a globalized scenario has also awakened the systemic employees to appreciate and gradually accept new performance benchmarks encircled by dynamic business practices.

For whatever reasons (so far), the MTNL (one of the nav-ratnas' of the Indian public sector) adequately advocated its 'corporate existence' and proved its competence to combat the private sector competition, despite its traditional limitations and organic constraints. There may be a very useful, interesting and yet provoking analysis of its present business model possible, in the light of government's latest thinking. This analysis, with its total neutrality should prove that the overall tangible and intangible potentials of this corporate entity have not been explored and exploited fully. Perhaps, what it has achieved so far, could be easily doubled; if a few significant strategic, operational and financial exercises of 'entrepreneurial enrichment' were carried out.

What could be a qualitative and perceptional evaluation of MTNL's entrepreneurial performance in the five generic areas of business excellence? - A broad view may be presented as follows -

Generic Area of Business Excellence	Entrepreneurial Performance		
	Strategic (Structural & Long Term)	**Operational (Routine & Systemic)**	**Financial (Affordability & Acceptability)**
Business Development	Good	Above Average	Above Average
Operations & Technology Management	Good	Good	Very Good
Productivity & Knowledge Management	Average	Average	Average
Strategic Cost Management	Average	Below Average	Average
Resource Management	Above Average	Above Average	Good

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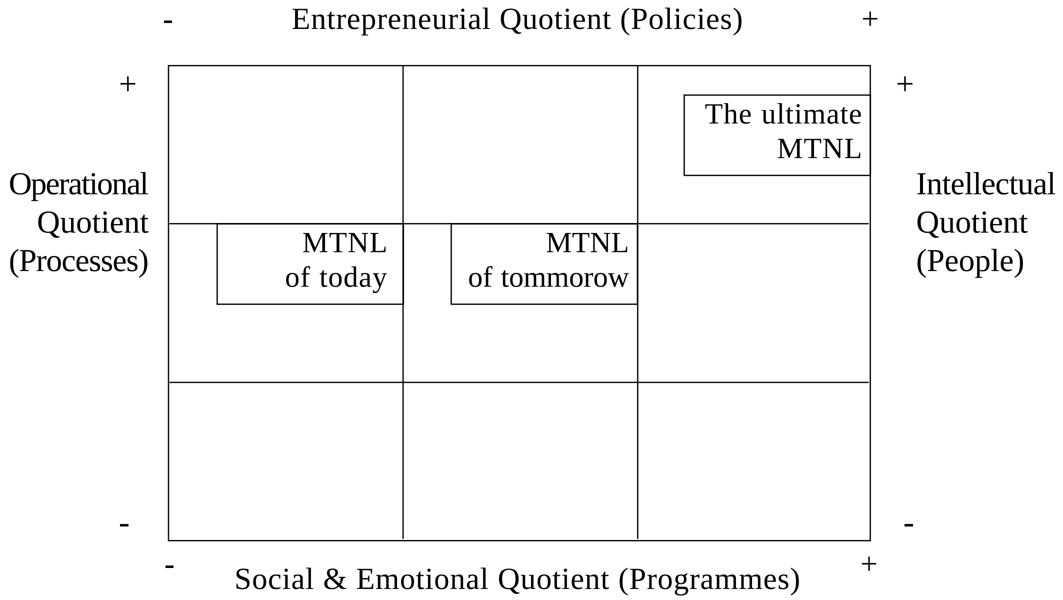
Perhaps the overall business performance of MTNL being ‘Good’ (and not ‘Outstanding’), is a reflection of its ‘Organic Matrix’, which MTNL possesses as of today. This matrix is a mix of its inherent strengths, cultural legacies, restricted quantum of empowerment, higher level of commitment from the entrepreneurial executives and limited degree of systemic productivity. The Organic Matrix of MTNL, based on its four competitive indices needs an overall up-gradation. Such up-gradation requires a versatile approach to business, which is normally facilitated partly by compelling entrepreneurial processes and partly by a clear vision about business horizons. MTNL is presently going through a visible (and yet mostly intrinsic) phase of transformation.

The Organic Matrix of MTNL may be presented as follows -



Although the transformation process at the ‘executive level’ is happening at a reasonable rate, the question is about ‘people transformation’ at the ‘systemic level’. It is definitely very commendable that MTNL’s executives achieved an impressive rate of transformation, especially during last six-seven years, despite its ‘public sector legacies’ yet becoming (and remaining) ‘hurdle blocks’. As a summary revision, the most critical ‘hurdle blocks’ may be narrated as follows, on a ‘o to 5’ scale -

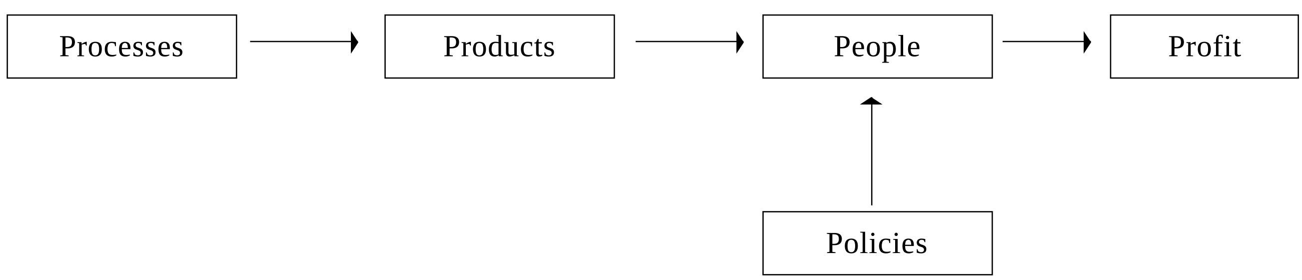
Sr. No.	Hurdle Block	Nature	Criticality
1	Entrepreneurial Empowerment	Strategic & Operational	3
2	Productivity of Systemic Employees	Operational & Financial	3
3	Accounting Analysis & Profit Centre Control	Strategic & Operational	2
4	Performance Appraisal & Recognition	Strategic & Operational	4
5	Individual’s Growth Prospects	Strategic & Operational	3
6	Old Legacies	Operational & Strategic	3

Against these ‘hurdle blocks’, MTNL enjoys certain organic and inorganic strengths, which places it at a higher level of competitive advantage, compared to the competitors’ positioning. These strengths, of course are needed to be enhanced further; so as to use them as ‘sustained competitive advantages’. These strengths are - -

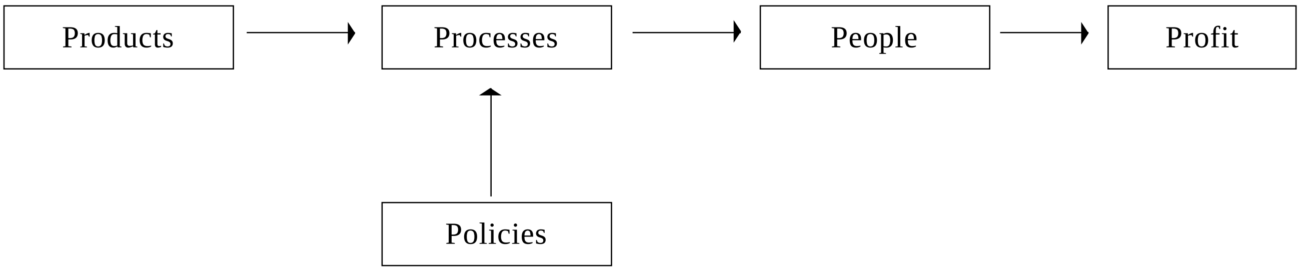
Sr. No.	Strength	Perceived threat to the strength	Time for remedial action
1	Performance of entrepreneurial employees	Dilution & the sense of ownership, as the new generation executives join	Gradual & to start immediately
2	Land Line Infrastructure & Network	Declining cost & increasing suitability of wireless products	Cost Management & innovative sweeteners
3	Very Good Critical Mass & Customer Reach	Not in near future	To be further expanded
4	Strong asset (& resource) positioning	Dilution in reasonable rate of return	Increase utilization
5	Good Products & Technology	Not in near future	Product Life Cycle to be viewed critically
6	Very good metro markets	Competitors to capture other markets & acquire a much bigger critical mass	Alternatives to be found for further market development
7	Customer Confidence	Not in near future, except in case of GSM Products	Performance Appraisal & Reward System to be improved
8	Employee Continuity & Integrity	New generation expectations	People Policies to be revisited
9	Public Sector Advantage of Intrinsic Value of Assets & Fund Raising Capacity	Competitors could be more flexible & aggressive	Economic Value Added to be perceived

MTNL's business approach before 1991 was more policy-based and therefore it functioned like a typical devoted public sector enterprise. It rightly exploited the monopoly of landline business and expanded it rapidly. Despite a few delays in decision-making, it could make its entry to the wireless business with reasonable conviction. This conviction was based on its strength of technologically superior executives and an intrinsic strength of absorbing possible market shocks. Dolphin could have seen the market much earlier and penetrated its market much faster than Orange. This would have also given the advantage of 'first in market'. Now MTNL has to look at the GSM business much more aggressively, as it may perhaps offer market leadership to MTNL. This should be possible definitely, as MTNL has altered the logistic of its business model considerably in last six years. The present business models of landline and GSM products could be perceived as half-way matured, in the light of global competition to spread further in Indian telecommunication market. Its two business models could be perceived as follows -

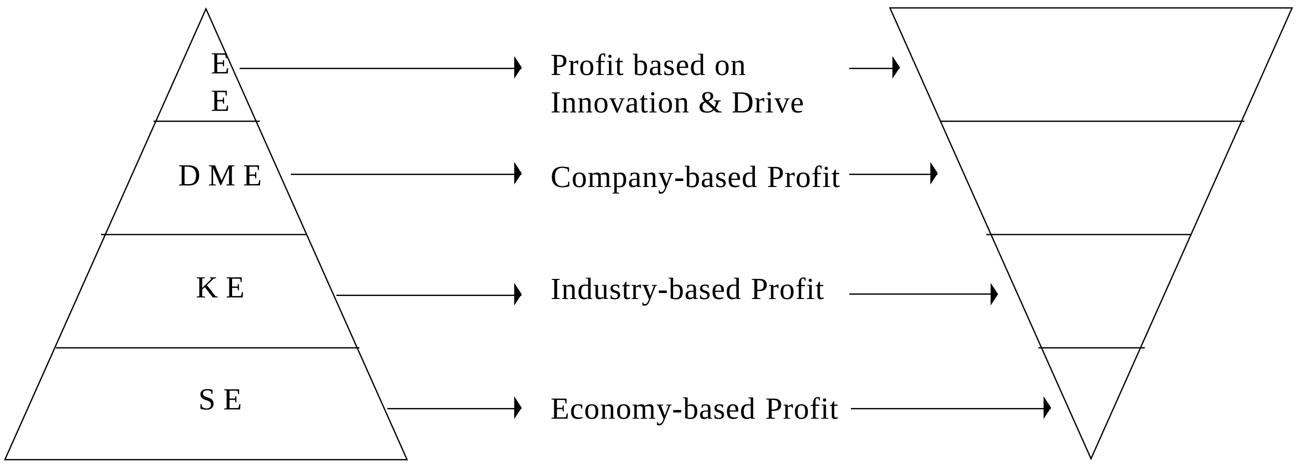
The Landline Business Model



The GSM Business Model



MTNL will have to expand and enrich its value chain further, so as to retain its market leadership and gain new leadership on other business parameters, such as proactive treatment of market, further cost-competitiveness and knowledge management. It will have to exhibit considerable quantum of prudence while deciding its strategies for the decade from 2005 to 2015. It is quite possible for MTNL to enjoy absolute market leadership in the new segments of business. Exploiting these new segments shall depend on both, systemic and entrepreneurial readiness. Systemic readiness refers to 'parallel, real and also notional control systems'. These systems should facilitate a 360° monitoring and measurement of different performances. . A structural reform also may be required to institutionalize entrepreneurship. Perhaps, the present structure of 'system-based approach' to business will have to be adequately complimented by entrepreneurial readiness. A concise comparison between the present and possible structures could be as follows -



E E - Entrepreneurial Employees

D M E- Decision Making Employees

K E - Knowledge Employees

S E - Systemic Employees

Note: These two triangles do not indicate any hierarchy. They only indicate number of employees.

Another very important exercise MTNL will have to carry out and it is about 'Value Appropriation'. This has happened to certain extent, through categorization of value demanding customers. It should also happen by products, processes and people. A value-based cost-benefit analysis should be possible across the organization. It should be of all possible dimensions; such as products, processes, people, places, programmes and profit.

Questions for discussion

1. How do we position MTNL by the years 2010 and 2015?

2. What should be the prioritization of various phases of transformation of MTNL into a world-class organization?

3. What purposeful deviation from the public sector legacies would be required to achieve the sustainable status of a world-class organization?

ANNEXURE

Breif Analysis of Financial Performance

Ratio	Year			
	2001-02	**2002-03**	**2003-04**	**2004-05**
Operating Profitability	29.43 %	22.27 %	27.01 %	22.38 %
Operating ROI	16.10%	11.18%	18.12%	12.12%
Owners' ROI	15.67%	10.06%	13%	9.18%
Investment Turnover	0.55	0.50	0.67	0.54
% Increase in Net Worth	7.09 %	6.23 %	8.75 %	
Economic Value Added (Rs. Million)	1913.14	- 2233.21	3195.26	- 485.25

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