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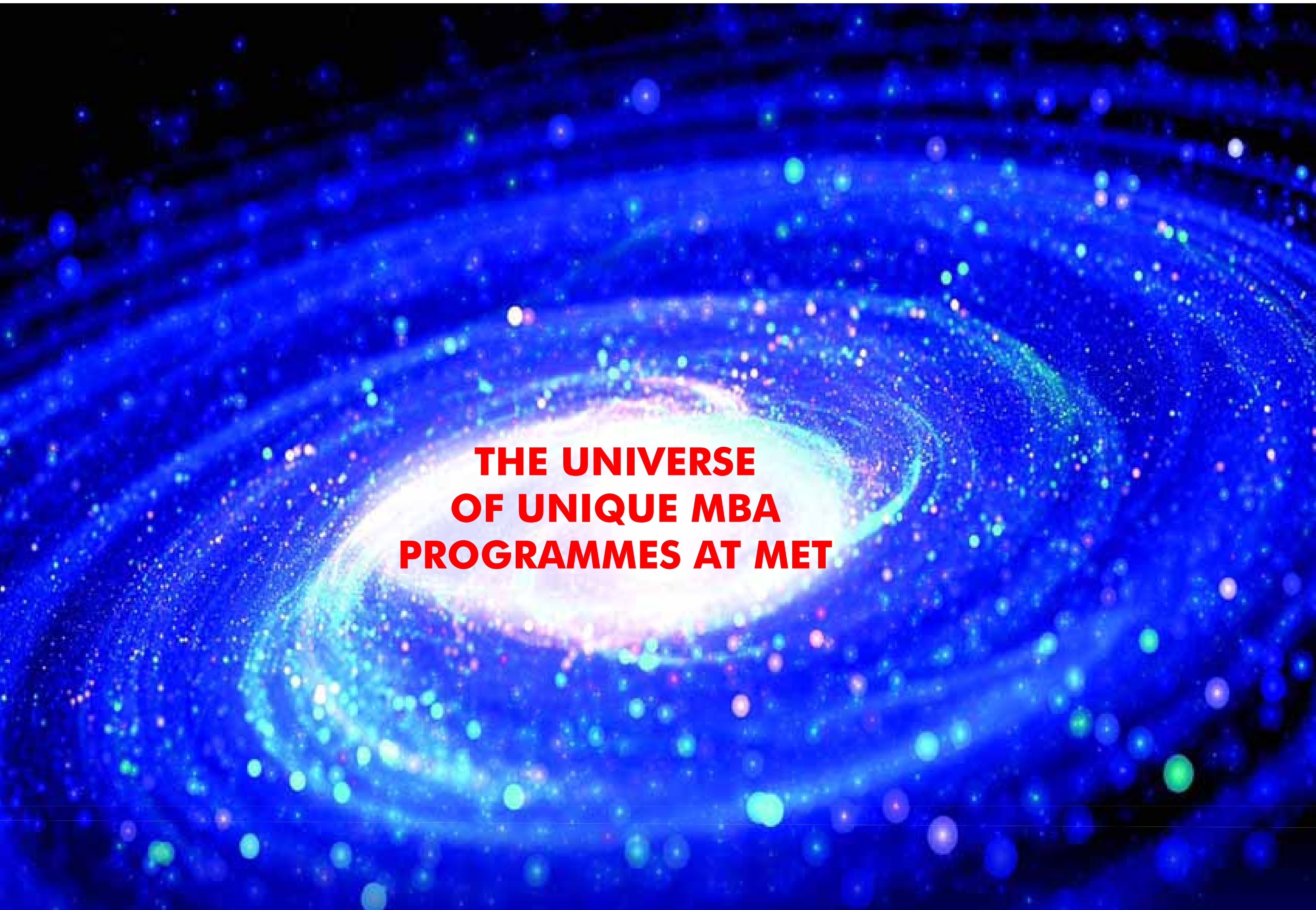

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OUR FAITH

न चौर हार्यम् नच राज हार्यम्।
न भातृभाज्यम् नच भारकारी।।
व्यये कृते वर्धते एव नित्यम्।
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nor snatched by a king.
It is indivisible unlike ancestral property,
it never burdens the bearer,
it multiplies manifold when offered to others.
Knowledge is the supreme form of wealth.

OUR VISION

To shape professionals, to conquer the present and the future challenges to the socio economic fabric of our society, by institutionalising search, development, research and dissemination of relevant knowledge through structured learning systems.

OUR MISSION

To evolve, develop and deliver dynamic learning systems to equip professionals with conscience and commitment to excellence and courage to face business challenges.

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THE MET LEAGUE OF COLLEGES
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MET Institute of Management
Bhujbal Knowledge Centre
Bandra Reclamation, Bandra (W), Mumbai 400 050.
Tel: (+91 22) 39554280/232/358/286
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Just a stone's throw away from the Arabian Sea is an institution that is creating waves. Because, it is quite simply, a cut above the rest. The MET League of Colleges is a conglomerate of premiere educational institutions, driven by a single-minded focus on imparting quality education, to make students sharp. Training is imparted round-the-clock, seven days a week. Projects and assignments are given utmost importance and students learn on the job. Application-oriented knowledge, garnered in the lecture halls, is applied to industry assignments. The faculty spares no effort to make the students razor sharp, so that they make their mark in the corporate world. No effort has been spared, to create an environment that encourages students, to push the limits of their minds. All this, to help young professionals face the challenges of life. And make their mark in the corporate world.

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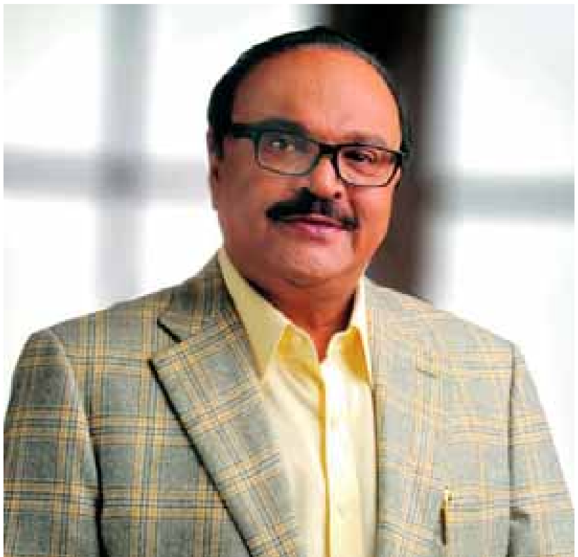
At MET, over four thousand students and faculty are involved in delivering unique learning systems, through ultra modern infrastructure and academic rigour. MET Institutes are ISO certified, with affiliations to the University of Mumbai, Directorate of Technical Education, All India Council of Technical Education, MSBTE, Pharmacy Council of India, C-DAC - Ministry of Communications and Information Technology, The Chartered Insurance Institute (CII), London, Michigan State University, East Lancing and strategic alliances with leading British Columbia Institutes amongst others. MET also have collaborations with Tianjin University, China and Hawaii University in participation with the University of Mumbai.

From the Chairman's Desk



Chhagan Bhujbal
Chairman, Mumbai Educational Trust

"**Education is the foundation upon which we build our future.**"
- Christine Gregoire

As the juggernaut of the Indian economy marches to complete another year, brilliant images of the past flash in the mind's eye. Braving challenges in every sphere, the socio-economic fabric of our society has held on to the course, to embrace another day. This ushers us into a place where the socio-political theatre will dominate India's mainstream.

Focussing on the future challenges, one wonders, what are the strengths that will help us withstand one avalanche after another: is it the steel frame, the gullible masses or the overzealous proactive leadership? Beating doomsday predictions, we have held our head high in the global arena and despite uncertainties, we are confident that our massive foreign exchange deficiency would be taken care of by NRI remittances. One may question the very source of such faith and self belief.

We are no doubt witnessing a paradigm shift in the society and nation. After six decades of the dark shadow of illiteracy, we have achieved a knowledge society, by empowering youth, through open competition, meritocracy and globalisation of education, blossoming gradually into a learning society. Excellence, innovation and entrepreneurship are milestones, we routinely cross, in our journey towards an inclusive society.

As we engage in shaping institutional excellence, one must remember that the process of education has to be enriched with real life experiences; to confront the real world; to test and refine knowledge. For this, we have to narrow the gap between the classroom and the market place. This alone will help us complete the task of developing a learning society.

We, at MET, challenge our delivery systems, to achieve synergy between knowledge and competency building, to meet the needs of the market place and the society at large. Through academics and participatory learning processes, driven by eminent professionals/educators, we attempt to seek a balance between knowledge and values, to empower youth to seek their place in the sun.

Chhagan Bhujbal
Chairman
Mumbai Educational Trust

Industry Academia Perspective

BUSINESS LEADERSHIP @ DIGITISED WORLD

As we look ahead into the next century,
leaders will be those who empower others.
-Bill Gates

The seven billion plus populace of the world is ceaselessly engaged in exchanging goods and services, worth trillions of dollars. The networked world has long broken the barriers of nations and classes, while being strategically linked to all the stakeholders of business and society, through which we remain connected, even when we unplug. As the Sun chases the dark shadows of the night, around the world, millions are busy chasing dreams, which are yet to be formed. New business empires are evolved in the mind space, which competes fiercely with the virtual space, as innovation has overtaken and re-written the laws of change. New ideas are formed and developed into products, services, many of which surge ahead and change the way we conducted ourselves in the past. This disruptive innovation leads to disruptive change, which is a challenge for those, who are entrusted with managing businesses globally and meet stakeholder expectations.

Welcome to the world of dynamic business opportunities, where new ideas keep edging out old businesses endlessly. It is said that in the modern digital business scenario, fluid creativity throws up scores of ideas rapidly and if they are not brought to fruition, they vaporise into oblivion. Thus, there is a very narrow window for cashing in on the promise of 'opportunity'; or else the virtual space doesn't leave any traces of this non event. The cornerstone of managing businesses, in such disruptive times, is that one must learn to think differently. Many companies and organisations have built their empires, on the strength of their past. However, to survive and dominate, in the tumultuous times, one must break away from the past and explore a new set of assumptions and possibilities.

Gary Hamel, a leading thinker from today's business arena, says, “In the absence of nonlinear innovation, the destiny of the industry is your destiny.” To manage these turbulent times managers and group leaders may evolve and arrive at a new strategy, through synergistic combinations of a broad range of new possibilities and solutions. It's solely through their aspirations, commitment and passion for excellence, dedicated to the success of the enterprise that an industry and business can survive. These ceaseless waves of turbulent times, will throw up new leaders. Effectively managing and retaining them will offer solutions to dynamic business leadership.

The B-schools are normally exposed only to the tip of the iceberg and very rarely, one gets a view of the dark side of this crescent moon of business. At MET, it is our endeavour to equip our students with tools to deal with the ever-changing business dynamics of the digitised world and engage with the ground realities of the marketplace. While no effort is spared to deliver state-of-the-art tools of e-business, as summed up in the acronym SMAC (Social networks/Mobile applications/Analytics/Cloud), they are prepared through globalised and holistic learning, across all building blocks of management. Role plays, business simulations, experiential learning, out-bound group exercises and industry-academia participatory learning programmes combine to give an academic rigour. An emphasis on social sensitivity is developed through MET SEVA, which helps them empathise and work towards uplifting the weaker sections of the society. Numerous Corporate Social Responsibility (CSR) projects, enables them to comprehend the needs of the under-privileged sections of the society. This facilitates social entrepreneurship, while seeking to shape an inclusive society, we hope to usher in our country.

Though we agree with Henry Ford, when he said, “One can't learn in school what the world is going to do next year”, we at MET are keen to narrow the gap between the volatile market place and 'virtual' reality. Right from Aarohan, which launches the student's learning at MET, till the time s/he crosses the corporate threshold, we deliver unique learning modules, fortified by field visits and hands-on projects. The Global Shapers programme inspires our students while they interact/shadow the young business leaders and achievers, who are role models for the youth.

Concurring with Jim Rohn the eminent thinker and entrepreneur who stated, “If you are not willing to risk the unusual, you will have to settle for the ordinary... Let others leave their future in someone else's hands, but not you”, we urge our students to practise the unusual, so that they emerge as leaders of tomorrow, breaking new pathways.

We stand up to face the spirit of the chaotic times and hope and pray that the aspirations, ambitions and new pathways carved out by young professionals, empowered with digital tools at MET, will help them sustain on the high road to business leadership, in the digitised world.

Dr. Vijay Page
Director General
MET Institute of Management

Managing Communication Apprehensions – An Essential Component for Organisational Success

Introduction

Communication (from Latin commūnicāre, meaning "to share" is the activity of conveying information through the exchange of thoughts, messages, or information, as by speech, visuals, signals, written, or behavior. It is the meaningful exchange of information between two or more living creatures.

One definition of communication is any act by which one person gives to or receives from another person information about that person's needs, desires, perceptions, knowledge, or affective states. Communication may be intentional or unintentional, may involve conventional or unconventional signals, may take linguistic or non-linguistic forms, and may occur through spoken or other modes.

But at times, communication is associated with fear and anxiety. This can be experienced by people who feel that they may have to speak or when they actually are requested to speak. The situation is of a mind-over-matter nature, where the individual experiencing the communication apprehension is worried internally about how his or her communication will be perceived by the recipient.

Literature Survey

A form of communication apprehension is lack of communication skills and subsequently a lack of confidence. There are a number of factors that go into communication apprehension and its impact on the individual. If people feel that another person is superior or will judge them, it creates an issue in the level of anxiety experienced. Managers and researchers have long agreed that communication processes are a major factor in organizational success (Roberts & O Reilly, 1974; Snyder & Morris, 1984).

Employees who have open lines of communication with managers are more likely to build effective work relationships with those managers, to increase their organizational identification and enhance their performance, and to contribute to organizational productivity (Gray & Laidlaw, 2004; Muchinsky, 1977; Tsai, Chuang, & Hsieh, 2009). Employees who report positive and open communication with managers are also better able to cope with major organizational changes, such as layoffs and mergers (Gopinath & Becker, 2000; Schweiger & DeNisi, 1991), report higher organizational identification (Bartels, Pruyn, De Jong, & Joustra, 2007, Smidts, Pruyn, & van Riel, 2001), and deal more effectively with job stressors (Stephens & Long, 2000; Tepper, Moss, Lockhart, & Carr, 2007). As a consequence, many ways to improve communication within organizations have been proposed (Atwater & Waldman, 2008; Downs & Adrian, 2004).

Elements of Great Communication, by Aristotle

It is easy to take communicating for granted because it is a daily activity. How much thought do we give to communication? Are you aware that:

• The average worker spends 50 percent of his or her time communicating?
• Business success is 85 percent dependent on effective communication and interpersonal skills?
• Forty-five percent of time spent communicating is listening?
• Writing represents nine percent of communication time?
• One-fourth of all workplace mistakes are the result of poor communication?
• A remarkable 75 percent of communication is nonverbal?

What makes someone a good communicator? There's no mystery here, not since Aristotle identified the three critical elements — ethos, pathos, and logos. — thousands of years ago.

Ethos is essentially your credibility — that is, the reason people should believe what you're saying. More commonly, though, today's leaders build ethos most effectively by demonstrating technical expertise in a specific area (which helps convince people that you know what you're talking about), and by displaying strong levels of integrity and character (which convinces them that you're not going to lie to them even though, since you know more than they do, you might get away with it).

Pathos is making an emotional connection — essentially, the reason people believe that what you're saying will matter to them. This is a critical area of competence for present-day leaders. Giving people your undivided attention, taking an active interest in your team members' career development, and being enthusiastic about both the organization's progress and the individuals who enable it are ways that leaders do this well. At the end of the day, pathos has the greatest influence on followers' perception of their leader's effectiveness as a communicator.

But all the authority and empathy in the world won't really help you if people don't understand what you're talking about or how you came to your conclusions. Logos is your mode for appealing to others' sense of reason, ergo the term logic. Employing strengths in strategic thinking, problem solving, and analytical skills are how today's leaders express logical ideas in clear and compelling enough terms to influence outcomes.

While some people can get by on gut feel, as Steve Jobs famously tried to convince us he did, most leaders are required to provide some kind of analysis to make clear their decisions. This is where many leaders feel on the firmest ground — when assembling and analyzing data to address organizational problems. A caveat, though — assembling facts is not the same as presenting them clearly (here talking in complete sentences helps a lot), or marshaling them expressly to demonstrate the merits of a course of action. Facts do not speak for themselves, which is sad, since it would save so much time if they did. Effective leaders know the effort and time spent making explicit the connections they're drawing from the data to the analysis to their conclusion are well worth it.

These three elements of communication reinforce one another. You may rely heavily on data and analysis (logos) to make a point and in so doing create a perception of expertise and authority on a topic (ethos). And while all three are necessary to excellent communication, improving your ability to do any one of them will help you become a better communicator and so a better leader. Combining them is the path to achieving the greatest success.

Styles & Communication

In organizations we often encounter people possessing difference styles of management. Each style has to be dealt with in a way such that the desired response it achieved.

• Result Style – Officers possessing this style are action oriented and make quick decision with available data. While communicating with such people, use concrete words as much as possible; be brief, state what you want precisely, supply necessary information and wait for an answer.
• Reasons Style – Officers with this style are very logical and rely on rational decision on making. While communicating with such people, introduce the topic in a rational manner with all supporting information.
• Process Style – Affiliation orientation forms the basis of this style. Officers with this style are informal and try to find solution that is agreeable to all parties concerned. Be as informal as possible, introduce the topic with ample information regarding the background and motivate for an answer.

Mehrabian and the 7%-38%-55% Myth

We often hear that the content of a message is composed of:
• 55% from the visual component
• 38% from the auditory component
• 7% from language

However, the above percentages only apply in a very narrow context. A researcher named Mehrabian was interested in how listeners get their information about a speaker's general attitude in situations where the facial expression, tone, and/or words are sending conflicting signals.
Thus, he designed a couple of experiments. In one, Mehrabian and Ferris (1967) researched the interaction of speech, facial expressions, and tone. Three different speakers were instructed to say "maybe" with three different attitudes towards their listener (positive, neutral, or negative). Next, photographs of the faces of three female models were taken as they attempted to convey the emotions of like, neutrality, and dislike.

Test groups were then instructed to listen to the various renditions of the word "maybe," with the pictures of the models, and were asked to rate the attitude of the speaker. Note that the emotion and tone were often mixed, such as a facial expression showing dislike, with the word "maybe" spoken in a positive tone.

Significant effects of facial expression and tone were found in that the study suggested that the combined effect of simultaneous verbal, vocal and facial attitude communications is a weighted sum of their independent effects with the coefficients of .07, .38, and .55, respectively.

Mehrabian and Ferris caution their readers about the limitation to their research, "These findings regarding the relative contribution of the tonal component of a verbal message can be safely extended only to communication situations in which no additional information about the communicator/addressee relationship is available." Thus, what can be concluded is that when people communicate, listeners derive information about the speaker's attitudes towards the listener from visual, tonal, and verbal cues; yet the percentage derived can vary greatly depending upon a number of other factors, such as actions, context of the communication, and how well the communicators know each other.

Communication Mistakes made by Managers

1. Making controversial announcements without doing groundwork first

Any controversial decision can engender rumors, anxiety, and resistance. So rather than announcing a controversial decision to an entire group, prep people one-on-one. Learn who will object, and why.
Decisions about change are the most charged — reorganizations, changing goals, and the departure of key employees create uncertainty, and uncertainty generates anxiety.
To forestall anxiety, open a dialogue with the other person. Put a name to the problem: "This reorganization means we'll be doing some things differently, and that makes some people apprehensive." Then address the concerns raised in response to your statement:
• Is the other person uncertain about the future? Share the scenario you expect to unfold.
• Does the reorganization jeopardize a project? Share plans for keeping it afloat.
• Demonstrate that you get it, keeping in mind that you can address emotion better with body language than with words. Make sure yours conveys concern and empathy.

2. Lying

Some lies or partial truths are well-intentioned. Certain topics must remain confidential while they're under discussion. But be careful how you keep secrets. If people know you've lied, you will lose their trust forever. A start-up company's controller watched the CFO lie to members of other departments and subsequently began to doubt the CFO's sincerity. He began looking for a new job with a boss whose intentions he could trust. In that instance, lying cost the company a valuable employee.

Rather than lie, train yourself to respond, "I'm not free to comment" or "I can't answer that fully right now," when asked about confidential or sensitive topics. Consistency is important. Warren Buffett never discusses his investments, even with shareholders. As a result, his silence on a particular deal gives away nothing.

3. Ignoring the realities of power

Surprised that you never hear bad news until it's too late? Don't be. The more power you have, the less you'll hear about problems. It's human nature: problems are filtered and softened as they ascend the corporate hierarchy, with each messenger seeking to soften the blow. If you want an honest assessment of a problem, seek out bad news. Welcome it. And when it comes, show your appreciation.

Conversely, messages are magnified as they travel down the hierarchy. Jokes are especially dangerous. When the managing director of a consulting firm joked, “If you’re not here Sunday, don’t bother coming in Monday,” his project team wasn’t sure what to do. Put a lid on rumors by using plain, simple language. End meetings by reviewing your reactions and next steps. “I value your analysis, Chris. The sales trend is disturbing. Let’s follow up on Wednesday.”

4. Underestimating your audience’s intelligence

It’s tempting to gloss over issues because “people won’t understand.” Why explain a reorganization when you can simply say, “Here’s the new org chart”? But that’s a cop-out. Front-line employees may not be masters of organizational design, but they deserve to know the rationale behind changes that affect their lives. If you think your people won’t understand something, remember it’s your job to explain it to them.

Many managers like to gloss over problems when motivating their teams. But if things aren’t going well, those teams are probably well aware of the problems. In fact, they’ve probably known about them longer than you have. Rather than avoiding the situation, enlist their skills in finding solutions.

5. Confusing process with outcome

In goal-setting, compensation, and evaluation, it’s easy to confuse process with outcome. You promise your team a 7% raise, but then the board, concerned about the downturn, caps raises at 3%. You fight like mad to raise the number, and you compromise on 4%. But your people don’t appreciate it. In fact, they’re downright resentful. How could they be so insensitive to all your hard work?

Simple. Your hard work was process, and you promised them an outcome. You want them to appreciate how hard you tried, but they wanted a specific result. Since they didn’t get it, they can’t see past that fact. You want people to value you for your hard work. But when evaluating others, it’s always easier to judge outcomes. Most organizations penalize employees for the wrong outcome, even if they follow the right process. Perversely, others are rewarded for the right outcome, even when they flout the rules about process.

6. Using inappropriate forms of communication

E-mail is great for conveying information, but don’t use it for emotional issues; e-mail messages are too easy to misconstrue. If you’re squirming while reading an e-mail, leave your computer and deal with the situation in person or by telephone.

At the same time, phone calls and face-to-face meetings are inefficient ways to disseminate information, but great for discussing nuanced issues. You can respond directly to the listener’s reaction, and you can use your tone of voice and facial expressions to control your message. “I’m sure you did a great job” could be read sarcastically in an e-mail, but the same words can be delivered sincerely in person with the right tone of voice.

Furthermore, some people are listeners, while others are readers. Listeners won’t focus on written memos but are great in conversation. Readers write great memos and are also glad to read them, but conversation sometimes fails to fully engage them. If you talk to a reader or write to a listener, your message might not get through. Don’t be afraid to ask people how they prefer to receive information; most people know the answer. If they don’t, a little attention on your part will reveal what works best. (And for some people, it’s a combination of the two.)

7. Ignoring acts of omission

What you don’t say may be sending as loud a message as what you do say. If you don’t give praise, people get the message they’re unappreciated. If you don’t explain the rationale behind decisions, the message is that you don’t trust them. And if you don’t tell people where the company wants to go, they don’t know how to help it get there.

When fundraising became the CEO’s priority at a distance learning company, he stopped communicating his vision to employees. Since money was constantly on his mind, he did mention financial goals. Eventually, the company culture became money-focused, and the vision was lost. But when the CEO delivered a vision-oriented presentation at a conference, one of his employees approached him afterward to say that she had never felt so inspired. As a result, he changed his internal communication strategy to emphasize vision once more, and saw morale soar.

By their very nature, mistakes of omission are hard to uncover. Review your major goals and the communication that’s needed to support those goals. Ask what message may have been sent by your silence so far. And be willing to ask people, “What messages are you getting from me?”

Blocks to Effective Communication:

• Me-too-is such as,” That’s nothing, let me tell you what happened to me”. These statements make the speaker feel unheard.
• Moralizing, preaching, being judgmental. Recognize that the speaker may say something that offends your value system. Set aside the judgement, so that you can listen effectively.
• Asking a direct question to satisfy you curiosity. The speaker will share more information, when and if ready.
• Consolation comments, such as,”Its going to be all right”.
• Arguing or disagreeing with the speaker
• Analyzing or interrupting.

How to Sharpen Your Communication Skills

“Communication and interpersonal skills remain at the top of the list of what matters most to recruiters.” That’s according to the most recent Harris Interactive/Wall Street Journal business school survey published in September 2007. So why do we ignore the relevance of communication until it becomes an issue? One reason may be because we don’t take the time to quantify what we mean by it.

Richard Anderson, CEO of Delta Airlines, In a New York Times interview has defined his expectations for effective communication.

1. Know the fundamentals: “People really have to be able to handle the written and spoken word,” said Anderson. Express yourself well verbally, as well as on paper or through email. Failure to communicate coherently leaves people unsure of what is expected of them.

2. Think clearly about what you will say: Anderson is not a fan of PowerPoint. Bullet points without a “subject, a verb and an object” do not convey “complete thoughts.” With respect to Mr. Anderson, PowerPoint itself is not the problem; executives who use it as a short-hand for thinking are. Too many managers use it to sketch out thoughts rather than flesh them out.

3. Prepare for meetings: Documents for meetings should be distributed in advance and made clear and concise. Anderson also wants meetings to"start on time." That's all part of the preparation process. So often meetings go off track before they begin because managers and employees do not take the time to think about what they will say before they say it.

4. Engage in discussion: "I want the debate," says Anderson. "I want to hear everybody's perspective, so you want to try to ask more questions than make statements."All too often, either due to the press of time or perhaps a feeling of over-importance, executives do not make it clear that they want to hear alternate points of view. Such an approach leads to "groupthink" because no one speaks up.

5. Listen to others: Discussions are meaningless if no one is listening. Anderson does not like to see his managers checking their BlackBerrys in meetings. Doing so shows lack of "focus" and is akin to reading a newspaper during the meeting, says Anderson. As little as we may tend to oral and written skills, we spend even less time on listening. For that reason, too many managers end up ill informed and, in turn, ill prepared to deal with issues that subsequently morph into problems. Time spent listening might have headed off such disasters.

"Measure what you treasure" is a saying used by compensation professionals in reference to aligning rewards to corporate goals. The same philosophy can be applied to communication. If you value communication skills you will recruit, train and hire for it. Oral and verbal skills are a baseline; organizations also need to look at the broader context of how such skills are used to inform, persuade, coach and inspire. That requires years of practice and example. It is up to leaders to show the way by communicating clearly — but also teaching others to do the same.

Conclusion

Communication apprehension can lead to a number of serious consequences that should not be taken lightly. The fact that this creates varying degrees of anxiety for the individual can cause unhealthy levels of stress in both the physical and emotional sense, and that can have a negative impact on both the body and mind. Other consequences of this anxiety is that it can limit people in a number of areas of their lives, including their career prospects, advancement at school and social interactions with others.Effective communication occurs only if the receiver understands the exact information or idea that the sender intended to transmit. Many of the problems that occur in an organization are (Mistry, Jaggers, Lodge, Alton, Mericle, Frush, Meliones, 2008):

- The direct result of people failing to communicate
- Processes that leads to confusion and can cause good plans to fail

Studying the communication process is important because you coach, coordinate, counsel, evaluate, and supervise throughout this process. It is the chain of understanding that integrates the members of an organization from top to bottom, bottom to top, and side to side.

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Authored by
Prof. Sanchita C. Banerji
sanchitacbanerji@gmail.com

Accommodating the 'Other': Making Workplaces Gender Friendly

ECONOMY UPDATES

In the recent context of the Tarun Tejpal and Justice Ganguly cases, which not mere occupied the centre stage of media discussions, but also raised uncomfortable issues that have been lying unaddressed for a really long time, it is important to turn a keen gaze on the matter of sexual harassment at the workplace.

With the Vishakha Guidelines, court orders and a legislation in place requiring a Sexual Harassment Prevention Cell in every organisation, it may be believed that what needs to be done has been initiated. However, that is not really the case. Given that the gender imbalance in favour of men is getting ironed out in most workplaces and that growing westernisation is creating a fairly casual culture, it is important for most forward looking organisations, to go beyond merely instituting a cell to address the issue were it to be brought to its notice, by taking measures to prevent sexual harassment at the workplace, in the first place.

With longer working hours and increasing situations for working together, it is important to generate the right atmosphere, where women feel safe and wanted and can put their best foot forward as working professionals, without feeling debilitated by their gender orientation.

And for this two simple steps need to be taken – the first being to make the workplace gender friendly with suitable infrastructure and policies that accommodate/address the specific needs of women and the second being to imbue gender sensitivity in all employees, to make them aware of what constitutes 'improper' behaviour, in the context of gender, the consequences of violating these norms and being proactive in penalising those who overstep the boundaries rather than pushing the matter under the carpet, so that women are given their due place and freedom in the workplace.

Authored by
Prof. Preeti Shirodkar
preetis_iom@met.edu

Financial Performance Review of Selected Indian Textile Companies Using Ratio Analysis

Abstract
The Textile Sector has played an important role in the Economic Growth and Industrial Development of India over the last sixty years. The Indian textiles industry is extremely varied in nature, with the hand-spun and hand-woven sector, at one end, and the capital intensive, sophisticated mill sector, at the other. The decentralised power-looms/hosiery and knitting sector forms the largest section of the Textiles Industry. This also provides the industry with the capacity to produce a variety of products, suitable to different market segments, both within and outside the country. In spite of its contribution to Indian Economic and Industrial Development, the Textile Sector is beleaguered with problems, such as technology obsolescence, low productivity and low bargaining power, in a customer centric market. All such factors affect the financial performance of the Textile Manufacturing Units. This paper analyses the performance of some of the textile companies in the sector, using financial ratio analysis. Such analysis will help in detecting early warning signals of financial deterioration, in the Textile Sector, and by studying such warning signals, suitable financial performance enhancing strategies could be adopted in the future.

Key Words
Textile Sector, Financial Ratios, Z' score

1. Introduction

The Indian Textile Sector has an overwhelming presence, in the economic life of the country. The Textile Sector, apart from providing one of the basic necessities of life, also plays a pivotal role, through its contribution to industrial output, employment generation and export earnings of the country. This sector is one of the earliest to come into existence in India. Prior to Independence, the British rule in India resulted in colonisation and systematic exploitation of the Indian Economy. The British Rule, in its effort to convert India into a market for its manufacturing industry, further destroyed India's traditional manufacturing base. (Prasad, 2010). The British government in India followed the policy of offering protection to some selected Industries, since 1923. (Kapila Uma, 2007). Despite these adverse conditions, put in place by Britain, some industries made progress in India and textile was one of them.

Today the Textile Sector contributes about 14% to the industrial production, 4% to the GDP and 11% to the country's export earnings. The textile sector is the second largest provider of employment, after agriculture, with around 35 million people, currently associated with it. (Ministry of Textiles, Annual Report 2012-13).

The Indian Textile Industry has a share of 5 percent and 4 percent in global exports of textile and clothing, as against China's 18 percent and 35 percent respectively. (Prasad and Shekhar, 2013). The Indian textiles industry is extremely varied in nature, with the hand-spun and hand-woven sector at one end, and the capital intensive, sophisticated mill sector at the other. The decentralised powerlooms/hosiery and knitting sector forms the largest section of the Textiles Industry.

The government has taken a number of steps, to prepare the Textile Sector, for the global competition, but the opportunities unleashed have not materialised in full because of reservation of certain textile items for the SSI sector, until recently, the lack of labour market flexibility and the exit policy. Such constraints prevent the development of scale economies in the sector. It has also resulted in a longer lead time and infrastructural and administrative bottlenecks, which further hamper the growth prospects of the sector. Apart from the above constraints, the sector is exposed to stiff competition, in the global market, from China, Sri Lanka, Bangladesh and Pakistan.

Some of the important problems faced by the Textile Sector can be listed as:
1) Presence of decentralised power looms, with 60 percent of the production capacity (Unorganised sector)
2) Obsolete Technology
3) Infrastructural Bottlenecks.

All the above problems and factors affect the financial performance of the companies, operating in this sector. Such adverse financial performance poses a serious threat as regards the existence of some of the companies in the sector. This paper analyses the financial performance of selected companies, from the Textile Sector, using ratio analysis as a tool. The present document evaluates the financial performance of 15 textile companies, registered with the Board of Industrial and Financial Reconstruction (BIFR) and 15 non-BIFR textile companies that are randomly chosen.

2. Conceptual Framework and Research Methodology

2.1 Conceptual Framework

The 'financial distress' state of an Industrial unit, affects all stakeholders of the business, such as shareholders, the work-force, vendors, suppliers and the creditors. There are different reasons for such distressed conditions. All such reasons can be classified as Internal or External reasons. In some cases both reasons, Internal and External, are responsible for the 'financial distress' condition of a unit.

The internal reasons could be attributed to mismanagement of basic functional areas of business, such as Finance, Marketing, Human Resource, Operations and Systems. These are avoidable reasons and can be controlled. The external reasons are more exogenous in nature and generally non-controllable. They are attributed to business environment factors,, such as socio-economic issues, lack of credit and infrastructure and global business scenarios.

All such reasons, put together, affect the financial position of an Industrial Unit and if proper measures are not taken, then such an entity might fall into a 'financial distress' state.
The 'financial distress' state or Industrial Sickness is a qualitative phrase and is difficult to measure or quantify. In spite of this, there

are certain criteria, which define the 'financial distress' state of a unit. In the Indian context, Government Agencies, Banks and Trade Organisations have defined the distressed state of a unit. In the wake of sickness, in the country's industrial climate, in the eighties, the Government of India set up a committee, under the chairmanship of Shri. T. Tiwari, in 1981, to examine the matter and recommend suitable remedies.

Based upon the recommendations of the Committee, the Government of India enacted a special legislation, namely the Sick Industrial Companies (Special Provisions) Act, 1985 also known as SICA. A Board of Experts, named the Board for Industrial and Financial Reconstruction (BIFR), was set up in January 1987. The criteria to determine sickness in an industrial company are (A):
1) The accumulated losses of the company ought to be equal to or more than its net worth i.e. its paid up capital plus its free reserves
2) The company should have completed five years, after incorporation, under the Companies Act, 1956
3) It should have 50 or more workers on any day of the 12 months preceding the end of the financial year, by reference to which, sickness is claimed.
4) It should have a factory license.

Apart from the SICA definition, in 1975, the State Bank of India has appointed a study team - the Varshney committee, which defined a sick unit as "One that fails to generate internal surpluses on a continuous basis and depends for its survival on frequent infusion of external funds" (B).

One criticism of these definitions is that they are highly skewed towards abnormal financial parameters and economic criteria. These definitions do not articulate operational parameters, such as marketing, production and human and industrial relations. The distress state/sickness should be viewed from a social point of view, as, when a unit becomes distressed/sick; it fails to meet its social obligations to society, as a creator of employment.

The financial distress condition or sickness in the Textile Sector must be looked at from the point of view of its social context, as it employs the maximum number of people, after the agricultural sector. Hence, it is important to evaluate the financial performance of the industrial Units in the Textile Sector, so that forewarning indicator ratios could be identified and the 'financial distress' state could be predicted and arrested in advance.

Many studies are done in the Indian Context, in order to evaluate the financial performance of an Industrial Unit and to predict the 'financial distress' state or sickness, using ratio analysis. One of the first attempts was made by the National Council of Applied Economic Research (NCAER), in 1979, which was sponsored by the Punjab National Bank. The sample size for study was 162 industrial units: 81 sick and 81 healthy units, taken from different industries, such as Cement, Cotton Textile, Jute, Light Engineering and Sugar. The study used 25 ratios and developed Multiple Discriminant models for each type industry.

In his study, Paranjape (1980) tested 16 ratios in the textile firms. The study suggested the four ratios that discriminate better between sick and non-sick firms. The four ratios were Raw Material Consumed/Sales, Inventory / Current Assets, Retained Earnings / Total Assets and EBIT plus Depreciation / Total Liability. The study claimed that the model predicts sick and non-sick firms, with 90 per cent accuracy, one year prior to sickness.

Misra Banarasi (1990) made an attempt to analyse the effectiveness of the various financial ratios, in segregating sick and non sick industrial enterprises, through Univariate and Multivariate analysis. The study developed a Multiple Discriminant model for monitoring the Industrial Sickness of Textile Units.

In his study, Kortikar (1997) classified firms into three distinct groups, i.e. Sick, Distressed and Healthy. He derived Discriminant score Z. The accuracy of correct classification of Kortikar's model has been 77.7 per cent, one year in advance, while it has been 73 per cent, 69.9 per cent, 61.5per cent and 50.5 per cent each for two, three, four and five years in advance, respectively. Kortikar's study also suggested a Discriminate Model for the Textile Industry.
The study of the Indian cotton industry by Kaur and Rao (2009) revealed that profitability, growth offering, liquidity and business risk were the most important determinants of debt equity choice, followed by uniqueness.

In their study of the Indian Cotton Textile Industry, Rao and Azhagaiah (2010) observed that the linear growth rate of the Performance Index, Utilisation Index and Efficiency Index, in respect of Working Capital Efficiency, for small size firms, was significant, while for a medium size firm, the trend of Utilisation index alone was significant. The trend of Performance Index, Utilisation Index and Efficiency Index for large size firms was insignificant.

The study results of 142 textile companies by Singala H.K. (2011) shows the firm's size as an important factor affecting profitability i.e. ratios such as PAT/ Net Sales, PAT/ Total Assets and ROCE.

The literature reviewed suggests that most followed the method of financial performance analysis, by using Discriminant analysis. It also indicates that size and financial performance go hand in hand, i.e. the bigger the firm, the higher is the profitability. In light of the literature surveyed, it is important to study the financial performance of the textile industry, in today's context, in terms of financial ratios of two samples i.e. BIFR and non BIFR companies. It is also important to validate the performance of the model(s) suggested by Altman (1968, 1993)

2.2 Research Methodology

The present study analyses the financial performance of 30 Indian textile companies, using a ratio analysis, from their past 5 year financial data (2008-12). The study draws a random sample of 15 units each, from two groups, for which the financial data of at least three years is available for analysis. One group is defined as BIFR registered Textile Companies and the other as Non BIFR Textile Companies. The units in both the samples are identical, in terms of Sales and Total Asset size. The type of study primarily is explanatory in nature and based solely on secondary data. The financial data of 30 companies has been taken from the online web database moneycontrol.com. The Data has been analysed using financial ratio analysis and descriptive and inferential statistics. The Study has tested a null hypothesis.

Ho: There is no difference between the five year average of financial ratios for BIFR and Non BIFR Groups

One of the limitations of current study is that it is based upon a relatively small sample of 30 textile companies; sufficient for exact statistical tests, but the result might be sample specific.

3. Data Analysis and Interpretation

3.1 Overview

A financial ratio is the relative magnitude of two selected numerical values taken from an entity's financial statements. It is generally used to evaluate the financial performance of an entity. There are many standard ratios used to try to evaluate the overall financial condition of an organisation. Financial ratios may be used by managers within a firm, by current and potential shareholders (owners) of a firm and by a firm's creditors.

The present study has selected eleven financial ratios, looking at their popularity in terms of the frequency of use, in business literature. The ratios used in the study are listed in Table 1. The ratios are basically drawn from a broad category, such as Liquidity, Leverage, Profitability, Activity and Turnover. The ratios numbers from 7 to 11 are suggested by Altman (1968), in his celebrated study related to the bankruptcy prediction model, using discriminate analysis. Prof. Altman has used five ratios, which were the best discriminator between the two groups viz. Bankrupt Companies and Non-Bankrupt companies. After assigning weights to these ratios, he derives a Score, which is known as Z-Score.

The Z Score can be computed by using

$$Z= 0.012\,X1 + 0.014\,X2 + 0.033\,X3 + 0.006\,X4 + 0.999\,X5$$

Where
X1 –Working Capital/Total Assets
X2 – Retained Earnings/Total Assets
X3 – Earning Before Interest and Taxes/Total Assets
X4 – Market Value of Equity/Book Value of Debt
X5 – Sales / Total Assets

The pass mark for Altman's Z Score was 2.675. The companies with a Z Score below 1.80 would be classified as potential failures, while the scores between 1.80 and 2.675 were considered the zone of ignorance. This model was primarily used to know the probability of default, among public traded companies. As it is somewhat difficult to estimate the market value of the equity for private companies, Altman (1993) further revised the equation for the privately traded companies, whose market value of equity is difficult to obtain or estimate. The Revised Z' Score has been given as

$$Z' = 0.717\,X1 + 0.847\,X2 + 3.107\,X3 + 0.420\,X4 + 0.998\,X5$$

The pass mark for Altman's Z Score was 2.90. The companies with a Z Score below 1.23 would be classified as potential failures, while the scores between 1.23 and 2.90 were considered the zone of ignorance. In this paper Altman's Z' score is used, due to non availability of data about the market value of equity relating to the BIFR group, as they are either not traded or thinly traded.

Each ratio of the past five years, including Altman's, has been analysed for each company and average value of it has been calculated. The five years average value of a particular ratio has been tested between the two group companies i.e. BIFR and Non BIFR, using a T-test for significance. The paper also tests the validity of Altman's Z' score, by computing and classifying the companies, belonging to two groups, namely BIFR and Non BIFR.

Table 1: Ratios Used in the present research study

Sr. Nos.	Name of the Ratio
1	Current Ratio
2	Inventory to Gross Current Assets
3	Debt to Equity Ratio
4	Inventory in Number of Days
5	Debtors Turnover in Number of Days
6	Gross Profit Margin –PBDIT to Sales
7	X-1 Working Capital to Total Assets
8	X-2 Retained Earnings to Total Assets
9	X-3 EBIT to Total Assets
10	X-4 Book Value of Equity to Book Value of Debt
11	X-5 Sales to Total Assets

3.2 Interpretation of the Results

After calculating the eleven ratios for the last five years i.e. from 2008 to 2012, for 15 companies each, from two groups - BIFR and non BIFR, the following frequency distribution has been tabulated for each of the ratios:

Table 2: Distribution of Average Current Ratio (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
0.00 - 0.50	2	1	3
0.51 - 1.00	2	1	3
1.01 - 1.50	3	4	7
1.51 - 2.00	1	2	3
2.01 - 2.50	3	3	6
2.51 - 3.00	1	1	2
Above 3.01	3	3	6
Grand Total	15	15	30

Table 2 indicates that out of 30 companies, 16 have an average current ratio of less than 2. Of these 16 companies, 8 are from the BIFR group and the remaining 8 from the non BIFR group. 14 companies have an average current ratio of more than 2 and again the division is equal - 7 companies from each group. This shows that both groups have a similar current ratio.

Table 3: Distribution of Average Inventory to Gross Current Asset Ratio (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
0.00 - 0.20	2	1	3
0.21 - 0.40	2	4	6
0.41 - 0.609	5	1	4
0.61 - 0.80	2	5	7
0.81 - 1.00	0	0	0
Grand Total	15	15	30

Table 3 shows that these 30 sample companies, from the textile

sector, have a somewhat similar proportion of inventory, in their gross current assets. In order to prevent a stock out situation, these companies have to keep a good amount of inventory. As the inventory is piled up, as a major portion of their current assets, the overall working capital management may face some issues, in all such companies.

Table 4: Distribution of Average Debt to Equity Ratio (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
Negative	6	1	7
0.01 - 1	1	6	7
1.01 - 2	1	2	3
2.01 - 3	1	1	2
3.01 - 4	0	3	3
4.01 - 5	0	0	0
Above 5.01	6	2	8
Grand Total	15	15	30

Table 4 indicates that most of the BIFR group companies have a debt to equity ratio, which is either negative or higher than 5. This clearly reflects their poor performance, due to high burden of debt, causing higher interest flow as expenses. The negative number is due to the fact that 6 companies have had their net worth completely eroded, due to continuing losses. The non BIFR group is relatively better off, as 9 companies from the group have debt to equity ratio in the range of 0 to 3, while 2 companies have the same ratio – of more than 5. One company from the non BIFR group has a negative ratio, indicating that it is not doing well. This ratio sends an alert to non-BIFR companies that they should be careful, as a high debt burden may take a toll on their financial performance.

Table 5: Distribution of Average Inventory in Number of Days (Five Years) for the Two Groups

Range in Days	BIFR	Non-BIFR	Grand Total
10 - 20	0	2	2
21 - 30	1	2	3
31 - 40	1	0	1
41 - 50	1	0	1
51 - 60	1	1	2
Above 61	11	10	21
Grand Total	15	15	30

Table 5 explains that both group companies have to keep a large number of days inventory. Out of 30, 12 BIFR companies and 11 non BIFR companies have a ratio of more than 50 days, which means that inventory can be turned maximum 7 times in a year, assuming 350 days in a year.

Such a high inventory level shows that little effort has been taken by these companies, on the concept of Just in Time, which may not be a good sign.

Table 6 : Distribution of Average Debtors in Number of Days (Five Years) for the Two Groups

Range in Days	BIFR	Non-BIFR	Grand Total
10 - 20	0	4	4
21 - 30	1	1	2
31 - 40	1	2	3
41 - 50	2	0	2
51 - 60	2	1	3
Above 61	9	7	16
Grand Total	15	15	30

Table 6 indicates that BIFR group companies are not in a position to collect the receivable from debtors in time and this is affecting their liquidity position. 9 out of 15 BIFR companies have outstanding debtors of more than 60 days, as against 7 out of 15 non BIFR companies. As the number of days the sale gets stuck with debtors becomes more, the chances of it becoming doubtful increases. This ratio, when coupled with inventory turnover, explains the liquidity issue of BIFR companies, as the higher the capital locked in the inventory, the more the number of days the proceeds from sales are yet to be collected. The non BIFR companies are a little better in this regard, vis-à-vis with the BIFR group.

Table 7: Distribution of Average Profit Before Depreciation, Interest and Taxes to the Sales Ratio (Five Years) for the Two Groups

Range in Percentage	BIFR	Non-BIFR	Grand Total
Less than 0	14	0	14
0.00 - 1	1	14	15
1.01 - 2	0	1	1
2.01 - 3	0	0	0
3.01 - 4	0	0	0
4.01 - 5	0	0	0
Above 5.01	0	0	0
Grand Total	15	15	30

This ratio is an important one, as it reflects the ability of an entity to manage its costs efficiently. This ratio is calculated by subtracting all the costs, barring Interest Depreciation and Taxes, from the sales and then dividing the result by the sales. As it excludes the Interest and Depreciation, which are proxies to the Capital Structure, and the Asset size, one can compare two entities for their cost efficiencies. Table 7 indicates all but one BIFR company as having this ratio in the negative territory, which indicates their inability to manage and control costs. The Table also explains that the non BIFR companies are also not in a good position, as for 14 out of the 15 companies the ratio is one or less than one. This indicates that in the future some of the non-BIFR companies may become loss making entities, unless they make a conscious effort in cost reduction and control.

Table 8: Distribution of Average X-1 Ratio (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
Negative to Zero	1	1	2
0.01 to 0.20	5	4	9
0.21 to 0.40	6	8	14
0.41 to 0.60	3	1	4
0.61 and Above	-	1	1
Grand Total	15	15	30

X-1 is the ratio of the working capital to total assets. It can be observed from Table 8 that X-1 for most of the companies from the BIFR group is less than 0.40 i.e. 40 percent as against 12 companies from the non BIFR group. Each of the group has one company with a negative ratio. The working capital composition in the total asset, for the both groups, is more or less similar in nature.

Table 9: Distribution of the Average X-2 Ratio (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
Negative to Zero	11	5	16
0.01 to 0.20	4	4	8
0.21 to 0.40	-	3	3
0.41 to 0.60	-	3	3
0.61 and Above	-	-	-
Grand Total	15	15	30

X-2 is the ratio of retained earnings to total assets. It can be observed from Table 9 that X-2 for most of the companies from the BIFR group is either zero or negative, as against 5 companies from the non BIFR group. This indicates the 'financial distress' condition of the companies from the BIFR group. It also reflects the poor picture of some of the companies from non BIFR groups, as 5 of them are either zero or negative X-2, while 4 companies from each group have this ratio between 0.01 and 0.20. Only 6 companies out of 15 from the non BIFR group are in a better financial position than the rest.

Table 10: Distribution of Average X-3 Ratio (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
Negative to Zero	11	1	12
0.01 to 0.20	4	14	18
0.21 to 0.40	-	-	-
0.41 to 0.60	-	-	-
0.61 and Above	-	-	-
Grand Total	15	15	30

X-3 is the ratio of Earning Before Interest and Taxes (EBIT) to total assets. It can be observed from Table 10, that X-3 for most of the companies from the BIFR group is either zero or negative, as against 1 company from the non BIFR group. A company having low or negative value of X-3, will also have a low Z' Score, due to the weight of X-3 in composition of the Z' Score. This ratio also explains the relatively better performance of non BIFR group companies, due to higher X-3. It also signals that if non BIFR companies do not manage their expenses properly, their financial performance will get affected severely.

Table 11: Distribution of Average X-4 Ratio (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
Negative to Zero	8	2	10
0.01 to 0.25	6	1	7
0.26 to 0.50	1	3	4
0.51 to 0.75	-	1	1
0.76 and Above	-	8	8
Grand Total	15	15	30

X-4 is the ratio of book value of equity to the total value of liability (short and long term). It can be observed from Table 11 that the X-4 for most of the companies from the BIFR group is either zero or negative, as against 2 companies from the non BIFR group. A company, having a low or negative value of X-4, indicates that the net worth is completely eroded and there is a debt burden. This ratio also explains the relatively better performance of non BIFR group companies as 8 of them have this ratio above 0.76 and the higher this number better it is financially.

Table 12: Distribution of Average X-5 Ratio (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
Less than or equal to 0.25	3	1	4
0.26 to 0.50	3	1	4
0.51 to 0.75	2	1	3
0.76 to 1.00	3	6	9
1.01 and Above	4	6	10
Grand Total	15	15	30

X-5 is the ratio of sales to total assets. It explains how a company is utilising its assets in getting sales. The higher this ratio, the better it is. It can be observed from Table 12 that X-5 for majority of the companies from the BIFR group is less than 0.75, as against only 3 companies from the non BIFR group. This ratio explains the relatively better performance of non BIFR group companies, due to the ability of turning their assets efficiently.

Table 13: Distribution of Average Altman's Z' Score (Five Years) for the Two Groups

Range	BIFR	Non-BIFR	Grand Total
Z' Less than 1.23	12	4	16
Z' greater than 1.23 and lesser than 2.90	3	7	10
Z' greater than 2.90	0	4	04
Grand Total	15	15	30

Table 13 indicates the Altman's Z' score distribution of 30 companies, from the two groups. The Z' score correctly classifies 12 out of the 15 BIFR companies,, as they are in financial distress and it also shows the financial distress of 4 non BIFR companies. The Z' score for 7 non BIFR companies lies between 1.23 and 2.90, which is a forewarning for these companies. If they do not take proper measures in terms of cost control and asset utilisation, they may fall into financial distress soon. The overall predictive ability of the Z' Score is fairly reasonable.

3.2 Testing of the Hypothesis

The study has tested the following hypothesis for the ratios 1 to 11 and the Z' score, which is a product of ratios 7 to 11, using a student's t-test.

Ho: There is no difference between the Five year Average of financial ratio for BIFR and Non BIFR groups

Table 14: Student 't' test results summary

Sr. No.	Ratio Name	Mean Value		Std. Deviation		t – statistics at 5 percent level of significance	p value
		Non BIFR	BIFR	Non BIFR	BIFR		
1	Current Ratio	1.9792	1.9862	1.113	1.2786	0.02	0.987
2	Inventory to Gross C.A.	0.5063	0.4494	0.1898	0.1825	0.84	0.41
3	D/E	6.7885	3.7764	31.2274	13.7012	0.34	0.735
4	Inventory Turnover in number of days	89.42	175.91	77	185.6	-1.67	0.106
5	Debtors Turnover in number of days	61.93	112.4	41.63	297.05	-1.56	0.131
6	PBDIT / Sales	0.19	-0.9402	0.2984	3.5949	1.22	0.233
7	X-1	0.25	0.20	0.18	0.23	0.62	0.54
8	X-2	0.14	-0.69	0.25	1.73	1.82	0.079
9	**X-3**	**0.05**	**-0.05**	**0.042**	**0.12**	**3.18**	**0.0036***
10	**X-4**	**1.67**	**-0.05**	**2.53**	**0.31**	**2.63**	**0.0138**
11	**X-5**	**1.00**	**0.62**	**0.49**	**0.41**	**2.28**	**0.0305**
12	**Z' Score**	**2.18**	**0.00**	**1.45**	**2.12**	**3.27**	**0.0029***

*Significant at 1 percent level of significance

The results of the t-test are shown in Table 14, which clearly indicates that the Hypothesis cannot be refuted for the ratios 1 to 8 for the study sample and for the ratios 9 to 11 i.e. X-3, X-4 , X-5, the Z' score study has enough evidence to refute the Hypothesis.

4. Conclusion

The present study observes that the 30 companies, from the textile sector, which are drawn from two groups - BIFR and Non BIFR are similar in their financial performance. It shows that the financial performance of all these 30 companies is not satisfactory. The study sample companies are burdened with debt, high levels of inventory, stick debtors and poor asset utilisation. Cost efficiency is clearly lacking in them and in order to improve the margins, all round efforts are required in terms of cost control, reduction and asset utilisation. The absence of such efforts will result in poor financial performance of these companies, irrespective of the group they belong and will affect all stakeholders associated with them in the long run.

Notes

A) BIFR web site – www.bifr.nic.in, accessed 10th January, 2014.
B) For Varshney Committee (1975) see Kaveri V.S. (1983) "How to Diagnose, Prevent and Cure Industrial Sickness (A practical Approach)". New Delhi: Sultan Chand & Sons, pp. 21-2.

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Authored by
Dr. Nitin Kulkarni
nitink_iom@met.edu

Prof. Sandeep Chopde
sandeepc_iom@met.edu

Mrs. Yashashree Gurao Kokate
yashashreeg_amdc@met.edu

The Crisis of Lost Identity – Story of 30 Plus

India's first ever rejuvenator brand - 30 plus, by Ajanta Pharma, is now making a comeback with a new owner – Dabur India Ltd.

30 plus, launched in 1990 as an herbal energiser capsule, was one of the strongest and oldest healthcare energiser brands in the country. Endorsed by Bollywood veteran – Jeetendra, famous for youthful energy, the capsule was positioned as an energiser for the

30 plus population - for Glucose metabolism, sleeping disorders and lack of energy and enthusiasm. It also delayed the signs of ageing. The brand became a million dollar brand overnight.

However, over a period of time, the consumers started perceiving it as a sex stimulant, which the product did not perform as. The sales started declining.

The brand has recently been bought by another OTC pharma products major - Dabur. Dabur is planning to position it as per what the consumers perceived, i.e. as a sex stimulant and have even changed the formula to suit the consumer perception.

This case is about that crisis of lost identity.

In October 2012, Dabur (I) Ltd., India's leading natural health care company, entered into an agreement with the Mumbai brand Pharma major - Ajanta Pharma Ltd, to acquire their over the counter (OTC) energiser brand - 30 plus.

"We are very happy to announce the acquisition of the 30 plus brand. For every acquisition that we make, we look at synergy, which can complement Dabur's existing product folio. The acquisition of 30 plus is part of an aggressive strategy to build the capacity of the OTC health care business and I am confident that this transaction will help in our endeavour to further strengthen our portfolio in that category" said F.D. Narang, Group Director – Dabur India Ltd.

Dabur India, the world's largest Ayurvedic and natural care company, is the fourth largest FMCG Company in India, with a revenue of over Rs. 6000 crore and a market capitalisation of 5 bn USD. Building on the legacy of quality and experience of over 127 years, Dabur operates in key consumer product categories, like hair care, oral care, health care, skin care and food. Commenting on the re launch, Anil V. Kaushal, Category Head – OTC, Dabur India said, " 30 plus has been a trusted health revitaliser brand, which Dabur has acquired. Leveraging Dabur's expertise in natural and Ayurvedic health care, we have re-energised the product, making it more relevant, for today's 30+ male." Dabur has recently acquired 30 plus from Ajanta Pharma Ltd. - a Pharma major, with a 700 cr. Revenue.

Timeline

Ajanta Pharma Ltd. (APL) was originally incorporated on 31st December, 1979, under the Company Act, 1956, as Ajanta Pharma (P) Ltd., by two Agrawal brothers - Purushottam and Madhusudan. Purushottam Agrawal, a pharmacist by training, started Ajanta Pharma with his brother, to manufacture and market of 10 OTC brands through a marketing infrastructure spread across the Marathwada region.

By then, their elder brother Mannalal had already sold his textile business and joined the group as its Finance Director.
The major OTC brand included
Pinku Gripe Water – Carmine for children
Glucone D – Glucose Power
Trinol – Analgesic, Antipyretic, like Tylenol
Dettol – Liquid Antiseptic

In 1981, the company entered instituted segments, like the Defence, Canteen Stores Department, Hospitals, UNICEF, UNHCR, Municipalities and the Government Health Department B1 1984. When the company set up its second manufacturing facility at Paithan near Aurangabad, the company had become one of the major OTC players in Maharashtra, Andhra Pradesh, Karnataka and Gujarat.

On 7th July, 1986, Ajanta Pharma Ltd. (APL) became a public limited company, under a special resolution and certificate, dated 11th August, 1986. By now, APL had a strong presence in every district of all the four states, catering to places, where the population was above 50,000. Moreover, APL had a dealer network of about 75,000, catered to by strategies, C & F agents and distributors. The emphasis still was on dealer push rather than pull. It is at this stage that APL decided to spread its wings. With its existing products, they decided to develop a distribution infrastructure, across the length and breadth of the country. This was backed by a high powered media campaign, by Creative Unit and Innovative Advertising. APL was now ready to take its next major leap.

In 1990, APL decided to launch the first ever energy recharger and revitaliser, containing 500mg Korean Ginseng extract and 500mg Ashwagandha extract. Both these ingredients help in Glucose metabolism and thereby take care of lack of energy, sleep disorders and signs of ageing.

Segmentation

Aptly, the market segment was defined as the urban population with a household income of 15000/- plus per month and in the age group - thirty plus.

The promotion was assigned to one of the premier ad agencies - Creative Unit.

Position: Energy Recharger for the defined segment

Brand Name: 30 Plus

The Bollywood veteran –Jeetendra, famous for his jumping jack image (by now in his 40s), was the brand ambassador for the product. Jeetendra is known for his dancing, which is considered as embodying youthful energy and full of vigour. Jeetendra has left his mark on Indian cinema, as a result of his innumerable skills, charming looks, dancing and youthfulness. The elegant red pack of 10 capsules, with a dosage of one capsule a day, was priced at Rs.69.90 and dealers were offered the scheme of 80+20, with a ROI of 38%

Introduction of Brand

Its advertisement first appeared in front line newspapers and hoardings in metro towns, followed by prime time T.V and magazine. A sizable amount was spent on visibility at dealer counters, including Point Of Sales, window displays and display contests. A lot of orders got booked by filling the distributor pipe lines. 30 plus became a million dollars product overnight. A high powered media campaign generated huge product trials. The chemists were out of stock and the sales team had to work overtime to meet the orders placed by the chemists. It was like a dream run for the company. APL strengthened the manufacturing lines and the sales zoomed further.

As a result leading newspapers and magazines started writing about the product and filling up columns. Major sales came from not only the metros, but smaller towns in U.P, Bihar, M.P. – a united market segment, which constituted more than their intended focus territories.

The company did not conduct any research on this phenomenon. Had they done so, perhaps what followed could have been avoided; but, over a period of time, the company realised that the chemists were not placing orders any more. The sales team reported that tertiary orders were depleting. It was the same experience all over the country. As long as the market was clearly segmented, the sales were upbeat, but when they tried to capture entire markets, the sales started going down. The situation required urgent action. To analyse the situation, a dealer conference was called. The dealers suggested that the price of Rs.7- per capsule was very high and most people could not afford to purchase such a high price product. Also, only men were using the capsule. APL now intended to appeal to an entire market and lost its focus.

Taking this into account an elegant blue pack was designed and capsules of half the strength (250 mg) at half the price were launched. The ads now featured a Bollywood actress - Rim Rapadia, along with Jeetendra. But, this did not arrest the downward trend.

Meanwhile, the ad-account was handed over to Zen Publicity. They instituted a market research, at this late stage, in all the metro towns, Pune and the northern belt states.

Results of the survey were surprising. Consumers perceived the product as a sex stimulant; something similar to today's Viagra and not as an energy recharger. So also, 30 plus blue was considered to be a less potent product. APL meanwhile had launched a pack of two capsules and increased the point of sales visibility. The product would not work as Ginseng and Ashwagandha act as energy rechargers only after prolonged usage.
It was also observed that whenever there was a burst of advertising, the sales would zoom, temporarily. The ad-sales correlation was as high as 0.89.

APL now sent 1,00,000 direct mailers to Diners Club members. 50% of them claimed that they perceived the product to be an energiser and 50 % claimed it to be a pep-up pill. Results were surprising - more sales came from consumers considering the product a pep-up pill, but sales soon dropped, as the ingredients don't work as a pep-up pill.

The Board of Directors was worried as to how repositioning of brand could be effected.

Over a period of time, APL changed its focus and entered into the bulk drugs and ethical formulations business and 30 plus was no longer the company's priority.

In October 2012, 30 plus changed hands from APL to Dabur (I) Ltd.

Dabur, the world's largest natural and herbal healthcare company, found synergy in this acquisition and decided to release the brand in its new avatar. Says Anil V. Kaushal, Category Head OTC Business of Dabur, "We have re-energised the product, making it more relevant for today's 30 plus male, with powerful ingredients like Gold, Musli and Shilajit. Given hectic lifestyles, the needs of 30 plus males in India are vastly different. External factors like workload stress, deadlines etc. lead to fatigue, during the day, and also affect his spending quality time with the family, in the evenings.

There is no product available today that addresses this need gap. Dabur 30 plus has key ingredients, which help you feel younger and active, maintaining your strength, stamina and vigour. It helps energise, rejuvenate, vitalize and strengthen the body, to be ready day or night. And he can feel younger again."

On the appointment of Malaika Arora – an actress known as a sex kitten, Kaushal added, "Malaika Arora Khan is the perfect fit, for the brand. She is relevant to the communication, as show in the new campaign and hence was chosen as the brand ambassador." Malaika is known to be a sex siren and has danced in many item songs. She is an actor, dancer, V.J., and T.V presenter. She is one of India's top item girls.

Dabur 30 plus is being launched with a new communication – "ho jao youngeela re!" The high energy commercial is an energy concept of a middle aged male protagonist, fighting with his own self and one who keeps losing to himself every times. Rejuvenated with Dabur 30 plus, he is ready when the situation demands and displays his heroism, with youth and energy, to impress Malaika Arora in a filmy style.

Dabur will use the television, print, radio and online media, for popularising the product to the 30 plus target audience, which is essentially male, and the media mix will be primarily news, followed by Hindi ZEE, movies and key events.

Thus, taking a full circle, Dabur has decided to change the product formulation to suit the consumers' perception, re-building the belief of the consumers in the brand.

Suvarna Bhasma, Musli, Shilajit are considered to be aphrodisiacs, whereas Ginseng and Ashwagandha are energy rechargers.

ANNEXURE - I

Consumer Insight

Creative Unit was asked to develop the product concept from the brand name to packaging, including suggesting a launch strategy. The agency carried out an in-depth study of the properties and pharmacological effects of genes. It was found that it would be used as an aid or curative agent, for a variety of maladies, like liver damage, diabetes, blood pressure, stress; it also reduced fatigue, prevented premature ageing and helped the digestive and circulatory system. However, as an OTC product, only the general energising qualities could be actively stressed on.

The study also gave an indication of who the consumer was likely to be:

Mainly people above 50 years; it is at this age that an individual feels maximum stress – physical, psychological, social and even economic – due to increased demands of the career, family and home. It was decided that the product should address these problems – offering relief from stress and fatigue and thus helping the user to live a successful life.

Although women too are subject to stress, it was felt that segmenting career-oriented males would help give the product a sharp focus.

Consumer research was initiated, to help define the generated perception of middle age and its related problems. Men in their 30s, 40s and 50s were interviewed. It was found that mid-life crisis was experienced, only after the age of 40. It was only after a hectic period of career consolidation and setting down in terms of family and social life that a man felt that the best part of this life was over.

The Product Plus

All the other Ginseng brands, promoted ethically, were well accepted by the medical profession and enjoyed good market shares. For Ajanta Pharma's products to succeed in the OTC market, it was felt that just generic awareness of Ginseng was not enough. A product plus was needed.

The Brand Name

The next step was to give the product a name that would personify the product promise. The fact that it would be viewed as a health supplement was taken into consideration, as could be expected from a wide variety of brands, many of them not related to Ginseng at all, like Tonos 7, Chyawanprash, Vita Ex, Shilajit, Surbex T and even Horlicks and Complan.

The brand name had to identify the product as an energiser, without confusing it with existing products and genetic brands. It also had to have top of the mind recall. Several alternatives were tested for acceptance among consumers – Juvenal, Elix, Invigora, Augmentin and 30 plus. Oriental sounding names, like Yuvan and Yangan, were also tested.

30 plus aroused maximum interest among respondents, who admitted that they felt good, asking for a product that reminded them that they were only over 30. No one would have reacted to Forty Plus of Fifty Plus respectively.

The Advertising

Prelaunch research revealed that a majority of the respondents were reasonably satisfied with their home life and careers. Few took any tonic regularly. A common reaction was: "I don't need a tonic".

A totally new creative strategy had to be built up to create the need for an energy restorer. Direct appeals to the feeling of tiredness and weakness would quite possibly evoke a defensive reaction or outright rejection. It was thus decided to focus on the more positive aspects of middle age, emphasising a settled and optimistic future ahead.

Advertising was aimed at reinforcing the feeling of confidence and optimism. Thus the line "The best has just begun" was developed and 30 Plus was offered to individuals over 30 with the power to go.

Quite early in the planning stage, the question whether a celebrity could promote the product was discussed. Direct endorsement by a celebrity, it was felt, might reduce credibility, as there are umpteen film stars and cricket players pushing any number of products. The person was to instead build up a certain atmosphere of confidence and success.

The Launch

The brand was launched nationally in January 1990. The capsules came in blister packs of 10, put in a box, to be slipped into one's pocket or briefcase conveniently. The red and gold packaging sought to convey exclusiveness and richness. The plus symbol in the logo reaffirmed the pharmaceutical image as well as the positive product benefits.

ANNEXURE - II

Korean Panax Ginseng – The Wonder Root

- Boosts the immune system function
- Supports the cardiovascular health/function
- Helps fight diabetes
- Fights Alzheimer disease
- Fights fatigue
- Fights depression and anxiety
- Fights certain lung conditions
- May help with certain cancers

Benefits of Ashwagandha

- Diuretic
- Sleep aid
- Galactogogue
- Anti-epileptic
- Anti-tumour
- Pain relief
- Eye health
- Heart tonic
- Lowers cholesterol
- Regulates blood sugar
- Reduces depression and anxiety
- Combats stress
- Fights cognitive decline, due to brain cell degeneration

Major Benefits of Swarna Bhasma

- Improves resistance power of the human body
- Boosts immunity and strengthens the human body
- Used on a regular basis, it acts as a nerve tonic
- Helps in treating anaemia and chronic fever
- Improves the complexion
- Eradicates all chronic disorders, when used consistently
- Indicated for chronic fever, cough, asthma, urinary disorders, sleeplessness and weak digestion
- Strengthens weak muscles, debilities associated with old-age
- Excellent for treating tuberculosis
- Increases sexual power
- Helps prevent symptoms of ageing like wrinkles, dullness of skin, dark circles around the eyes, debility, fatigue, etc.
- Strengthens tissues and ligaments of the human body
- Effective in maintaining vigour, vitality and stamina

Important Musli Powder Benefits are:

- Addressing general debility due to diabetes
- As a remedy for arthritis and joint pain
- Great help for both men and women in the context of sexual problems
- Tonic for physical weakness and many other illnesses
- Powerful sex tonic
- Natal and post natal problems

Shilajit has been indicated as useful in the treatment of a number of diseases as mentioned below:

- Has a very good pain relieving effect, in any kind of injury and muscular pain
- Strengthening the nervous system thereby very helpful in nervous disorders like paralysis, hemiplegia etc.
- Helps in disorders like depression, mental stress, epilepsy and mental fatigue
- Wonderful results have been seen in abdominal disorders like pain, gastritis, indigestion and constipation
- Good results have been seen in piles and fistula related problems.
- Very effective in disease related to the heart, as it a pitta moderator
- Helps in increasing strength and endurance power in men
- Helps in increasing the sperm count and bettering the quality of sperms
- Helps in regulating sex hormones for proper functioning

Authored by
Prof. Rajiv Gupte
rajivg_iom@met.edu

Prof. Vikas V. Naik
vikasn_iom@met.edu

Banking Sector in India

ECONOMY UPDATES

Banking is the lifeline of the economy of India. The strength of banking sector determines strength of economy. It is heartening to acknowledge that after Lehman's effect in 2008, whereas more than -100- banks failed in USA, not a single public sector bank failed in India, thanks to policies & supervision of Reserve Bank of India, the only regulatory authority for banking sector in India.
The main concerns of Government of India as regards banking sector are
1) Financial Inclusion for which finance ministry and RBI are strongly committed. Recommendations of Nachiket Mor Committee about giving license for opening new payment banks and small banks are actively persued.
2) Boosting growth of Indian economy that just had two consecutive years of below 5% growth by improving supply side in the economy i.e. by strengthening infrastructure.
3) Capitalisation of Banking Sector to meet Basel III standards by 2018-19 which would require generation of additional capital of 4 to 5 lacs crore in Banking Industry.

The present main concerns of RBI are
1) Price stability by controlling inflation.
2) Financial stability of Indian Banks and
3) Ensuring growth

RBI has been successful to control inflation below targeted 8% presently based on recommendations of Dr. Urjit Patel Committee replacing Wholesale Price Index (WPI) on inflation by Consumer Price Index (CPI). Also in last two consecutive bi-monthly policy of RBI, RBI has reduced statutory Liquidity Ratio by 100 basis points (from 23% to 22%) there by releasing more than 8000 crores as lendable funds in hands of banks to promote growth.

The main present concerns of banking sector are
1) Arresting deterioration of asset quality more particularly in Public Sector Banks which accounts for about 70% of Banking Business.
2) Arresting increasing stressed assets which comprise of Non- Performing Assets & Restructured Assets which accounts for more than 11% in Banking Sector Interestingly, Public Sector Banks (presently 26) here also contributed (negative) compared to their counter parts new generation private sector banks (-10- presently) which reflects poor credit management policies and practices in Public Sector Banks. RBI has accepted recommendations of P.J. Nayak Committee on Corporate Governance in Banks for revamping Banking Boards in Public Sector Banks.

The two recent incidents in Public Sector Banks are indeed shocking. One about Kolkata based United Bank of India where the CMD had to submit resignation in view of loss incurred by bank for understanding NPAs & second about arrest by CBI followed by suspension by RBI of CMD of Mangalore based Syndicate Bank on corruption charges.However, RBI Governor Dr. Rajan has termed such incidents as shocking but solitary.

Authored by
Prof. B. J. Ved
bharatv_amdc@met.edu

Honing Communication for Organisational Efficiency/ Effectiveness: Converting Weaknesses to Strengths

Abstract
Organisational efficiency/effectiveness cannot merely be derived by excellence in the organisation's field of specialisation, as the very notion of an organisation depends on interdependence, which requires interaction, which cannot take place without communication. Although people communicate, how effective they are is getting to be an issue of extreme relevance, in the modern context of globalisation that necessitates not merely inter organisational but intra organisational communication. Ineffectiveness in communication can thus, at a primary level, lead to miscommunication, creating misunderstanding and at worst resulting in a complete breakdown in communication, which can create issues in thriving and even survival. Fostering effectiveness in communication is a task that is possible and yields valuable results, if certain basic and simple measures are instituted.

Key words
Communication; organisational efficiency/effectiveness; communication channels; communication modes; strategies for enhancing effectiveness.

Introduction
Every company has two organisational structures: The formal one is written on the charts; the other is the everyday relationship of the men and women in the organisation.
Harold S Geneen

The latter half of the twentieth century has witnessed high rates of attrition, which have largely been attributed to globalisation and the resultant free availability of jobs. However, if examined closely, this proposition, though it appears true on the surface, hides below it a reality that needs to be acknowledged, if one wishes to address it. As per a study conducted by Marcus Buckingham and Curt Coffman, through a Gallup Poll and published in First Break All The Rules, people leave not organisations, but their bosses; and, the relationship between bosses and subordinates is what creates organisational culture that rests itself on the relationships that get built across hierarchies, based on communication.

Thus, if examined closely, it is not difficult to appreciate that communication is the lifeblood of an organisation, without which it will fail to function effectively, will be unable to reach its goals and will ultimately perish.

However, in the era of (super) specialisation and an increasing narrowing down of skill sets, this proposition would be considered highly debatable, as one line of thought believes that being proficient in one's area of specialisation is all that matters, since one professes it to be one's chief skill set and all else becomes secondary.

What this line of thinking misses though is that in the times of super specialisation, in the business interests of varied organisations, what can land one a job and help one sustain in and move on to another, if need be, is a general skill set, which rests primarily, among other things, in communication. A case in point, in this light, is that of Vanaz Engineers, which realising the obstacles that it was facing, due to poor communication, addressed the issue, making it a highly attractive organisation to work for, as regards organisational culture, sustained through strong communication channels.

Not being an organisation, where communication would be considered a primary skill set, given its Engineering background, this case merely goes on to prove that any organisation can and would no doubt train its employees in the 'specific' skills they desire, but without the ability to communicate, as Lee Iacocca opines, "you can have brilliant ideas, but if you can't get them across, your ideas won't get you anywhere."

It is in this context that the ability to communicate effectively has to be seen as a primary skill set that every employee in an organisation should possess, to ensure not merely the flourishing, but even the survival of an organisation; and, it is in this light that the role of communication in fostering organisational effectiveness needs to be examined.

While this issue has been dealt with widely, as also studied for over two decades, by the writer herself, it throws up new concerns and insights, every time it is approached, as was realised during the research conducted, through interviews and questionnaires over six months. More importantly, given that it is an issue that has still not been resolved, despite being one that has plagued organisations, since times immemorial, and given that it continues to be the unnoticed affliction that affects most organisations, its dimensions and effect need deliberation.

Ineffectiveness in organisational communication basically afflicts both the channels of communication and modes of communication and manifests itself in varied ways, resulting in diverse consequences, depending on its nature and the channel/mode it infects.

Channels of Organisational Communication
The daily functioning of an organisation essentially takes place through communication at various levels and through numerous formats. Whatever its content, however, this communication follows certain channels, which if not used effectively can result in miscommunication or at times a complete breakdown in the communication process.

Vertical: Being the most common channel of communication this comprises two lines of communication – downward and upward. While the former includes communication that flows from the bosses to the subordinates, the latter includes all communication that flows from the subordinates to the bosses.

Being the backbone of communication in any organisation, this also forms the channel that is often ridden by maximum problems.

While downward communication basically hits roadblocks in the area of hesitation on the part of the seniors, in openly acknowledging the achievements of their subordinates, due to the fear of it causing jealousy among other colleagues or a latent fear that this might make the subordinate egoistical or overconfident; upward communication faces the issue of availability of the seniors to discuss issues, their openness in accepting alternative points of view and the fear of status. This makes it difficult for subordinates to be open and frank, since they are afraid of the effect it might have on their position, in the long run.

While obstacles in downward communication thus leads to de-motivation, those in upward communication lead to vitiating the atmosphere in the workplace and is fairly likely to result in back biting and gossip.

Horizontal communication, which revolves around people at the same level, on the other hand, may be marked by jealousy and a suspicion about one's colleagues, resulting in withholding of information or, in extreme cases, deliberate manipulation of information. What is often not realised, in this context, that though each department has its own function, isolation of departments and their being cut off from each other is bound to affect organisational effectiveness, as any organisation is basically the sum total of all its parts. Moreover, gaps in horizontal communication are often masked, making their impact more insidious. Paradoxically, it may even happen that while colleagues may get along with each other on informal platforms of communication, like get-togethers or lunch hours, their official interaction may get marred by difference in priorities, approaches or division among lines of gender, age, cultural difference etc., or vice versa.

A case in point was a particular branch of a nationalised bank, where the working atmosphere got vitiated, after an otherwise fairly tightly knit group began to disintegrate, after a new employee began to carry non vegetarian food for lunch, resulting in her isolation and making her wrongly believe that the rest of the group, which kept away from her during lunch hour, was discriminating against her, since she was from a different linguistic background.

When the two aforementioned channels of communication fail or develop issues, they get subsumed by lateral communication and grapevine communication, which though necessary as channels o organisational communication can prove highly detrimental, if they supersede or attempt to replace vertical and horizontal communication, which should remain the primary channels of official communication, in an organisation.

Lateral communication occurs, when levels are skipped/side stepped, in the process of communication. While this commonly takes place, while extending courtesies to people, especially in the form of greeting, it may prove to be harmful, if lateral communication is used to replace/subvert vertical communication, though at times situations may demand resorting to lateral communication and it may even prove advisable.

Thus, an employee might resort to lateral communication, in case s/he needs some confidential professional advice, especially if the offending party falls in the direct line of the aggrieved employee's vertical communication channel. Common cases in point, in the current context, are cases of sexual harassment or grievance, where if the boss is the offending party, it would hardly be advisable to report the matter directly to him/her. So too, if the boss is unavailable due to any number of reasons, an employee might be forced to resort to lateral communication, most importantly in matters of great significance that may need urgent attention/resolution.

What makes it an impediment though is that most employees rely upon it to subvert authority and gain favour, sending out signals to their own bosses that their authority stands questioned and that these employees can get their way no matter what, by subverting the official channels of communication. Though this happens fairly frequently, in family run businesses, it to a greater or lesser extent affects most organisations and can prove detrimental to the morale of its employees. The 'yes man' or the one identified as the 'hanh ji' employee in Indian lingo is a manifestation of an employee, who relies primarily on lateral communication. What is worse is that in most organisations this spreads as a strategy for communication and can result in promoting mediocrity.

While all the other channels are integral aspects of formal communication, Grapevine communication, given its nature, is an informal communication channel. Understood by most as office gossip or rumours, it is bound to exist in any organisation and paradoxically is reflective of the strong bonds that its employees may share. Moving as the name suggests, in any direction and being a channel, whose origin cannot be traced, being quintessentially 'unofficial', it is one of the fastest spreading channels of communication. And, while it may be neither advisable nor possible to completely wipe away its existence, it is extremely essential to ensure that it does not become the official channel of communication, as it can lead to a lot of miscommunication and mischief. However, in organisations where the other channels are not strong or are rid with a lot of delay/bureaucracy, it becomes impossible to prevent grapevine from becoming the main channel of communication.

On the one hand, grapevine can lead to miscommunication, ignorance or a complete breakdown in communication, while on the other it can result in a great degree of manipulation and maliciousness. So too, while it may foster networking, it would be for the wrong reasons and may result in bonds that are driven by selfish interests, rather than ones that reflect genuineness.

Whatever its ill-effects, however, a wise organisation uses grapevine communication to float ideas and test their strength, before announcing them as decisions/policies. This can result in preventing a lot of bad blood or forestall the eventuality of retracting or back tracking one's policies/decisions.

Modes of Communication

While channels are an important form of organisational communication that may be affected by ineffectiveness, the other primary level that reflects inefficiency in organisational communication is the modes used in organisational communication.

Communication primarily takes two forms, communication that uses words i.e. verbal communication that in itself can either be oral/spoken or written and the one without the use of words i.e. non verbal or paralinguistic communication; and though both these modes can be afflicted by ineffectiveness, their manifestation can be very different.

Verbal Communication in an organisation takes varied forms, from face to face and telephonic conversations to meetings, briefings, letters, emails, fax, memos etc. Given its diverse nature, however, the etiquette that goes with every format is vastly different, often resulting in communication errors. A common internet email, the authenticity of the content of which may be suspect states that an employee of a reputed IT organisation had asked for leave by writing an email stating, "I need leave as I am marrying my daughter." It is surprising that he did not find himself arrested for violating social norms of behaviour.

Oral Communication, as an aspect of verbal communication, is often rid with errors that could include numerous areas - from wrong choice of vocabulary, like a trainee greeting the Senior Management members saying 'Hi guys!' to the diction, tone, pace, speed, pauses, all of which become highly consequential, both in the global context as well as that of cultural variation, within the country. A common pronunciation error, in the Indian context, is often a mix up between long and short vowels; thus, an innocent mispronunciation 'I mate her' instead of 'I met her' can result in one being slapped with sexual harassment charges.

So too, every medium has its own format and the etiquette that goes with it. For example, a telephonic conversation initiated with 'Hi who's this?' after one has called another person is considered rude. In one such instance, in an organisation, when this question received the retort, 'Could you please identify yourself first, since you are the one who has called?' created a communication issue between two colleagues. While the former found the latter unnecessarily strict, the latter felt that the former's approach was rude and lacked basic communication etiquette. Though this was later sorted out, an error of this nature could be enough to break down the relations between colleagues.

Written Communication, as against oral communication, is a record that can be referred to repeatedly and therefore becomes a permanent record of one's faux pas. Moreover, making more time available to send/peruse the communication, there is less scope to hide or explain away those errors.

Language being an evolving branch of knowledge that changes with time, space and culture, both the formats of and expectations from written communication keep changing. So too, newer formats keep evolving, with changing technology. For example, letters have been largely replaced with emails, as a format for most official communication.

In written communication, over and above being aware of and receptive to changing formats, spellings, grammar and punctuation play an extremely important role, as a change/an error in any one could completely change the meaning of what is being communicated. Its value can be understood by the manner in which the sentence 'A woman without her man is nothing' can be punctuated. While on the one hand it can be punctuated as 'A woman, without her man, is nothing', on the other it could be 'A woman, without her, man is nothing'. A simple shift in a comma can thus change the meaning to its opposite, creating the scope for a great deal of miscommunication.

The most difficult of the modes of communication to master and interpret, **Non Verbal or Paralinguistic Communication** takes various forms – body language (including posture and gestures), eye contact, facial expressions, dressing, signs and symbols and silence. This is because there is a great deal of cultural variation in the meaning and acceptability of various manifestations of paralinguistic communication. It is thus very important to be observant, alert and adaptable, as regards paralinguistic communication, since it is often accorded greater value than verbal communication. What one's face reveals might thus be a truer indicator of one's state of mind than the words one chooses to express oneself.

In the global context, it is therefore vital to study the cultural implications of paralinguistic communication and be willing to accommodate them. Whereas in India keeping a reasonable distance among members of opposite genders, in professional spaces, is the accepted norm, in many western countries, it is common to greet members of either gender by hugging them and lightly kissing both the cheeks. If a person unused to it were to overreact to such a simple gesture of greeting, it could create awkwardness or in extreme situations result in a total breakdown in communication, as one of the parties may take offence.

Research Study and Results

A study was conducted across organisations, to check approaches to communication in enhancing/affecting organisational effectiveness/efficiency. Though the organisations studied belonged to different verticals, both employees and HR departments largely believed that their organisation was affected by communication related issues and that effective communication was extremely necessary for organisational effectiveness. However, HR departments across organisations differed in their approach, as to how they would apply effectiveness in communication in the context of employees. Whereas the HR department of all the organisations surveyed agreed that they would definitely consider it extremely valuable in hiring and promoting an employee, they were not in agreement in the context of the role of effectiveness in communication in firing an employee and stood equally divided on the matter.

Paradoxically, it was revealed that the only organisation, which claimed that they did not suffer from communication issues, was in fact actually not aware that they did, since though they claimed that they were effective in all modes and channels of communication, the questionnaires they filled reflected contradictions and also errors in communication modes – especially spellings, punctuation and grammar. Moreover, the hesitation and number of errors committed, while interacting with the employees of this organisation, clearly showed that while they faced a problem, they were oblivious to it.

Of the organisations and employees, who admitted to facing communication issues, 75% felt that the issues were in both oral and written communication, while the remaining 25% felt that the issues were confined to oral communication.

Not surprisingly, while everyone admitted that the grapevine communication in their organisation was effective, major problems were being faced in the areas of downward communication and violation of protocol, in dealing with senior members in the organisation; the latter being indicative of the generation gap that is emerging, due to the extremely casual vocabulary adopted by the younger generation, as a result of overdependence on technology and paucity in reading. While problems experienced in oral communication by the employees were in the areas of clarity of content and completeness, with courtesy and confidence following as a close second, the HR largely claimed to have issues as regards conciseness, when the employees communicated with them. On the other hand, both the HR and the employees felt that the main concerns in written communication were in the areas of timeliness and completeness of information, followed by courtesy and grammar. So too, communication issues were found to occur most in meetings, when different communication formats were compared.

So too, while it was seen that companies had immensely benefitted due to effective communication in getting pending work done, handling emergencies and executing policies, they had suffered in project deadlines getting delayed, people turning up on holidays, due to last minute communication, while firing an employee and in dealing with serious issues of grave significance.

Means for Enhancing Organisational Communication

While the importance of effectiveness in communication for the smooth functioning and growth of an organisation cannot be denied, it also needs to be acknowledged that most organisations suffer from its absence to a greater or lesser extent. However addressing these issues is not particularly difficult, if certain basic steps are implemented:

• It is absolutely vital to focus on communication and insist on a feedback, to ensure that there is no gap between what has been said and what has been understood. For this, multitasking during communication should be completely avoided.
• To ensure completeness, the six 'wh' questions that Kipling has written about need to be imbued in the communication. These include what, when, where, why, who(m) and how. Nevertheless, the order of the answers to these questions should be included, as per their relevance to the context.
• In the case of written communication, it is necessary to proofread what one has written, to avoid errors in grammar, spelling and punctuation. Since most people rely on computers, this task has become fairly simple. However, one should set the language default to UK English and assess the options available, rather than blindly implementing the changes suggested by the spell/grammar check.
• Openness to suggestions and availability can serve as effective counters to the gaps that arise in downward communication and so can provision of a positive feedback, as this proves to be a great morale booster.
• Since gender equity at the workplace is a prominent concern of the times, training in gender sensitivity in communication and what constitutes appropriate/acceptable communication needs to be provided.
• Meetings need to be focussed, brief, well planned and executed, to maintain interest and prevent them from getting boring and unwieldy.
• Making people aware of the value that an organisation places on effective communication and laying down norms of acceptability, especially in the context of communication etiquette, can also go a long way in preventing issues, as people tend to be more careful, when they are aware of the consequences of violating expectations.
• Updating people about changes in communication formats, through focussed training, can help people keep pace with changing demands, due to language evolution or introduction of new technology.
• Ensuring that official channels of communication are functional and effective would reduce the excessive reliance on grapevine communication, confining it to the purposes, where it could be suitably and consciously exploited for the organisation's benefit, rather than being rampant and serving as the unofficially official communication channel.

Conclusion

While issues in communication can result from a poor command over communication, to taking the concern with communication very lightly, over and above the problems that can arise, due to improper use of channels and modes, a breakdown in communication can also result from a reason as innocuous as multitasking, resulting in reduced focus; and while it may be possible to apologise and address to the extent possible issues resulting from poor communication, what cannot be undone is the poor impression it leaves. Resulting in the least in leaving a poor taste or wasting the time of another, at worst it can result in a total breakdown in communication in an organisation, causing issues as grave as legal cases or attrition.

In fact, if intra organisation communication itself is such an uphill task, then multiple locations and inter organisation communication, that define the modern day working context, are bound to complicate the matter to a much greater extent. However, this is really not a cause for worry for those who are aware of the obstacles that can arise in effective communication and are willing to rise up to the challenge of negotiating this difficult but not impossible task. For, after all, as opined by Brian Tracy, "Communication is a skill that you can learn. It's like riding a bicycle or typing. If you're willing to work at it, you can rapidly improve the quality of every part of your life."

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Authored by
Prof. Preeti Shirodkar
preetis_iom@met.edu

Decoding Gen 'Y'

Decoding Gen 'Y' With 65 % of its population under the age of 35, India today boasts of one of the largest available workforces in the world. This is narrating a commanding demographic truth. The Team Lease Indian Labour Report of 2009 estimated that 300 million people will enter the labour force by 2025, and that, by then, 25 % of the world's skilled workers will be Indians. Known as the 'Nexters', they are the youngest associates of workforces globally. Businesses have realised that the key to driving Return on Investment is to understand and leverage the Gen Y behaviour, harnessing their latent talent to propel the growth story. Gen Y is forcing businesses to re-think their purpose, practices and HR polices. This paper attempts to decode the behavioural characteristics and organisational expectations of Generation Y. The paper also suggests strategies to recruit, retain and manage the career aspirations of Generation Y, thus contributing to the effective Human Capital Management

Key words
Gen Y, Human Capital Management

Decoding Gen 'Y': The Oxford Dictionary defines generations as "all of the people born and living at about the same time, regarded collectively." Although there is no consensus as regards the exact birth dates that define each generation, they are generally broken into four distinct groups:

- The Traditionalists - Born between 1927 and 1945
- The Baby Boomers - Born between 1946 and 1964
- Generation X – Born between 1965 and the early 1980s
- Generation Y - Born between 1978-1995

The Gen Y population in India is 25.47% of the world population (Indian Population Bureau, 2009). Generation Y is also known as the 'Nexters'. They are the youngest associates of work forces globally. They are forcing businesses to re-think their purpose and practices. Generation Y is recognised as marching into the workplace, like unruly and energetic guests, into a stifling party and shocking the hosts and the guests, who are already there. They bring along with them extra-large baggage, in the form of multiple digital technologies, their social networks, their tech-savvy culture, new ways of contemplating and new managerial forms. Gen Y will be the largest component of the workforce in the coming years and hence it's imperative to understand them, so as to manage them better and hence, creative innovations in Human Capital Management are a necessity.

Research Objective: Though research has been undertaken by various experts on this subject, there is a lack of significant research on HR management, related to India's Generation Y. Thus, this conceptual study is undertaken with the following objectives:

- To study the behavioural characteristics and organisational expectations of Generation Y and
- To suggest strategies to recruit, retain and manage the career aspirations of Generation Y.

Research Methodology: This is a conceptual paper, based on the secondary data available, in books, magazines and research papers. The data is mainly collected from secondary sources, which include articles published in journals, research papers, published interviews of professionals in newspapers, magazines and websites of different companies.

Literature Review: Gen Y - Behavioural Characteristics: As represented in a white paper by A Three Sixty publication, titled, 'New-Gen workers in India & China: Reshaping their workplaces & the world', Gen Y in India bring the following behaviour to the work places: they are open-minded and positive, open to ideas and new possibilities, optimistic about their work and the future, confident, independent, ambitious and competitive, have the desire and drive for entrepreneurship and making a difference and show a keen sense of competition, both regional and global . They take a deep interest and pride in owning state-of-the-art technology and rely on instant gratification. They will, in the future, place a high premium on job security and they apparently are currently job-hopping. Generation Y is a highly sociable group that uses social media, cell phones, and the internet, to keep in touch with their friends, families and colleagues. Because of their social nature, this generation typically enjoys teamwork and wants to feel like a valued member of the organisation, they work for. Although they bring energy and innovation to the workplace, the Generation Y is challenging to manage.

Gen Y - Organizational Expectations: As mentioned in the survey, conducted by Oxygenz (2010), for the Generation Y, three important factors in their life are "Opportunities for Learning", "Quality of Life" and "Work Colleagues". Their creativity and productivity is triggered by three major factors: "the people around them", their colleagues and collaborators; "the ambience and atmosphere" in the workplace, reflected through the design, layout and facilities, but also the people; and, "the technology" they are provided with. Gen Y, is an environmentally friendly workforce and is looking for a green deal at work. Being Green – Working Green – Living Green is on the agenda. They favour work places that allow individuals and teams to collaborate and engage with each other (Global Workplace Innovations 2010). They can be characterised as entrepreneurial and self-regulating; digitally savvy; disallowing micromanagement; and valuing empowerment, challenge, and excitement (Izzzo, 2002). Job jumping every two years, in search of greater compensation or purposeful work, is the norm, due to a boundary-less view of career and an awareness of their sought-after technological expertise (Zemke, Raines, & Filipczak, 2000). Security is valued by younger workers, but is defined as career security, whereby they build portfolios of transferable skills, permitting them to change jobs (Lancaster & Stillman, 2002; Hira, 2007). Cited in the literature are low levels of trust and loyalty to corporate cultures, attributed to intense media scrutiny of corporations, tainted with scandal (Wolburg & Pokrywczynski, 2001) and having witnessed several instances of organisational downsizing (Loughlin & Barling, 2001). Gen Y brings an impressive portfolio of academic credentials and requisite skills in technology to the workplace, along with lofty expectations for fast-track promotion, raises, perks, independence, flexible work arrangements, a need for fun (Zemke, 2001) and meaningful work that adds value to the organisation's strategic direction (Rekar Munro, 2008). They expect continuous recognition and daily feedback (Hastings, 2008). Given their pressing sense of immediacy and impatience, Gen Y is unlikely to be enticed by promises of distant pay raises and promotions (Lancaster & Stillman, 2002). Due to their diverse perspectives, motivations, attitudes and needs of this generation, the dynamics of managing them also would be distinctly different. A major challenge, which organisations now face, is how to attract, engage, and retain Gen Y, which is markedly different from the previous generations, in their workplace needs, expectations and aspirations.

HRM Strategies for Gen Y: Generation Y has been the most pampered and indulged generation. Their views on life and work are different from many others; and if employers want to recruit, retain and motivate these employees, their strategies, policies and procedures will have to change.

Recruitment: Gen Y is also known as 'digital natives'. Growing up with the internet and various technological gadgets, this generation is also the most tech-savvy and wired (or perhaps wirelessly connected) cohort. Organisations that are the most successful in hiring young workers use high-level marketing tactics that include high-end company videos, with good graphics, great editing and an exciting story line, based on a fast track road to success. Creating easy online job applications is vital for Gen Y. These candidates expect an online application process that will let them submit their information at the click of a button. This ease of use further establishes a positive candidate experience. Gamification amplifies the desire to engage, by appealing to behavioural and psychological propensities, which already exist in Gen Y. Selections through social and game technologies for recruitment have become very effective. Successful recruiters understand the "I want it all now" mentality of Gen Y and focus on signing bonuses, perks and instant rewards, rather than long-term opportunity.

Retention: The Generation Y is demanding, as a right, a new reality from work. One of the key factors in retaining younger workers is creating an appealing work environment. Gen Y is easily lured by what looks modern, new and fun. Generation Y is a sporty and social generation and there is a high demand for sport and social facilities on site. Having well-equipped break rooms (some of which include video games, gym, indoor game options) and the best technology you can afford have proven to make a big difference, in keeping younger workers in your domain. Gen Y expects competitive salaries. One reason being: Gen Y has more debt (both student loans and credit cards) than any previous generation. Along with professional and personal growth opportunities, Gen Y appreciates employers that sponsor higher education, offer medical insurance, foreign postings and other growth opportunities.

They appreciate clear direction, demand immediate feedback on performance, expect to be consulted and included in management decisions and demand constant intellectual challenge. They expect the organisations to be accommodating, both in terms of having flexible working hours and trusting them to work from home. Money is important to them, but maintaining a work-life balance outranks money. Organisational leaders have to earn their loyalty and respect. Unlike Gen X, Gen Y may not automatically be loyal to leaders, just because those leaders are in charge or have a designated authority.

Managing career aspirations: Studies of Gen Y members about their career aspirations regularly find that work-life flexibility and meaningful work are the two things that constantly top the list. A recent study shows that Gen Yers are loyal to their jobs but not organisations. This set seeks learning at work, along with the challenges and career progression at a super fast pace, as their pre-decided retirement age is 40 years, in their minds.

Gen Yers have noble ambitions and are hungry to change the world. Social entrepreneurship offers them a great outlet to do so. It simply resonates with some of the typical Gen Y values that characterise this generation: collaboration; accessibility; sustainability; globally networked; self-expression. Summing up, Gen Yers are impatient, but also assume that they can do anything, they set their mind to.

Conclusion: Organisations that utilise social media, to build brand awareness, through videos, pictures, stories, give applicants an insight into their organisational culture. This helps connect, attract and engage them through the process. An easy online job application format, which reflects the values and desires, is vital for Gen Y. Utilising applicant tracking software makes it easier for organisations to communicate with candidates, keeping them informed and involved, throughout the hiring process, enabling better candidate relationships. The recruiting and hiring processes must be clear, explicable and engaging, to create a positive candidate experience.

They have little interest in hierarchy and are not impressed, by the titles and positions, within the traditional pyramid structure. Good facilities, latest technology, flexibility, continuous feedback, green working environment, intrapreneurship, social entrepreneurship, transparency, mutual accountability, challenging jobs and passion attracts them. Gen Y employees pursue their interests with a remarkable combination of intensity, focus, and enjoyment. Their preferred way of living goes beyond pursing an 'interest' or 'getting involved'. They want to dig deep and make the most of whatever it is they're working on or playing at.

Every business must understand that Gen Y is a growing part of their customer base and is increasingly influential. In fact, they are already the primary trend setters in technology and other key markets. Businesses need Gen Y workers to help design and deliver compelling products and services. Gen Y has a lot to offer, as employees too. They are confident, connected, optimistic, entrepreneurial and tech savvy. Comprehending how to attract, manage and retain the next generation of workers is a complex challenge. But it's a challenge that companies simply can't afford to disregard. Gen Y is the future and companies will not be able to survive without them. Hence organisations, who harness these capabilities sooner, will get a bigger lead over their competition.

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Authored by
Dr. Farida Virani
faridav_iom@met.edu

HR News

ECONOMY UPDATES

Time to leave?
How do I know it's time for me to go?- Times Ascent – By Adil Malia, Group president, HR, Essar
Corporate professionals are blessed with the divine insight that enables them to know for others when it is time for them to leave. However, when it comes to themselves, they are cursed by a state of self-doubt, which blocks their decision: 'To-go or not-to-go'
It's time to go when your presence is not acknowledged by your manager, when your opinions are not sought, when your increments are freezed, there is a change in your strategic responsibilities etc.
However when an employee is living in the glory of his past achievements, he is unable to decode these signals due to 'dusk blindness'. Often employees adopt an 'Approach Avoidance Conflict' subliminally avoiding these 'go' signals. 'This too shall pass' as a life philosophy when subscribed, leads to a re-bouncing effect on receptivity of the signals.

The rise of the INTROVERT - ET ascent, 22nd July 2014
Did you know that Bill Gates is an introvert? Contrary to popular perception, introverts are equipped with skills that could give them an edge over an extrovert too, under a few circumstances.
Every employee has a distinctive personality. While some are outgoing and assertive, some are shy and prefer to stay out of the limelight. These shy and reserved employees are perceived to be lacking in ambition by the employers.
An employee can shake off his shy reputation at work by encouraging himself to be a part of discussion forums and similar other platforms. On the contrary organizations can help these introverts to reach their potential by creating an introvert-friendly work environment. An introvert would feel comfortable and shine in an organization that is truly inclusive, values performance and does not differentiate on the grounds of one's personality. By understanding their personality type and needs, managers can harmonize those strengths and successfully encourage them to be their best selves.
Aug 08 2014 : The Economic Times (Mumbai)
Google to Recruit through Coding Competitions - DEVINA SENGUPTA
Google India has changed the way it recruits from engineering colleges, trashing paperbased tests in favour of Google Jams or coding competitions. Candidates will now have to crack coding puzzles online to clear the first few rounds of the placement tests at the coveted firm. Code jams are a popular method of hiring globally. Google too has conducted them in India, but only as part of its global recruitment process." It has proved effective in candidate selection before the interview stage," says a company official who does not wish to be named.

Authored by
Dr. Farida Virani
faridav_iom@met.edu

Google Apps: A Cloud Based Service for the Educational Sector

Abstract

Higher education institutes are constantly trying to improve today. Quality has become the focus of every institute, in the competitive world. They are trying to use innovative techniques and technology for providing education; creating a major shift in the way the education is given. IT has become more learner centric, as compared to instructor centric. Collaboration communication and sharing have become central to the learning experience. One of the key technology models used for this is Cloud Computing. Cloud Computing presents a huge opportunity in the field of education through various apps, which are paid as well as free. One such app, which can be used in education, is Google Apps. In this paper, some of the Google Apps, which can be used for education, have been presented, additionally the strategy for implementing them has been detailed.

Keywords

Google Apps, Cloud Services, Higher Education, Google Vault, Google Docs, Google Sheet.

I. Introduction

The number of students seeking higher education in India is increasing exponentially and India has the largest higher education (HE) sector. There are 14.6 million students, undergoing HE, in India, as of 2011, and this number is expected to be 40 million, by 2020 [1]. The recommended student-teacher ratio, as per government norms is 5:1, but currently this ratio is very high at 26:1 [1]. This high ratio is highly detrimental, in providing quality education. The quality of education is very poor, as we are still following the traditional method of instruction. In any attempt to impart education, the faculty is at the centre; and the one way interaction provided is limited to a select few. Most of the time, the students are passive and spend a considerable amount of unguided time, outside the classroom, to understand and retain the content, imparted to them. The faculty member needs to have effective speaking skills and writing skills in order to get his/her point across [2].

One way to solve the above issues could be collaborative learning, which means learning in teams. Collaborative learning is an approach in which groups of learners work together, to solve a problem, complete a task or create a product. Learning takes place, through active engagement, among peers, either face-to-face or online. The benefit of this approach is that students engage in subject specific discussions with peers and learn how to work cooperatively and support each other. As a result, they assimilate multiple views that deepen knowledge and promote critical thinking [3].

Another form of collaborative learning is discussing in an online learning community, using text, audio, video or other internet supported tools, through which students and teachers connect freely. The scope of collaboration broadens, in this type of learning. Such kind of online collaborative learning environment has been possible because of the birth of Web 2.0. Web 2.0 or the "read-write" web has the ability to contribute content and interact with other web users. This interaction and contribution has dramatically changed the landscape of web based learning [4]. This has also led to a change in the learning and teaching methodologies, as compared to those in the web 1.0 era, which was the "read-only web". Web1.0 offered very few ways for user interaction or content contribution. Higher education too has transformed from the so-called H.E. 1.0 to H.E. 2.0 era. Students and faculty members are extensively using some of the Web 2.0 applications, such as Wikipedia, YouTube and Twitter, to create and share educational content.

Cloud computing has the potential to play a vital role in education transformation. According to a Gartner survey of higher education institution CIOs, 49 percent of institutions have already been involved in some type of cloud sourcing, with this having increased to 67 percentage by 2012 [R5]. According to a 2011 study by CDW, only 5% percent of U.S. college and university respondents were not considering cloud migration. About 29% had developed a written strategic plan, for the adoption of cloud computing, with 28 percent in the midst of implementation [6]. In February 2011, the Higher Education Funding Council for England (HEFCE) developed a new programme that would invest up to £10 million in cloud computing, shared IT infrastructure and support to deliver virtual servers, storage and data management applications, for universities and colleges [7].

1.1 Advantages of Cloud Adoption to the Education Sector

The cloud can transform the educational sector, by providing tools, such as Learning Management Systems, Online Portals, and Virtual Remote Classrooms [8]. Adoption of these tools could be done at reasonable costs, using the cloud. The advantages include:

- Standardised content.
- Environment of collaboration.
- New modes for providing education.
- Administrative efficiency.
- Universal access to educational information.

II. Services Using The Cloud

Despite the enormous advantages offered by a cloud, there remains a need to distil it into a practical, consistent, accessible framework for education. To understand cloud computing, in the context of education, it would be useful to begin by understanding the notion of "service." A service is a type of software function or capability that is accessible anytime and anywhere, via a compute device, such as a laptop, desktop, handheld PDA or a cell phone. Some of the more common examples of cloud services are Google Apps, Amazon EC2 and SalesForce.com. Other, more generic services include wikis, blogs, and email. From a user's perspective, a cloud can make all of these (and more) services available in such a way that the user does not have to be concerned with where the services originate or even where the services are running. The services are just "out there" somewhere, in the cloud; and the user can access them at any time, from any device [9].

Google Apps was launched by Google in 2006. Since its inception, there has been considerable growth and adoption of the suite. The last reported numbers state that there are over 5 million organisations using Google Apps, with 50 million users; and it seems like more organisations go Google everyday [10].

III. Google Apps for Education

The education sector has perhaps adopted Google Apps more quickly than any other. For Educational institutions, Google provides Google Apps free of charge, so it's almost a no brainer, when looking at price (or lack thereof) and existing familiarity of many students with Google products (Gmail, Chat, Calendar etc.). Over 20 million students use Google Apps, for education, around the world. So too, almost 72 top US universities are using Google Apps, including Princeton, Brown, Northwestern, Georgetown and Vanderbilt. In 2013, Malaysia's Ministry of Education adopted Google Apps for Education, for 10 million students [R11].

Google Apps for education is leading the way at no cost. Google Apps is built around a set of cloud-based services that include email, hosting, word processing, file storage and file collaboration tools. The benefit for institutions is clear - Google Apps allow colleges and universities to 'plug and play', leveraging valuable technology, without huge investments, in planning and development, data centers, and IT staff [12]. With its accessibility, growing popularity, and flexible uses, it is the perfect time to examine the specific services of Google Apps, while exploring their benefits for students and faculty alike.

1. Gmail: This ubiquitous email system provides users with up to 30GB of storage and the organisational elements to keep everything well-managed, all without cumbersome advertising. Gmail also offers tools for students, to chat with each other, through text, voice, and video. Instructors can use these features, to see who's online and connect with them instantly or leverage the admin controls, to limit certain services.

2. Calendar: Google Calendar is integrated with Gmail and allows students and faculty members to share schedules, arrange meetings and events and manage RSVPs. Google Calendar works with other calendar services, without issue, and streamlines schedule and event management between systems. Permission and privacy controls let users balance work, school and social itineraries, with security priorities.

3. Drive: With Google Drive, users create, share, edit and control versioning of documents, through a single location. Students and instructors can share files, with an entire group, a single user or other constituents. Each user receives up to 30GB of space, at no charge and more space is available for a nominal fee. So too, the Drive's functionality is further enriched, by the following document creation tools:

- **Docs:** Docs allows users to create content-rich documents and collect feedback on them from other users, as also simultaneously edit documents.
- **Sheets:** Also part of the Drive, Sheets is a spreadsheet creation tool that lets users track projects, review data and share results. With its flexible features, students can filter information, embed charts and use pivot tables, to manipulate and present data, in a number of ways.
- **Slides:** The third document-creation tool, within Google Drive, is Slides, a presentation software app. Slides supports videos, animation and various slide transition options, to engage with audiences, in a more dynamic way. Presentations can be shared with anyone, broadly on the web or distributed to a smaller network of students or faculty members.
- **Sites:** Templates on Google Sites let students create project websites, without needing to learn codes and administrators can manage site access and permissions, across an institution. This app complements Slides, as an ideal to way to present highly complex information and lets users choose how much in depth they would like to explore it.
- **Vault:** Designed for effective and efficient email archiving, Vault lets users store email and chat conversations indefinitely, set retention permissions and retrieve saved information quickly. Vault is particularly valuable, in supporting legal logistics, such as audits and compliance documentation.

Google Apps for Education don't end here. Additional tools include Apps Marketplace, Google Moderator, Google Scholar, Google Desktop, etc.

IV. Google Apps Deployment Planning

While Google Apps provide a solution that is easy to use and learn, any change in an organisation must be planned carefully, to ensure that the migration to Google Apps creates a positive impact on the users. The 2020Tek has developed a deployment planning checklist and a guide, to help users through the process of deploying Google Apps [R13]. The 2020Tek also offers assistance, for planning the migration to and implementation of the Google Apps.

• Plan your Google Apps Deployment – In this stage of the process, an organisation has to take a look at the entire organisation and how users interact with applications such as Email, Calendar, and Document creation tools. During the planning phase, a decision has to be taken on whether it is better to opt for a onetime switch to Google Apps or start with a pilot, where only some users will test Google Apps. After deciding on a onetime switch or a pilot, an organisation needs to look at what changes will be implemented. If the organisation is planning a Pilot of Google Apps, it can refer to the Google App Pilot Plan.

• Sign up for Google Apps and configure your Google Apps Domain Account – At this stage, the user will actually sign up for Google Apps, either through Google or a Google Apps authorised reseller, such as 2020Tek. Once the user sets up his/her account and has verified the ownership of his/her domain, s/he is ready to configure the Google Apps Domain.

• Migration and Implementation – After configuring the Google Apps Domain account, the user is ready to move his/her data from existing solutions to Google Apps. There are a variety of options for moving the data. In most scenarios, the best practice is to migrate all users' data including Email, Calendar and Contacts. This will make the migration to Google Apps easier and will allow the user to realise its benefits sooner. At this stage, the user also needs to either configure Outlook or install Google Apps shortcuts, so as to enable easy access to Email, Calendar, Contacts and Documents.

• Communications and Training - Before actually switching to Google Apps, the user will have to send out communication, on why the users' company is switching to Google Apps and what outcomes they expect after switching. These pre-migration materials will also give the users basic instructions on how to access and use Google Apps. During the training, the trainer will plan one or several webinars or seminars, to show how to effectively use Google Apps. This training is essential for realising a user's investment in Google Apps. With proper training, the users will learn how to collaborate more effectively and use the tools more efficiently.

• Support and Further Integration – Just like any new tool, some adjustment time will be needed, before everyone feels comfortable using it. Google Apps is no different, during the first 1-2 months. Often the support questions that come with Google Apps revolve around performing a task that the users used to perform using the old solution. Google Apps makes work easier, through new collaboration tools, but users need to know what those tools are and how to use them, before they can take advantage of these tools. After the initial adjustment time, the users' support need for Google Apps will drop significantly and the user will only make support requests, for adding users, deleting users, lost passwords and new Google Sites.

V. Summary

The advantages offered by cloud services, for the education sector, need to be compressed into a practical, consistent and accessible framework. Google Apps is one of the most widely accepted cloud service, for educational usage. For educational institutions, Google provides Google Apps free of charge and the education sector has adopted Google Apps more quickly than other sectors. This paper has examined the specific services of Google Apps, such as Gmail, Calendar and Drive, from the perspective of educational usage, with its possible benefits for students and faculty members. The Google Drive's functionality enrichment, for the educational sector, using document creation tools, such as Google Docs, Google Sheets, Google Slides, Google Site and Google Vault have been discussed in detail. While implementing Google Apps in an educational organisation, any change must be planned carefully, to ensure that the migration to Google Apps makes a positive impact on the users. A five stage deployment plan for efficient switching based on the 2020Tek (authorised Google Apps provider) guidelines has been proposed.

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Authored by
Prof. Vaishali Hemant Pardeshi
vaishalip_iom@met.edu

ECONOMY UPDATES

3D Printing - A Game Changer

We live in an age which can be termed as Third Industrial Revolution. 3D printing, more professionally called additive manufacturing, moves us away from the era mass production line, and will bring us to a new reality of customizable, one-off production.
Need a part for your washing machine? As it is now, you'd order from your repairman who gets it from a distributor, who got it shipped from China, where they mass-produced thousands of them at once, probably injection-molded from a very expensive mold. In the future, you will simply 3D print the part right in your home, from a CAD file you downloaded.

What is 3D Printing ?

3D printing or additive manufacturing is a process of making three dimensional solid objects from a digital file. The creation of a 3D printed object is achieved using additive processes. In an additive process an object is created by laying down successive layers of material until the entire object is created. Each of these layers can be seen as a thinly sliced horizontal cross-section of the eventual object.

3D Printing is a Game Changer

Instantly printing parts and entire products , anywhere in the world, is a game changer. 3D printing will affect almost every aspect of industry and our personal lives. Medicine will forever be changed as new bio printer's actually print human tissue for both pharmaceutical testing and eventually entire organs and bones.
Architecture and construction are changing as well. Now, 3D-printed models of complex architectural drawings are created quickly and inexpensively, rather than the expensive and time-consuming process of handcrafting models out of cardboard. And experimental, massive 3D printers are printing concrete structures, with the goal of someday creating entire buildings with a 3D printer.
Digital artists are creating magnificent pieces that seem almost impossible to have been made by traditional methods. From sculptures to light fixtures, beautiful objects no longer need to be handcrafted, just designed on a computer. Archeologists can 3D scan priceless and delicate artifacts, and then print copies of them so they can handle them without fear of breakage.

The Future of 3D Printing

This is a disruptive technology will have effects on energy use, waste, customization, product availability, art, medicine, construction, the sciences, and of course manufacturing. It will change the world as we know

Authored by
Prof. Vaishali Hemant Pardeshi
vaishalip_iom@met.edu

Motivation of Employees

In any organisation, there are various resources, viz. the 5Ms - Men, Machine, Material, Money and Methods. The distinguishing factor between men and the other resources is that men are a live resource, whereas the other resources are not live, but become alive in the hands of men. The human factor in organisations is the prime mover and makes organisations increase turnover, profits and performance. The positive result comes about only when the human factor is motivated.

Thus, managers are continually challenged to motivate their workforce, to do two things. The first challenge is to motivate employees to work towards helping the organisation achieve its goals. The second is to motivate employees to work towards achieving their own personal goals.

Therefore, all managers have to be good human resource managers, besides being specialists in their respective areas. They have also to facilitate their employees, in achieving organisational goals and also in the process help them achieve their personal goals. Over the years, various theories regarding motivating of employees have been propounded and managers can draw upon these theories. In this article, only two of these theories are being discussed in detail, because of their widespread applicability and in-depth understanding of human nature. The two theories are Maslow's Hierarchy of Needs and Herzberg's Two-Factor theory.

Coming to Maslow's Hierarchy of Needs, it is quite clear that while Maslow talked about a need hierarchy, in actual practice, all needs exist at the same time within people. However, one or two needs are dominant and critical to the employee. The manager of these employees needs to address these dominant needs, for getting the best performance from them.

While on the subject of needs, the most complex need is the Self-actualisation Need. The author of this article has a unique interpretation, regarding this need, which is as follows:

All religions preach that Man is made in the image of God. In other words, man has an iota of God in him. When we try to understand God, we realise, after due deliberation, that God is a perfect human being. This iota of God, which is within every human being, urges and motivates the human being, to strive towards perfection. It is this striving towards perfection, which is the road to self-actualisation. Social scientists have described it differently. They say that all human beings have potential and self-actualisation really means actualising their potential. Therefore, it is up to the manager, to develop his/her employees to the extent that all of them reach their potential. In fact, management experts are of the view that one of the manager's key tasks is to develop his/her employees to the maximum and s/he is to be rewarded, based on the extent of this development.

Coming now to Herzberg, this social scientist has differentiated between what he terms as Hygiene Factors and Motivational Factors. Hygiene Factors form part of the environment and are extrinsic to the employees. On the other hand, Motivational Factors are involved in the job the employee does and, to that extent, they are intrinsic to the employees. Herzberg comes to an excellent conclusion by stating that the presence of Hygiene Factors does not create motivation, but their absence results in de-motivation. On the other hand, the Motivational Factors, if they are present, motivate the employees; whereas, if they are absent, they de-motivate the employees. Thus, managements in various organisations have to ensure that Hygiene Factors are present, so that there is no de-motivation, and incorporate Motivational Factors, so that there is positive motivation.
Herzberg elaborates on the various elements, which form a part of Hygiene and Motivational factors as under:

Hygiene Factors	Motivational Factors
• Company policies • Quality of supervision • Relations with others • Personal Life • Rate of pay • Job security • Working conditions	• Achievement • Career advancement • Personal growth • Job interest • Recognition • Responsibility

Besides the contribution of Maslow and Herzberg, other social scientists have provided us with a Model of Motivation, which is described below:

Work Motivation refers to the set of internal and external forces that cause an employee to choose a course of action and engage in certain behaviours. Ideally, these behaviours should be directed towards the achievement of organisational goals. Work motivation is a complex combination of psychological factors, within each person, and employers are greatly interested in them.

Human beings are motivated by needs and drives, for e.g. hunger, thirst and sex. These needs and drives create tension within and have to be satisfied. The satisfaction of these needs lies in the environment and requires effort on the part of the employee. Thereare goals, incentives, and opportunities for the satisfaction of these needs and drives.

Efforts together with the Ability of the employee result in Performance; and, better the Performance, the better is the reward. Receiving rewards results in need satisfaction; and then, the employee can look for satisfaction of other needs and drives.Both Maslow and Herzberg have given us an overview of these needs and wants and have provided us with the road map for satisfying them. However, human beings also want to get ahead in life and in their careers and require money, position and recognition for their satisfaction.

Money - An Effective Motivator

Besides the theories of motivation mentioned above, it must not be forgotten that human beings are motivated through money.

Maslow with his Hierarchy of Needs and Hertzberg with the Two Factor Theory have given a point of view, which misses the point of money being a prime motivator. Employees always look upon money as the motivation, which enables them to satisfy their various needs and drives. In other words, money is an enabler.

Money can be looked at from the view of Basic Pay and Allowances, Benefits and Perquisites (applicable to Senior Executives). This pay package contributes to providing satisfaction to the employee and his/her family. Then, there is the whole subject of Reward Management, which is based on Employee Performance. An employee could be rewarded with an Increment, a Merit Award, an Incentive or a Promotion, all of which can be converted into monetary value, which would motivate an employee to perform better.

If an employee is not satisfied with his/her compensation, in his/her current organisation, s/he looks for greener pastures, elsewhere. The other company attracts him/her with a larger pay package and better benefits.

So, all said and done, money is a prime motivator, despite what is propounded by the various theories on motivation.

There is a shortage of competent and committed employees and such employees, when recruited should not be allowed to leave easily. In this context, let us examine what strategies two well-known companies - Marico and Mastek - have followed to motivate their employees and also to retain them.

Mastek's People Practices

Mastek continually involves its employees in various activities of the company, including Building Employee Engagement, Employee Learning Development and Satisfactory Surveys. This is done through constant interaction, with employees, through various communication programmes.

Besides, it is not only the employees, but also their families, who are involved i.e. wives and children, which builds lasting bonds with the organisation.

Moreover, Mastek have made special efforts to recognise employees, who have outperformed, through a system of giving awards, thereby developing a culture of out performance. In addition, special efforts have been made to encourage employees in the field of Learning and Development. One area that was perceived as most important was the acquiring of new technological skills as well as skills of project management. In addition, employees were also encouraged to develop soft skills, to improve their overall competence and interactive capability.

Last, but by no means the least, is the issue of keeping compensation levels in line with industry practices. This is necessary to keep employees motivated and retain them in the organisation.

Marico's - HR Practices

Marico believes in a flat hierarchy. It has only five levels. This encourages empowerment and innovation. While the company does recruit from premier institutions, like B-Schools and IITs, it gives preference to encouraging internal promotion as well. Besides, it has a referral programme called 'Tareef', where employees are encouraged to refer candidates for vacancies in the organisation.

The organisation encourages the development of employees, including actualising their potential. This is done through a variety of training programmes as well as developing cross-functional skills. There is an integrated programme for developing a healthy mind and a healthy body. Moreover, financial guidance is also provided.

Last but not least, the organisation has a consistent programme for the development of leaders at all levels in the company.

Conclusion

In conclusion, in today's competitive and globalised world, motivation has acquired a central position in most reputed organisations.

Attracting, motivating and retaining competent employees can make a difference between whether the company will survive and beat the competition.

Moreover, competent employees can engage in innovation, which could put the company in an unbeatable position, as regards growth and prosperity.

Authored by
Prof. Jairaj Kochavara
jairajk_iom@met.edu

Capital Adequacy in Indian Banks with Reference to Basel Norms

Abstract

Currently the Indian Economy is going through turbulence, due to high inflation and high interest rates. So too, the industrial sector is presently facing recession. RBI is taking corrective measures to revive the growth of financial services in the Banking Sector. Under such circumstances, the introduction of Basel III Norms by BIS will definitely have a significant impact on the growth of the Banking Sector. Hence this study has been undertaken to find out the application of Basel II Norms and the present status of CRAR in the Indian Banking Sector, so as to understand the possibilities of Basel III Norms and their repercussion on the additional capital requirement, to meet proposed the Norms.

Keywords

Basel Norms, Capital Adequacy, Profitability & Liquidity , Private Sector Banks, PSU Banks, Financial Growth, Tier I, Risk Management.

List of Abbreviations used-

ATM – Automated Teller Machine
BAI – BASEL Application Index
BIS – Bank of International Settlement
CRAR – Capital to Risk (Weighted) Assets Ratio
CV – Covariance
NPA – Non Performing Assets
PSU – Public Sector Units
Pvt. – Private
PE – Probable Error
SD – Standard Deviation
SE – Standard Error

BASEL Norms

BASEL Norms are a set of precautionary measures imposed on banks and are made to protect the economy from financial crises, similar to that seen in recent years. Principally, they aim to ensure that banks accept a level of responsibility, for the financial economy, they operate within, and to act as a safeguard, against any further collapse. The world's banking sector is involved in an obligatory fight to qualify under the package of reforms, known as Basel III, designed to eliminate – or at least greatly reduce – the danger of another financial crisis. Produced by the Bank for International Settlements – the 'Central Bankers' Bank' – based in Basel, Switzerland, they are intended to make the world's banks – and especially the systemically important institutions known as Sifis – stronger and safer. These far-reaching global standards must be fully implemented by 2019.

The Bank of International Settlement (BIS), which initiated these norms, was established in 1974. The prime goals were twofold -
I. Safety of Depositor's Money (i.e. safety and soundness of Banks)
II. Creating a level playing field for Banks across the globe(i.e. through each Bank's strengths , rather than by relying on differences in each country's rules)

The first Basel Accord was established in 1988 and implemented in 1992. It was a maiden effort in introducing the Capital Adequacy Ratio in the Bank's balance sheet. The next accord - Basel II was proposed in 1999; a final directive was given in 2004 and implemented by 2009.

The fundamental objectives to revise the Accord were :
1) To develop a framework that would strengthen the soundness and stability of the International Banking system.
2) To ensure that it does not become a source of competitive inequality among internationally active Banks and yet have a Capital Adequacy Regulation that is sufficiently consistent.
3) To help promote the adoption of stronger risk management practices in the Banking industry.

As BIS points out, it was the interconnectedness and vulnerability of the sector that precipitated the crisis. "One of the main reasons the economic and financial crisis became so severe was that the banking sectors of many countries had built up excessive on and off-balance sheet leverage ...This was accompanied by a gradual erosion of the level and quality of the capital base. At the same time, many banks were holding insufficient liquidity buffers. The banking system therefore was not able to absorb the resulting systemic trading and credit losses."

Overall, the purpose of Basel III Norms, which were first created in 2010 and modified in late 2011, is to ensure that the financial sector remains in a strong position, to fulfil its primary function – that of providing credit to individuals and businesses alike. " The objective of the reforms is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy," says the BIS.

Although highly technical, the principle underlying Basel III is clear and simple. Namely, the financial community is there to serve the broader economic community. "A strong and resilient banking system is the foundation for sustainable economic growth, as banks are at the centre of the credit intermediation process, between savers and investors," Basel III points out. "Banks provide critical services to consumers, small and medium-sized enterprises, large corporate firms and governments, who rely on them to conduct their daily business, both at a domestic and international level."

Objective of the Study

Banks have lobbied against some aspects of the reforms, arguing that some of the capital and liquidity requirements are too severe. They say that the requirements may force them to reduce their ability to provide credit to the industry and may result in an increase in costs to customers, because they will have to tie up large amounts of low-yielding capital in regulatory buffers, especially in India, where banks have to follow relatively more conservative and strict RBI guidelines. Therefore, the study of application of Basel II Norms will help estimate the impact of changes, prescribed in Basel III.

Hence, the objective of this study is to understand Basel Norms, with reference to Capital Adequacy, their application and their relationship with other important variables, which have a direct impact on the profitability and sustainability of the Bank.

Research Design and Sample Selection

The research design adopted is Exploratory Research. With the help of a sample, representing the leading Banks of India, an attempt has been made to find out the application of BASEL Norms, in the Indian Banking Sector. The Indian Banking Sector is dominated by two types of Sectors – Public Sector Banks and Private Sector Banks. Hence, the sample under scrutiny has been drawn from both the Sectors. Large Banks have been selected on the basis of their Balance Sheet size, performance and goodwill - 5 Public Sector Banks and 6 Private Sector Banks have been selected for the study.

These Banks have been selected from the Nifty Bank Index.

Data Collection and Analysis

For the purpose of the study, data was collected from various secondary sources, such as websites of the respective Banks, the Reserve Bank of India and the Bank for International Settlements.

The data has been collected for the years 2007 to 2012, from the Banks' Annual Reports and the Prowess database.

Hypothesis: This study has been undertaken with the following hypothesis:

H 1: Indian Banks already have a stable and consistent CRAR
H 2: Indian Bank's Tier I capital is always significantly higher than the level prescribed by RBI.
H 3: There is a significant difference between the CRAR in PSU Banks and Private Sector Banks
H 4: Higher CRAR has a negative impact on the profitability of - Banks
H 5: Higher requirement of CRAR serves as a constraint for new branches and ATM expansion
H 6:Higher CRAR results in a lower NPA ratio.

Limitations: Analysis is done taking only ratios from the Prowess Database, not the absolute figures; as ratios have a common base, which can be compared directly. For calculating profitability the ratio taken is operating profit, as a percentage of working funds. In case of NPAs, the ratio considered is Net Non Performing Assets to Net Advances Percentage.

Data Analysis: Basel Norms focus mainly on the safety of the depositors' money; therefore maximum emphasis is given to maintaining minimum capital, to support the risk involved in lending of depositors' money. The minimum CRAR prescribed, by the Basel II committee, is 8%. In India, the Reserve Bank of India, the regulatory body for the Indian Banking Sector, has prescribed the same at 9%. The CRAR for all selected Banks is presented in the Table 1

Table 1 – Capital Adequacy Ratio for All Banks

A - PSU Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average	SD	CV
IndusInd Bank Ltd.	12.50	11.90	12.30	13.40	15.89	13.85	**13.31**	1.46	11%
State Bank of India	12.30	13.50	13.00	12.00	10.70	12.10	**12.27**	0.96	8%
Bank of Baroda	11.80	12.90	12.90	12.80	13.00	12.90	**12.72**	0.45	4%
Bank of India	11.60	12.90	13.20	12.60	11.40	11.60	**12.22**	0.78	6%
Punjab National Bank	12.30	13.00	12.60	13.00	11.80	11.60	**12.38**	0.59	5%
Average - PSU (A)	**12.10**	**12.84**	**12.80**	**12.76**	**12.56**	**12.41**	**12.58**	**0.85**	**7 %**
SD- PSU (A)	**0.38**	**0.58**	**0.35**	**0.52**	**2.04**	**0.96**	**0.45**		
B – Pvt. Sector Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average	SD	CV
Federal Bank Ltd.	13.40	22.50	20.10	17.30	15.40	13.80	**17.08**	**3.62**	**21%**
Axis Bank Ltd.	11.60	13.70	13.90	15.80	12.65	13.66	**13.55**	**1.40**	**10%**
H D F C Bank Ltd.	13.10	13.60	15.10	16.40	15.30	15.70	**14.87**	**1.27**	**9%**
I C I C I Bank Ltd.	11.70	14.90	15.90	19.10	17.60	16.30	**15.92**	**2.53**	**16%**
I D B I Bank Ltd.	13.70	11.90	11.20	10.80	12.20	12.80	**12.10**	**1.06**	**9%**
Kotak Mahindra Bank Ltd.	13.50	18.60	19.90	18.10	18.70	16.50	**17.55**	**2.27**	**13%**
Average - Pvt. (B)	**12.83**	**15.87**	**16.02**	**16.25**	**15.31**	**14.79**	**15.18**	**1.26**	**8%**
SD – Pvt. (B)	**0.94**	**3.95**	**3.47**	**2.92**	**2.59**	**1.57**	**2.10**		
Average - All Banks	**12.50**	**14.49**	**14.55**	**14.66**	**14.06**	**13.71**	**14.00**	**0.82**	**6%**
SD - All Banks	**0.80**	**3.23**	**2.98**	**2.77**	**2.66**	**1.77**	**2.03**		

p Value (t 0.05) = 0.01274

It can be observed from the above Table that all Banks had maintained a CRAR of above 10.70 %, which is 2.70% higher than the prescribed CRAR, as per Basel II. The overall average was coming to 14.00%, which is also significantly high.

It can be also observed from Table 1 that Private Sector Banks have always maintained a higher CRAR than PSU Banks in India.

The average CRAR in PSUs is 2.58%, as against 15.18% in Private Banks, which is significantly high (P Value (t 0.05) = 0.01274, significant at 95%).

Further, it can be observed that Private Sector Banks have maintained CRAR, above 13.00%, except the IDBI Bank, whereas the PSU Banks have maintained CRAR between 12-13%, except IndusInd Bank, which has a relatively higher CRAR, than other PSU Banks.

PSU Banks have consistently maintained the same level of CRAR, whereas Private. Sector Banks have had more variations, which are reflected through the higher co-efficient of variation of the same.

In case of PSU Banks, the CV was between 4 - 8%, except the IndusInd Bank (11%), whereas in the Private. Sector Banks, it was between 9 -13%, except the Federal Bank (21%). This shows that there is higher consistency in maintaining a particular level of CRAR in PSU Banks rather than in Private. Sector Banks.

It can be seen from Table 1 that the CRAR in almost all Banks has increased, till 2010, and decreased in 2011 and 2012. This could be an impact of recession, which the world faced in 2009 and 2010.

Table 2 – One Way ANOVA Table

	Bank Wise p Value	Year Wise p Value
ALL	0.33994	0.00000
PSU Banks	0.83705	0.24600
Pvt. Sector Banks	0.31302	0.00117

On the basis of an ANOVA analysis of CRAR (Table 2), it can be said that there is an insignificant difference amongst all Banks and PSU Banks; whereas in case of Private Sector Banks, there is significant difference between the mean values of CRAR.

Table 3 – Growth Index of CRAR (Base Year 2007)

A - PSU Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average
IndusInd Bank Ltd.	100.00	95.20	98.40	107.20	127.12	110.80	**106.45**
State Bank of India	100.00	109.76	105.69	97.56	86.99	98.37	**99.73**
Bank of Baroda	100.00	109.32	109.32	108.47	110.17	109.32	**107.77**
Bank of India	100.00	111.21	113.79	108.62	98.28	100.00	**105.32**
Punjab National Bank	100.00	105.69	102.44	105.69	95.93	94.31	**100.68**
Average - PSU Banks	**100.00**	**106.24**	**105.93**	**105.51**	**103.70**	**102.56**	**103.99**
B – Pvt. Sector Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average
Federal Bank Ltd.	100.00	167.91	150.00	129.10	114.93	102.99	**127.49**
Axis Bank Ltd.	100.00	118.10	101.46	113.67	80.06	107.98	**103.55**
H D F C Bank Ltd.	100.00	103.82	115.27	125.19	116.79	119.85	**113.49**
I C I C I Bank Ltd.	100.00	127.35	135.90	163.25	150.43	139.32	**136.04**
I D B I Bank Ltd.	100.00	86.86	81.75	78.83	89.05	93.43	**88.32**
Kotak Mahindra Bank Ltd.	100.00	137.78	147.41	134.07	138.52	122.22	**130.00**
Average – Pvt. Sector Banks	**100.00**	**123.64**	**121.96**	**124.02**	**114.96**	**114.30**	**116.48**
Average -All Banks	**100.00**	**115.61**	**114.56**	**115.48**	**109.76**	**108.88**	**110.71**

The Growth Index of CRAR (Table 3) shows that all Banks had maintained/improved their CRAR, as compared to the CRAR in March 2007, with a few exceptions – the IDBI Bank, SBI and the IndusInd Bank.

In IDBI Bank, the CRAR decreased, as compared to March 2007, because the ratio was significantly higher in March 2007 (13.70%), as compared to the prescribed CRAR of 9% by the RBI. Hence they expanded their business without proportionately increasing the CRAR.

The difference in the growth ratio of PSU and Private Sector Banks was significant. On an average, PSU Banks registered a 2.56% growth in CRAR, from 2007 to 2012, as compared to 14.30% growth in Private Sector Banks, in the same period. The highest growth ratios were observed in ICICI Bank and Federal Bank, both Private Banks.

It can be concluded that Indian Banks have maintained a higher CRAR, in accordance with Basel II, with a consistently improving track record.

Table 4 – BASEL Application Index (Actual CRAR to RBI's prescribed 9% CRAR)

A - PSU Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average
IndusInd Bank Ltd.	138.89	132.22	136.67	148.89	176.56	153.89	**147.85**
State Bank of India	136.67	150	144.44	133.33	118.89	134.44	**136.3**
Bank of Baroda	131.11	143.33	143.33	142.22	144.44	143.33	**141.3**
Bank of India	128.89	143.33	146.67	140	126.67	128.89	**135.74**
Punjab National Bank	136.67	144.44	140	144.44	131.11	128.89	**137.59**
Average - PSU Banks	**134.44**	**142.67**	**142.22**	**141.78**	**139.53**	**137.89**	**139.76**
B – Pvt. Sector Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average
Federal Bank Ltd.	148.89	250	223.33	192.22	171.11	153.33	**189.81**
Axis Bank Ltd.	128.89	152.22	154.44	175.56	140.56	151.78	**150.57**
H D F C Bank Ltd.	145.56	151.11	167.78	182.22	170	174.44	**165.19**
I C I C I Bank Ltd.	130	165.56	176.67	212.22	195.56	181.11	**176.85**
I D B I Bank Ltd.	152.22	132.22	124.44	120	135.56	142.22	**134.44**
Kotak Mahindra Bank Ltd.	150	206.67	221.11	201.11	207.78	183.33	**195**
Average – Pvt. Sector Banks	**142.59**	**176.3**	**177.96**	**180.56**	**170.09**	**164.37**	**168.65**
Average -All Banks	**138.89**	**161.01**	**161.72**	**162.93**	**156.2**	**152.33**	**155.51**

In India, RBI has prescribed a minimum CRAR of 9%, as against the 8% prescribed by Basel II Norms. Table 4 depicts the Basel Application Ratio, based on RBI's 9% CRAR, for Indian Banks. It can be observed that it was 55.51% above the prescribed ratio. The index ranged between 118.89 and 250.

Table 5 – Frequency Table of BASEL Application Index (BAI)

BAI - RANGE	All Banks	PSU Banks	Private Banks
120-140	22	16	6
140-160	24	13	11
160-180	8	1	7
180-200	5	0	5
200-220	4	0	4
220-240	2	0	2
240-260	1	0	1
Total	**66**	**30**	**36**

The Frequency Table of BASEL Application Index (Table 5) reveals that 70% observations fall under the BAI range of 120 and160 and the remaining 30%, between 160 and 260.

Table 6 – Tier I CRAR for All Banks

A - PSU Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average	SD	CV
IndusInd Bank Ltd.	7.30	6.70	7.50	8.40	12.29	11.37	**8.93**	**2.33**	**26%**
State Bank of India	8.00	9.10	8.50	8.50	6.90	8.50	**8.25**	**0.75**	**9%**
Bank of Baroda	8.70	7.60	7.80	8.20	9.00	9.60	**8.48**	**0.76**	**9%**
Bank of India	6.50	8.20	8.70	8.30	7.80	8.30	**7.97**	**0.77**	**10%**
Punjab National Bank	8.90	8.50	8.10	8.40	8.00	8.50	**8.40**	**0.32**	**4%**
Average - PSU (A)	**7.88**	**8.02**	**8.12**	**8.36**	**8.80**	**9.25**	**8.41**	**0.53**	**6%**
SD- PSU (A)	**1.00**	**0.91**	**0.49**	**0.11**	**2.09**	**1.29**	**0.35**		
B – Pvt. Sector Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average	SD	CV
Federal Bank Ltd.	8.90	19.10	17.50	15.30	13.80	12.70	**14.55**	**3.63**	**25%**
Axis Bank Ltd.	6.40	10.20	9.40	11.18	9.41	9.45	**9.34**	**1.60**	**17%**
H D F C Bank Ltd.	8.60	10.30	10.20	12.50	11.60	11.00	**10.70**	**1.34**	**13%**
I C I C I Bank Ltd.	7.40	11.30	12.20	13.50	11.80	11.10	**11.22**	**2.05**	**18%**
I D B I Bank Ltd.	9.10	7.40	6.60	6.00	7.10	7.40	**7.27**	**1.05**	**14%**
Kotak Mahindra Bank Ltd.	8.80	14.50	16.00	15.20	16.90	14.80	**14.37**	**2.86**	**20%**
Average - Pvt. (B)	**8.20**	**12.13**	**11.98**	**12.28**	**11.77**	**11.08**	**11.24**	**1.55**	**14%**
SD – Pvt. (B)	**1.07**	**4.11**	**4.13**	**3.46**	**3.40**	**2.56**	**2.84**		
Average - All Banks	**8.05**	**10.26**	**10.23**	**10.50**	**10.42**	**10.25**	**9.95**	**0.94**	**9%**
SD - All Banks	**1.00**	**3.66**	**3.57**	**3.19**	**3.15**	**2.20**	**2.51**		

The same trend can be observed in Table 6 - Tier I CRAR capital, for all Banks. As per prescribed Norms, it should be 6%, but it can be seen through the table that Indian Banks have always maintained a ratio above 6.9%, except the IDBI Bank (6%).

Indian Banks have maintained a strong Tier I CRAR, which shows the stable financial position of these Banks. On an average, PSU Banks have maintained comparatively lower Tier I CRAR (8.41%), as compared to 11.24% registered by the Private Sector Banks, the difference being significantly high.

Table 7 – Growth Index of Tier I CRAR (Base Year 2007)

A - PSU Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average
IndusInd Bank Ltd.	100.00	91.78	102.74	115.07	168.36	155.75	**122.28**
State Bank of India	100.00	113.75	106.25	106.25	86.25	106.25	**103.13**
Bank of Baroda	100.00	87.36	89.66	94.25	103.45	110.34	**97.51**
Bank of India	100.00	126.15	133.85	127.69	120.00	127.69	**122.56**
Punjab National Bank	100.00	95.51	91.01	94.38	89.89	95.51	**94.38**
Average - PSU Banks	**100.00**	**102.91**	**104.70**	**107.53**	**113.59**	**119.11**	**107.97**
B – Pvt. Sector Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average
Federal Bank Ltd.	100.00	214.61	196.63	171.91	155.06	142.70	**163.48**
Axis Bank Ltd.	100.00	159.38	92.16	118.94	84.17	100.43	**109.18**
H D F C Bank Ltd.	100.00	119.77	118.60	145.35	134.88	127.91	**124.42**
I C I C I Bank Ltd.	100.00	152.70	164.86	182.43	159.46	150.00	**151.58**
I D B I Bank Ltd.	100.00	81.32	72.53	65.93	78.02	81.32	**79.85**
Kotak Mahindra Bank Ltd.	100.00	164.77	181.82	172.73	192.05	168.18	**163.26**
Average – Pvt. Banks	**100.00**	**148.76**	**137.77**	**142.88**	**133.94**	**128.42**	**131.96**
Average -All Banks	**100.00**	**127.60**	**122.51**	**126.57**	**124.55**	**124.12**	**120.89**

The Growth Index of Tier 1 CRAR (Table 7) reveals that the base ratio increased, as compared to base the year 2007, except in the IDBI Bank. Though the Punjab National Bank also showed less than 100 indexes, the ratio had not decreased significantly, it decreased from 8.90 to 8.50 only.

The Kotak Mahindra Bank showed a significant increase in operating profit, in March 2008, which resulted in higher CRAR, in Tier I as well as in the overall CRAR and the trend was maintained in the consecutive years, till 2011.

The Indian Economy has witnessed a good growth, in 2008's GDP, which resulted in an increased flow of funds from investors and an increased profitability, due to which all Banks registered good growth, in CRAR Tier I, in 2008.

Table 8 – BASEL Application Index (BAI)
(Actual Tier I CRAR to RBI's prescribed 6% Tier I CRAR)

A - PSU Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average
IndusInd Bank Ltd.	121.67	111.67	125.00	140.00	204.83	189.50	**148.78**
State Bank of India	133.33	151.67	141.67	141.67	115.00	141.67	**137.50**
Bank of Baroda	145.00	126.67	130.00	136.67	150.00	160.00	**141.39**
Bank of India	108.33	136.67	145.00	138.33	130.00	138.33	**132.78**
Punjab National Bank	148.33	141.67	135.00	140.00	133.33	141.67	**140.00**
Average - PSU Banks	**131.33**	**133.67**	**135.33**	**139.33**	**146.63**	**154.23**	**140.09**
B - Pvt. Sector Banks	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Average
Federal Bank Ltd.	148.33	318.33	291.67	255.00	230.00	211.67	**242.50**
Axis Bank Ltd.	106.67	170.00	156.67	186.33	156.83	157.50	**155.67**
H D F C Bank Ltd.	143.33	171.67	170.00	208.33	193.33	183.33	**178.33**
I C I C I Bank Ltd.	123.33	188.33	203.33	225.00	196.67	185.00	**186.94**
I D B I Bank Ltd.	151.67	123.33	110.00	100.00	118.33	123.33	**121.11**
Kotak Mahindra Bank Ltd.	146.67	241.67	266.67	253.33	281.67	246.67	**239.44**
Average – Pvt. Banks	**136.67**	**202.22**	**199.72**	**204.67**	**196.14**	**184.58**	**187.33**
Average -All Banks	**134.24**	**171.06**	**170.45**	**174.97**	**173.64**	**170.79**	**165.86**

The BAI for Tier I (Table 8) reveals that Indian Banks have maintained significantly higher funds, in the form of equity capital, and retained earnings, so as to support their risk weighted assets. The actual ratio (9.95%) has been significantly higher than the prescribed RBI ratio (6%).

Table 9 - BASEL Application Index for Tier -1 Capital

BAI RANGE	All Banks	PSU Banks	Pvt. Banks
100 - 140	24	17	7
140 - 180	21	11	10
180 - 220	11	2	9
220 - 260	6	0	6
260 - 300	3	0	3
300 - 340	1	0	1
Total	**66**	**30**	**36**

The frequency table of the BASEL Application Index (Table 9) reveals that 85% observations fall under the BAI range of 100 and 220 and the remaining 15% between 220 and 340.

The BAI Ratio for all PSU Banks ranged between 100 and 180 (with 2 exceptions), whereas more than 50% of the Private Sector Banks maintained a higher BAI range (180 and 340).

In some cases, it was observed that Banks had maintained a very high CRAR, which revealed low level of risk weighted assets, as against the capital maintained by the Banks, due to a sluggish economy. It was mainly observed in Federal Bank, which had followed a relatively cautious approach, in lending money, due to the subprime crisis, followed by bank failures in USA. On the other hand, banks like IDBI had followed comparatively lenient lending rules, to expand their business, with higher calculated risk, which resulted in lower CRAR. The figures support the fact that the Indian Banking Sector followed a very conservative approach, guided and controlled by the RBI, which had protected the entire system, from a financial crisis, due to their higher capital support to the depositors.

Impact of CRAR on the Other Measures of Financial Health of Banks

To understand the impact of higher CRAR, an attempt is made to understand its relationship to other indicators of a Bank's financial health, such as profitability, business expansion and the level of NPAs. The objective of better CRAR is to protect the depositor's money, but at the same time higher capital requirement will lead to increased capital cost and decreased profitability. This in turn will have an impact on business expansion plans of banks.

Table 10 – Correlation Matrices of CRAR

Bank	CRAR & Profitability	CRAR & No. of Branches	CRAR & Number of ATMs	CRAR &Net NPA to Net Advances Ratio
	R Value	R Value	R Value	R Value
IndusInd Bank Ltd.	0.83675	0.65784	0.74225	-0.73658
State Bank of India	-0.31694	-0.61866	-0.70666	0.70591
Bank of Baroda	0.73548	0.49782	0.50056	-0.66912
Bank of India	0.85833	-0.47576	-0.59667	-0.62265
Punjab National Bank	-0.38443	-0.65431	-0.70006	-0.75992
Federal Bank Ltd.	0.37638	-0.40782	-0.30488	-0.76047
Axis Bank Ltd.	0.76947	0.17474	0.10888	-0.49044
H D F C Bank Ltd.	0.51902	0.82962	0.68688	-0.47082
I C I C I Bank Ltd.	0.93968	0.64465	0.48557	0.39116
I D B I Bank Ltd.	-0.02651	-0.02173	-0.23283	0.46805
Kotak Mahindra Bank Ltd.	0.30533	0.38739	0.29834	0.06557
ALL	0.57522	-0.34920	-0.15086	-0.04387
PSU Banks	0.35670	-0.33994	-0.35654	-0.43466
Pvt. Sector Banks	0.52465	0.06027	-0.04011	0.12289

Table 10 reveals the correlation matrices of CRAR with various indicators.

It can be observed that the correlation between CRAR and Profitability is not very significantly high (0.57522). The same ratio is even lower in PSU Banks (0.3567), as compared to Private Sector Banks (0.524653). The CRAR and Profitability ratio have a positive correlation, which means increase in CRAR has no negative impact on profitability.

In contrast, a higher CRAR creates a negative impact on the Branch and ATM expansion, which means that the number of branches increased at a slower rate, as compared to the rate of increase in CRAR, because of increased requirement of base capital to open new Branches / ATMs.

The correlation analysis of NPA reveals a contradictory result in PSU and Private Sector Banks. In PSUs, increased CRAR was associated with decreased NPA, whereas in the Private Sector Banks increase in CRAR was followed with an increase in the NPA ratio. This was a direct result of the quality of advances. Private Banks have relatively an higher proportion of NPA to their advances, to maintain higher profitability, whereas PSU Banks have adopted a comparatively conservative approach and have maintained a low level of the NPA to advances ratio.

Table 11 – Significance of the Correlation Coefficient

PE	CRAR & Profitability	CRAR & No. of Branches	CRAR & Number of ATMs	CRAR &Net NPA to Net Advances Ratio
ALL	0.05555	0.07290	0.08114	0.08287
PSU Banks	0.10748	0.10892	0.10749	0.09988
Pvt. Sector Banks	0.08147	0.11201	0.11224	0.11072

Table 11 – The relationship between CRAR and the Number of Branches, Number of ATMs and NPA to Net Advances ratio was significant.

Conclusion: On the basis of the above analysis, it can be concluded that:

H1: Indian Banks already have a stable and consistent CRAR. This hypothesis is Accepted.
H2: Indian Bank's Tier I capital is always significantly higher than the level prescribed by RBI. This hypothesis is Accepted.
H3: There is a significant difference between the CRAR in PSU Banks and Private Sector Banks. This hypothesis is Accepted.
H4: Higher CRAR has a negative impact on the profitability of the Banks. This hypothesis is Rejected.
H5: Higher requirement of CRAR serves as a constraint for new Branch and ATM expansion. This hypothesis is Accepted.
H6: Higher CRAR results in a lower NPA ratio. This hypothesis is Accepted in the case of PSU Banks, whereas it is Rejected in the case of Private Sector Banks.

The proposed Basel III Norms will definitely have an impact on the growth of Banking Sector, in India. They will create pressure on the profit margins and hence on the banks' business expansion plans. In a country like India, where we still are far behind, in financial inclusion of majority of the rural population, we need a robust banking system, to reach the remotest of villages and increased requirement of capital, as per Basel III, will hamper the initiatives taken in this direction. It can be safely said that Indian Banks are following Basel II Norms for Capital Adequacy, more than adequately, which will help them adapt to the Basel III Norms, under capital requirement, without much difficulty. But we should remember that the increased cost on cost of funds will be transferred to the end user of funds i.e. customers. In comparison to urban customers, the rural customers are not in a position to bear this cost. This will hamper the overall growth of the Indian Banking Sector.

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APPENDIX

Table I – Operating Profit as a % of Working Funds

Bank	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12
IndusInd Bank Ltd.	0.90	0.90	1.50	2.30	2.70	2.70
State Bank of India	1.90	2.00	2.00	1.80	2.20	2.40
Bank of Baroda	1.90	2.00	2.20	2.00	2.20	2.20
Bank of India	1.90	2.30	2.70	1.90	1.80	1.80
Punjab National Bank	2.40	2.30	2.50	2.70	2.70	2.60
Federal Bank Ltd.	2.90	2.90	3.70	3.10	3.30	2.70
Axis Bank Ltd.	2.10	2.60	3.00	3.50	3.20	2.90
H D F C Bank Ltd.	3.00	3.10	2.90	3.30	3.10	3.10
I C I C I Bank Ltd.	2.00	2.10	2.30	2.70	2.40	2.40
I D B I Bank Ltd.	1.00	1.20	1.00	1.40	1.90	1.60
Kotak Mahindra Bank Ltd.	2.20	2.50	2.50	4.00	2.90	2.80

Table II - Net Non-performing Assets To Net Advances (%)

Bank	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12
IndusInd Bank Ltd.	2.50	2.30	1.10	0.50	0.30	0.30
State Bank of India	1.60	1.80	1.80	1.70	1.60	1.80
Bank of Baroda	0.60	0.50	0.30	0.30	0.30	0.50
Bank of India	1.00	0.50	0.40	1.30	0.90	1.50
Punjab National Bank	0.80	0.60	0.20	0.50	0.80	1.50
Federal Bank Ltd.	0.40	0.20	0.30	0.50	0.60	0.50
Axis Bank Ltd.	0.70	0.40	0.40	0.40	0.30	0.30
H D F C Bank Ltd.	0.40	0.50	0.60	0.30	0.20	0.20
I C I C I Bank Ltd.	1.00	1.60	2.10	2.10	1.10	0.70
I D B I Bank Ltd.	1.10	1.30	0.90	1.00	1.10	1.60
Kotak Mahindra Bank Ltd.	2.00	1.80	2.40	1.70	0.70	0.60

Table III – Number of ATMs

Bank	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12
IndusInd Bank Ltd.	99	183	356	497	594	692
State Bank of India	4342	5842	8581	16294	20084	22141
Bank of Baroda	1000	1106	1179	1315	1561	2012
Bank of India	334	440	500	820	1425	1680
Punjab National Bank	1009	1516	2150	3500	5050	6009
Federal Bank Ltd.	391	532	617	732	805	1005
Axis Bank Ltd.	2341	2764	3595	4293	6270	9924
H D F C Bank Ltd.	1605	1977	3295	4232	5471	8913
I C I C I Bank Ltd.	3271	3881	4713	5219	6104	9006
I D B I Bank Ltd.	520	755	900	1201	1351	1542
Kotak Mahindra Bank Ltd.	135	313	387	492	710	848

Table IV – Number of Branches

Bank	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12
IndusInd Bank Ltd.	170	180	180	210	300	400
State Bank of India	9314	10270	11540	12638	13698	14270
Bank of Baroda	2772	2899	2974	3148	3418	3959
Bank of India	2747	2905	3021	3207	3519	4029
Punjab National Bank	4119	4264	4427	4951	5194	5675
Federal Bank Ltd.	536	603	612	672	743	950
Axis Bank Ltd.	508	651	835	983	1390	1622
H D F C Bank Ltd.	684	761	1412	1725	1986	2544
I C I C I Bank Ltd.	755	1262	1419	1707	2529	2752
I D B I Bank Ltd.	432	499	509	708	816	973
Kotak Mahindra Bank Ltd.	105	178	217	249	321	355

Authored by
Prof. Nirmala Joshi
nirmalaj_iom@met.edu

Ms. Disha Shah
dishajs@gmail.com

A Transition From 'Giving In' And 'Giving Up' To 'Leaning In'

Lean In: Women, Work and the Will to Lead: Book Review

Much is spoken and written nowadays, about establishing gender diversity, in the workplace; and organisations and institutions are becoming increasingly aware, about trying to seek an equilibrium of sorts, if not a perfect one, such that they can have the best talent from both the worlds. However, seeking this equilibrium, only in terms of numbers might be just a superficial way of revolutionising the workplace. The real challenge will be when an alternative perspective will be looked at, with the same lens and be measured by the same tools and this is where Sheryl Sandberg's Lean In opens windows, to a whole new world, which needs to be explored, to revolutionise workplaces, in the modern world.

The book traces its origins to a TED Talk Sheryl Sandberg delivered, about women unintentionally holding themselves back in their careers, in which she encouraged women to "lean in" or be assertive, rather than leaning back, to seek challenges and pursue their career goals, without giving in to the fear of what challenges their ambition might bring.

With this, as the subject it explores, the book begins with an interesting anecdote about Sandberg's stint in Google, when she was pregnant and realised the need to have a parking spot, reserved for pregnant women. By quoting this instance at the outset, as also stating how raising issues such as these helped in securing a parking space for pregnant women at Google, Sandberg attempts to set the tone, for the rest of the book. She sets the ball rolling, for a process that she calls 'internalizing the revolution', when she opines that talking about issues is the primary step to doing something about them. Apart from talking about issues, one also needs to battle with internal hurdles, as she adds that "internal obstacles deserve a lot more attention, in part, because they are under our own control. We can dismantle the hurdles in ourselves today….". While Sandberg talks about doing away with hurdles, she further states, reflecting upon the title of her book that in the face of obstacles instead of "pulling back we should be leaning in" and this is a message that reverberates through different instances that Sandberg mentions in the book.

Along with pronouncing the 'lean in' message at the outset, the chapter 'Internalizing the Revolution' also serves to be the introductory chapter, presenting an overview of the varied chapters that are to come, while also defining Sandberg's purpose at large, which is to lead to a 'shift to an equal world' and 'move closer to the larger goal of true equality, with each woman who leans in'. And, as she is embarking upon her journey, reflecting on what she wants to achieve throughout the book, she also subtly gives a glimpse of why her readers should read on, when she quotes Warren Buffett, in the introductory chapter, where she puts forth that "Legendary investor Warren Buffett has stated generously that one of the reasons for his great success was that he was competing with only half of the population." Later she quotes a 2011 McKinsey report that found out that "men are promoted based on potential, while women are promoted based on past accomplishments." Statements such as these and many more shed light on what exactly Sandberg wishes to lay out, as a plan for emancipating women of the current day and age.

In the first chapter - The Leadership Ambition Gap', Sandberg closely examines the reasons why most women desist from occupying senior level positions. Anchoring her statements in numerous surveys, on the conditioning of boys and girls she points out that:

"Professional ambition is expected of men but is optional – or sometimes even a negative – for women. "She is very ambitious" is not a compliment in our culture. Aggressive and hard-charging women violate unwritten rules about acceptable social conduct. Men are continually applauded for being ambitious and powerful and successful, but women who display these same traits often pay a social penalty."

Furthermore, she turns her attention to the role played by stereotypes, in conditioning girls and boys and its effects, when they become men and women. She quotes how Gymboree (the American, San Francisco-based corporation that operates a chain of over 1200 specialty retail stores of children's apparel in the United States, Puerto Rico and Canada) once sold onesies, proclaiming "Smart like Daddy" for boys and "Pretty like Mommy" for girls. Against the backdrop of such and many more instances, Sandberg appeals to both men and women, to acknowledge and understand the negative impact of stereotyping, so that one can transcend it. Such messages are driven home subtly, yet assertively, throughout the book.

But what forms the actual essence of the book is Sandberg's candour in sharing her own feelings and opinions about issues, institutions and people. One cannot help but feel touched by her discussing the same anxieties, trivial as they may seem that women and men keep battling on a day-to-day basis. And this is exactly why the book, in many respects, succeeds in making a point.

While, on the one hand, Sandberg encourages women to 'Sit At The Table' (also the title of her next chapter), on the other hand she has no qualms about confessing about moments, in the past and even the present, when she suffers from a feeling of self-doubt. Having gone through such pangs herself, Sandberg advises women, to shed their inhibitions, in order to rise up to leadership positions. Furthermore, she also shares, with her readers, advice she received, throughout her career, and observations she made about people, like Virginia Rometty, IBM's first female CEO, Meg Whitman, CEO, eBay, Larry Summers, who was the Chief Economist, associated with the World Bank, Howard Schultz, CEO, Starbucks and Mark Zuckerberg, CEO Facebook, to name a few. By offering such interesting insights, Sandberg succeeds in not being preachy, yet driving home her point, thus creating a fine balance between the advice she offers and the anecdotes she uses, to make the advice more appealing.

Moving from a macro professional space, Sandberg unabashedly dwells on issues like marriage, parenting etc., which define personal space. At this juncture too, one cannot help but feel the sincerity with which she discusses the minute details of how she and her husband Dave Goldberg, CEO of SurveyMonkey, try and balance their careers and home. From hereon, the book proceeds to discuss larger issues, like arriving at equality, in both the professional and personal spheres. Sandberg tries to arrive at an equal space for women, when she says that "Exclusive maternal care was not related to better or worse outcomes for children. There is thus no reason for mothers to feel as though they are harming their children, if they decide to work." At various points in time in the book, this plea of working towards an equal world for women and men starts becoming repetitive and so does tom-toming about the culture at Facebook; yet such instances are only negligible and do not ruin the overall gripping effect that the book has on the reader.

Interspersed with statistics and research on the perception of men and women, in different personal and professional situations, Sandberg's message to women to 'lean in' is quite inspirational, as she deals with a vast spectrum of issues that both working women and men and homemakers face on a day to day basis. It is a book that can be enjoyed by working men and women, homemakers and entrepreneurs. It could also prove to be a mine of resource for researchers, students and members of the academia, as it offers and quotes studies on behavioural patterns from biology, psychology and sociology. The book contains 35 pages of notes, which provide an in depth explanation, on the studies and research quoted in the book, complete with bibliographical sources and web links.

In the recent past, there have been books on issues that Sandberg tackles in Lean In. Some of them include I Shouldn't Be Telling You This by Katie White, I'd Rather Be In Charge by Charlotte Beers, Nice Girls Don't Get the Corner Office by Lois Frankel and How Remarkable Women Lead by Joanna Barsh and Susie Cranston. Two among these books have been best sellers too, but none of them can match up to the success of Lean In, which has remained in the best seller position for sixteen weeks. And what gives it this unique advantage is that it is the first book to be written by a woman COO of any company (the others are written either by consultants or academicians) and the fact that it continues to foster a dialogue with its readers through the Lean In Community at www.facebook.com/leaninorg, in addition to encouraging readers to create Lean In Circles, to help them reach their goals. These platforms place the book in a league of its own.

Moreover, the book succeeds in achieving what it sets out to achieve, as it works more or less on the lines of books written by Lee Iacocca or Jack Welch, opines Anne Applebaum, in a review she has written for New York Books. One might not be particularly floored by the 'wit' and 'humour', as is claimed on the back-flap of the book; but one can't help but notice and acknowledge a certain genuineness about the book. Its willingness and courage, to have an open dialogue about things and issues, which otherwise remain pushed under the carpet or considered too trivial to be discussed, is precisely why the book makes one stop and think, if not be inspired to act. And a book that does this can definitely be commended and recommended.

Sheryl Sandberg with Nell Scovell: Lean In: Women, Work and the Will to Lead
Published by W H Allen, United Kingdom, 2013, pp 232, ₹ 550

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Authored by
Prof. Minouti Naik
minoutin_iom@met.edu

REIT

ECONOMY UPDATES

'Real Estate Investment Trusts', is an investment opportunity through which one can invest in income producing real estate and in return earn dividends plus capital appreciation. REIT is a special investment company that will invest money collected from investors in income (rent) producing real estate like commercial properties, apartments, hotels, hospitals and shopping centres. The rental income earned from these properties will be distributed as dividend to investors by REITs plus if the property is sold, investors will get capital gains. In simple terms, REIT is a real estate equivalent of mutual funds. In mutual funds the investor invests money in the fund and leaves the investment management to fund managers. The fund manager makes a decision on which shares or bonds to buy or sell and when. In the above explanation if 'shares' and 'bonds' are substituted by 'real estate' you will have a REIT.

If, one wants to invest in residential or commercial property in a metro or tier I city the minimum investment is 35 lakhs to 50 lakhs but with REITs one can invest in real estate market with minimum investment of Rs 2,00,000 as per Sebi's guidelines issued for REITs. Hence, REITs offers accessibility to retail investors who find it difficult to purchase real estate as an investment option. With REITs investors can invest in any city without being physically present at the location whereas, in case of direct investment in property investor has to be physically present during the deal therefore limited access to properties. REITs will give greater liquidity to the investor by partial or full redemption of purchased units on stock exchange. Whereas, in case of direct investment in property there is no liquidity as, it may take weeks or months to search for the buyer.

Thus, REITs will accomplish the suitable investment option for retail investors with minimum investment, liquidity and regular returns with capital gains in real estate market.

Authored by
Dr. Nitin Kulkarni
nitink_iom@met.edu
Prof. Sandeep Chopde
sandeepc_iom@met.edu

Identifying Product Categories for which Parents tend to allow the Influence of Children on the Purchase Decisions Made by Them

Abstract
The objectives are to identify product categories for which children's influence is felt most by the parents on the purchase decisions made by them and to identify the role that parents feel children play in such purchase decisions.

A Stratified Random Sampling style using Age of the Child as a Stratification Variable has been used, the sample size being fifty.
A Questionnaire has been used as the instrument for Data Collection, which has been facilitated by 'Facebook' and 'Email Post' of "Survey Monkey" as also through the offline mode. Using Descriptive Statistics, the following conclusions have been arrived at.

Cornflakes, Chocolates, Biscuits, Namkeen Indian Snacks are among the Product categories for which children's influence is felt most by the parents on the purchase decisions made by them and majority of the parents feel that for most product categories covered in the study, children play the role of 'Initiators'.

Keywords
Parents, children upto eleven years, influence, purchase decisions, product categories

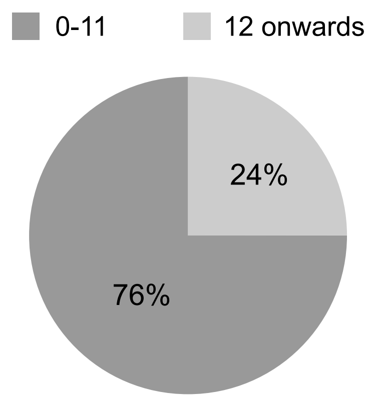
Introduction
Marketers today are constantly facing new challenges. One such challenge is understanding the role played by children in the purchase decisions made by the parents. Here, newer perspectives such as product categories, for which parents tend to allow the influence of children, on the purchase decisions made by them and what role does the child play in the purchase decisions made by the parents may be explored, especially with reference to Understanding Consumer Behaviour, i.e. the role of an initiator, an influencer, a decision maker or a user, which may be played by children.

The role of the child in the purchase decisions of the family is prominent and increasing over the years. Children today are seen to be exerting influence on products, which are meant not only for their direct consumption, but also on those which are generally infrequent and high involvement products that may be purchased by the family (Pollay, 1968).

It means that children are not just influencing purchases made by the family, in products such as chocolates, school stationery, health drinks but also in products such as cars, investment products etc., which are high involvement products, purchased by families (Sethi, The Kid in the Driver's Seat, 2011). This can also be witnessed by the growing trend of television advertisements of these products targeting children.

The present study is aimed at understanding the influence of children, on the purchase decisions made by parents and also at identifying product categories for which children's influence is felt to be the most by parents on the purchase decisions made by them.
As per the data available on the U.S. Census Bureau, Children in India, in the age group of up to eleven years, constitute approximately one-fourth of the population, as in the year 2012 available on The United States Census Bureau, 2012, Mid- year Population by Single Year Age Groups – Custom Region – India http://www.census.gov/population/international/data/idb/region.php (Accessed on 25th June, 2012)

Age wise population composition in the year 2012



Source: The U.S. Census Bureau, International Database
As seen through the graph above, children in the age group of up to eleven years constituted nearly twenty five percent of the Population of India, in the year 2012, which is a sizeable market.

Research Questions
1. Do children influence purchase decisions made by parents?
2. Identifying the product categories for which children's influence felt by the parents on the purchase decisions made by them is the most.
3. Identifying the role that parents feel children play in the purchase decisions made by them (parents).

Literature Review
Children constitute an important target market segment and merit attention from a marketing perspective. The role that children play in making decisions concerning the entire family unit has attracted researchers' attention.

The general findings of a study, conducted in Nigeria, suggest that children's influence on family decision making in Nigeria is limited to products of direct use to children. Findings also reveal that children are more influential in need recognition, where to buy, when to buy and which to buy sub-decisions. On the other hand, parents perceive children as having very little influence on family decision making, as they (parents) state that they themselves are the most influential units of family decision making. Thus, the study also suggests that parents underestimate the role of children in family buying decisions. (Akinyele, 2010).

According to the statistics arrived at by the Indian Television (2006), children drive 84 to 96 percent of the purchase decisions for themselves and their family, for the products like ice creams,

candies, books. Generally, the products covered here are low value products, which children tend to consume more often, and mothers claim that they consult children or let children choose for themselves and the family. Source: Indian Television.com, 2006, Market Database, Demographics
http://www.indiantelevision.com/marketdatabase/demographics/kidpower.htm (Accessed on 6th July, 2012)

The work in the broad area of Consumer Behaviour with respect to Children in India is relatively scarce. In one such study (Swati Soni, 2007) the focus has been on three areas - rising consumerism in children, owing to the flood of new TV programming, premature brand learning that plays an important role in future brand selection behaviour and children's culture, which is over dominated by technologically mediated entertainment and advertising. The findings of the study have been as follows - kids are emerging as a homogenous consumer cluster of their own with the peer group factor and mass media exerting an overwhelming impact on their brand choice, consumption behaviour and consumption patterns. Kids are always experimenting; they do not take anything for granted and want to learn, while having fun. There is no stickiness, no brand loyalty, ultimate materialism and consumerism, in sync with the latest trends and fads.

A study undertaken in India indicates that Indian children love watching the television and prefer it over social interaction and physical and developmental activities. It also indicates that television advertisements provide children the knowledge about products and brands. It argues that children demand more of the product, whose advertisements they like. (Manish Mittal, 2010)

In a study undertaken by Lewis A. Berey and Richard W. Pollay, related to the role of the child as an influencer of consumer decisions, purchase behaviour by the mother of a child's preferred packaged cereals was related to the child's assertiveness and the mother's child-centeredness (Pollay, 1968). It was found that though child-centeredness of the mother may increase her receptivity to influence by the child, for cereals there is apparently a stronger effect of the mother being in strong disagreement with the child over what brands to purchase. Awareness of the strength of this "gatekeeper" effect has some strong implications for marketing firms, where a child is involved. Given that the mother is not only a purchasing agent for the child, but also an agent, who superimposes her preferences over those of the child, it is clear that a lot of advertising would be well directed towards the mother, even if the mother is not a 'consumer' of the product. Without such advertising, the child's influence attempts may be largely ignored, if the mother thinks that the desired brand is an inferior one.

Based on a study, conducted by Berey and Pollay, Scott Ward and Daniel B. Wackman have studied children's attempts to influence mothers' purchases of various products and mothers' yielding to these attempts (Wackman, 1972), the focus of their study being television advertising's influence on intra-family interaction and behaviour. In their study, mothers were asked to indicate the frequency of their child's purchase influence attempts. The twenty-two product categories covered, were heavily advertised, but varied in price, frequency of purchase and relevance to the child (direct consumption or use by the child versus consumption or use by other family members). Analysis indicated that children frequently attempted to influence purchases for food products, but these attempts decreased with age. Mothers of younger children (five to seven year olds) indicated frequent influence attempts, in game and toy purchases, while mothers of older children (eleven to twelve year olds) indicated frequent purchase influence attempts in clothing and record albums. As regards parental yielding, across most product categories, the older the child, the more likely mothers are to yield to influence attempts, perhaps because olderchildren generally ask for less. Thus, while parents may receive more purchase influence attempts from young children, they are more likely to act on them, as the child grows older.
There has also been a study indicating that no unique characteristics or set of characteristics increases the likelihood of a mother's yielding to her children's influence attempts. Rather, the data suggests that variables, which increase the likelihood of parental yielding, are product specific. (Sunil Mehrotra, 1977)

In his book, Children as Consumers: Insights and Implications, James U. McNeal (Becker, 1987) has affirmed that children are consumers and do, in fact, constitute a 'market'. His concern, emphasised throughout the book, is that children should be both better educated about their consumer roles and better served by the businesses that seek them as customers. However, the larger issue on a child not only being a 'consumer but also a human being' has not been tapped enough in the book.
There are other books such as Kidfluence : The Marketer's Guide to Understanding and Reaching Generation Y -- Kids, Tweens and Teens by Anne Sutherland and Beth Thompson and Why we Buy: The Science of Shopping by Paco Underhill, among other titles, which the researcher aims to review as a part of this study.

As per an article by Leonhardt David (1997), covering the market in USA, marketers had long ignored children, but are now systematically pursuing them – even when the tykes are years away from being able to buy their products. In the article, there is a mention of various non-traditional marketing programmes, loyalty programmes etc. As per the article, at age 7, collectibles is the attraction. It states that, 'Already avid consumers, these kids are way past merely wanting everything they see. Now they have cravings, created in part by the ads they see and the toys their friends amass. Shopping has become a competitive sport; from Beanie Babies to Barbies, they want more of them.'

As per a newspaper article, based on a study conducted by Insight Instore, which is into Trend Research and Retail Shopper Marketing Consultancy (Sethi, 2011), "What is quite interesting is that apart from sectors that are directly related to children – like games, toys, apparel etc. – they are also influencing categories that do not relate to them directly, like which car to buy, their Dad's mobile or even the cosmetics their mother uses. But then, should such awareness be surprising? With early maturing and awareness comes opinion, which is encouraged and heard by parents. Brand pundits for some time now have been talking about the KGOY generation – Kids Getting Older Younger. (Seybold, 2005). "The urban nuclear family relies on each other to accomplish tasks at home", says Sheetal Jayaraj of the Bangalore based marketing consultancy - Insight Instore. "Children today seamlessly merge the physical and digital. They learn early on how to heat their food, when their parents are late from work, how to get the washing machine going and so on….this participation has an impact on the decision making process."

The author Millward Brown, along with other authors, including a team of 500 people, has conducted the world's most extensive study on tween attitudes and their relationship to brands (Seybold, 2005). In this book, he has written about the KGOY – (Kids grow up Young) generation. It has been stated that the present generation has been tagged as the 'age of compression'; it is a 24x7 generation, expecting 24x7 brands. Given the literature review, though brief, it has been found that there has been no specific study on identifying product categories, for which children's influence is felt most by the parents, on the purchase decisions made by them.

Through this study, there is an attempt made to address this issue.

Contribution of the study

The present study is aimed at understanding the influence of children, on the purchase decisions made by parents, while also identifying product categories for which children's influence is felt most by the parents, on the purchase decisions made by them. This study aims at a creating a headway in the area of the influence that children have on the purchase decisions made by parents, and would be one of the initial studies in the Indian context, which will identify product categories, where parents tend to allow the influence of children on the purchase decisions made by them.

Research Design and Methodology

1. Research Questions

a. Do children influence purchase decisions made by parents?
b. Identifying the product categories for which children's influence is felt most by the parents on the purchase decisions made by them.
c. Identifying the role that parents feel children play in the purchase decisions made by them (parents).

2. Sample Design

Sample Size: About 50 Parents
Sample Type: Parents having at least one child in the age group of up to eleven years.
A Stratified Random Sampling style, using Age as a Stratification Variable, has been used for the purpose of data collection.

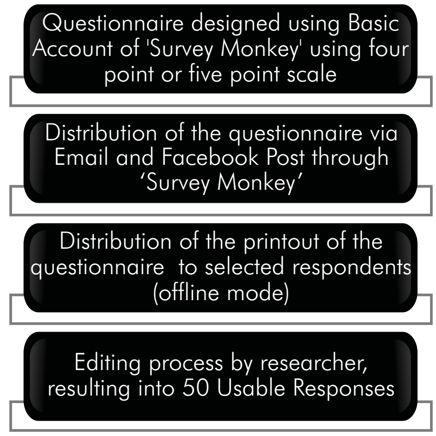
3. The Instrument

Based on the facilities available in the 'Basic Account' of Survey Monkey, the world's leading provider of web-based survey solutions, a Questionnaire was been designed by the Researcher, covering the required questions, including demographic information of the respondents. These questions have been prepared, based on the Research Questions stated earlier. A four point or five point scale has been used for all questions, except in the context of the demographic information of the respondents.

4. Procedure of Data Collection

Data Collection was planned through the online and offline means.
The researcher planned the online data collection process, with the help of Survey Monkey. Their basic product has been used and data has been collected, with the help of sending 'email invitations' and 'Facebook posts'. Data was also collected offline, by circulating printed questionnaires among the respondents. Telephonic interviews were also conducted.

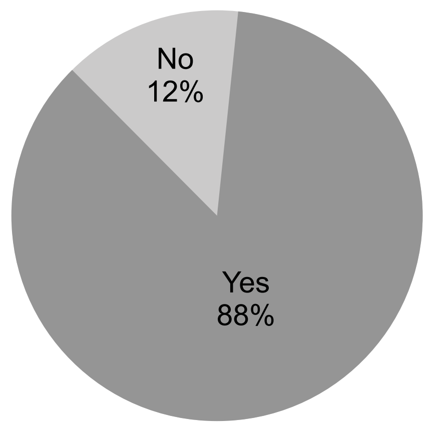
Instrument and Procedure of Data collection



5. Results and discussion

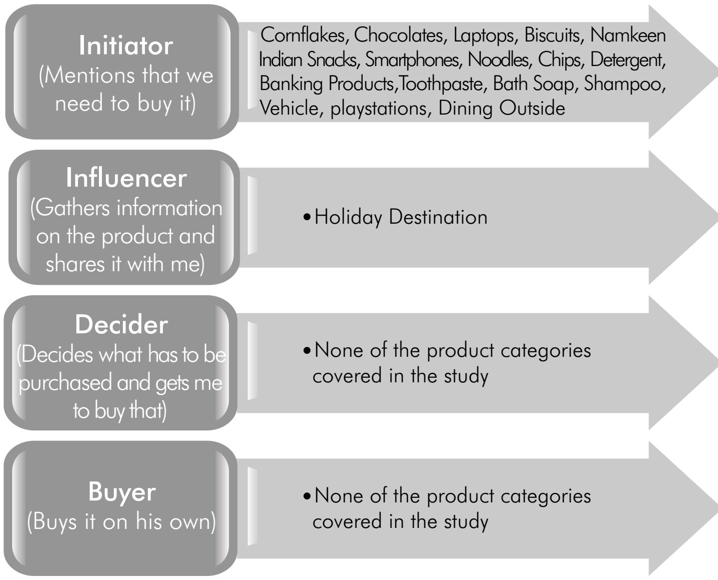
After scrutiny of the questionnaires, only those which have been completely filled in have been considered as usable responses.
Such usable responses have been considered for further analysis.
The data, which was collected, as mentioned above was entered in SPSS 15.0 for analysis.
With the help of mean values, the influence of children on the purchase decisions made by parents was analysed.

1. Do children influence purchase decisions made by parents?



2. Product categories, for which, children's influence is felt most by parents, on the purchase decisions made by them.

3. Role that parents feel children play in the purchase decisions made by them



Discussion

As per the findings noted above, it can be understood that as per the parents, their children do play the role of an initiator for majority of the products, listed as part of the study, as against the role of an influencer, which is played for determining the holiday destination etc. But children are not seen to be playing any role in deciding or buying any of the categories listed as a part of the study.

Implications of the study

The present study is aimed at understanding the influence of children on the purchase decisions made by parents and also at identifying product categories for which children's influence is felt most by the parents on the purchase decisions made by them.

Having identified such product categories, they can be considered for further research, related to Understanding of Consumer Behaviour i.e. the role of an initiator, an influencer, a decision maker or a user, played by children for the selected product categories.

Also, the reasons for their influence or the role played can be studied. The factors of the purchase decisions on which children do have an influence, according to parents, such as features, freebies, advertising etc. can also be studied in detail.

Acknowledgements

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Authored by
Prof. Pallavi K. Mhatre
pallavim_iom@met.edu

Small and Important?

ECONOMY UPDATES

Children aged 5-10 are gaining importance and attention from not just their parents but also from Marketers these days.

With new product launches that cater exclusively to this market, children's aspirations are brought into limelight. There are various theories as to why children are drawing this attention, one such prominent one is by Indian Market Research Bureau (IMRB). In its theory it proposes the reasons for continued spending by parents on their children. It proposes that Inflation may have hit the adult-on-adult spending but not the adult-on-child spending. The reason being, if the child is happy then parents too are happy.

So products such as perfumes, sunscreens, special light fixtures safely launch itself exclusively for this new and upcoming market. The bet would be to identify the sustainability of such a market, given the fact that Marico's Starz range of merchandise in kids' personal care space with its very ambitious move way back in 2007 could not manage the first mover advantage paving the way for other fresh ideas.

So it's time to watch if 'Small but Fast Growing Market' is merely a hypothesis or a fact.

Authored by
Prof. Pallavi K. Mhatre
pallavim_iom@met.edu

How can Relationships with External Agents Enhance Innovation in SMEs in India?

Keywords
Innovations, Strategic Relationship, Collaboration, Cluster Analysis

Innovation is the corner stone for any economic success and hence the primary theme in economic research. The meaning of the word innovation has considerably altered, in the recent years; this word was originally linked to R& D, whereas currently it is linked to knowledge, used in the process of creating good ideas. Greer et al state that collaborative innovation with customers or users is increasingly important, for the development of new products and services.

Jiang et al presented a study on the electronic customer relationship management (e-CRM) process of collaborative electronic business (e-business), in the service industry. It found that the creation of e-business capability and information technology (IT) knowledge integration capability is based on the integration of IT resources. Moreover, this integration provides a mediation of collaborative e-business capability.

There is now a good amount of literature that supports the idea that innovation results are favoured by the presence of relationships, networks, alliances and different other forms of interaction, with external sources of knowledge (among others, Powell and Grodal 2005; Tether 2002).

At the same time, 'open innovation' has become one of the topics that is most debated by management scholars (Chesbrough 2003; Chesbrough, Vanhaverbeke, and West2006; Dahlander and Gann 2010; Huizingh 2011; Lichtenthaler 2011). The use of external relationships is increasingly interpreted, as the key factor in enhancing the innovation performance of modern enterprises. Several works confirm that network ties can be valuable tools for fostering innovation performance (e.g. Chen, Chen and Vanhaver-beke 2011; Freeman 1991; Love and Roper 2001; Nieto and Santamaria 2007; Rammer, Czarnitzki and Spielkamp 2009; Rogers 2004; Zeng, Xie and Tam 2010). Indeed, these knowledge links can offer firms easier access to new ideas and can enhance the transfer of knowledge, from the university and research units to business activities. Apart from this, increasing attention to the approaches to innovation, technological product development and market transformations have made competition everywhere increasingly stiff; and small and medium enterprises (SMEs) have come to depend increasingly on innovation, sometimes for their survival (Verhees and Meulenberg, 2004).

It is thus important that SMEs should achieve a competitive advantage, by increasingly improving their products and services, more especially because of globalisation.

Role of Small and Medium Enterprises (SMEs) in India

Today, Micro, Small and Medium Enterprises (MSMEs) and start ups are viewed as major engines of job creation and inclusive growth, both in the developed and developing countries. In 2010-11, MSMEs represented 45% of the manufactured output and 40% of exports*. India is also estimated to have 5,000 regional MSMEclusters**, comprising industrial, handicraft and handloom clusters, such as the gems cluster in Surat , the brassware cluster in Moradabad and the textile cluster at Tirupur. Innovation can play a pivotal role in driving growth in MSME clusters, by creating new products, services and business models.

However, innovation in MSME clusters in India suffers from lack of access to technology, R&D, financing skills, mentors and effective collaborative ecosystems, which in turn has an impact on their growth and productivity. In this context, the National Innovation Council (NInC) aims to create models, for transforming regional MSME clusters into innovation ecosystems, with collaborative partnerships among stakeholders.
(* MSME Annual Report 2010-11, Ministry of MSME, Government of India.)

SMEs have been playing a pivotal role in the overall economic growth of the country and have achieved steady progress, over the last couple of years. From the perspective of industrial development in India, and hence the overall growth of the economy, SMEs have to play a prominent role, given their labour intensiveness, which generates employment. The SME segment also plays a major role, in the developing countries, such as India, in an effort to alleviate poverty and propel sustainable growth. They also lead to equitable distribution of income, due to their nature of business. Moreover, SMEs, in countries, such as India, help in efficient allocation of resources, by implementing labour intensive production processes, given the abundant supply of labour in these countries, wherein capital is scarce.

The enactment of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 was a landmark initiative taken by the Government of India, to enhance the SMEs' competitive strength, address the issues and challenges and reap the benefits of the global market. SME policy initiatives, at the national and state level, are aimed at strengthening the role of SMEs, at the base as well as at the higher level.

The Tamil Nadu Government, by formulating an exclusive policy for the micro, small and medium enterprises sector, to encourage agro-based industries, is a recent example of the changes, taking place at the ground level. The policy offers a range of incentives and support for infrastructure development, subsidies for investment in industrially backward areas, capital investment and technology development, aiming to sustain over 10% growth of the MSME segment, in the food and agro sector. Some of the salient features of this policy include formation of multi-storied and flatted industrial estates, for micro industries, a liberal floor space index, in the plotted development of 1.5 to 1.75, for industrial sheds and 2.5 for multi-storied industrial units and 50% rebate on stamp duty and registration charges for micro and small enterprises in industrial estates and industrially backward areas. With globalisation, all forms of production of goods and services are getting increasingly fragmented, across countries and enterprises. With large players adopting different models of business that include involvement of their traditional partners, suppliers or distributors, at a different level, SMEs now are now experiencing a new model of functioning, in the value chain. The past few years has seen the role of the SME segment evolve, from a traditional manufacturer in the domestic market to that of an international partner.

The restructuring of production at the international level, through increased outsourcing, is creating a significant effect on small and medium entrepreneurs, in a positive as well as negative manner. Demand, in terms of new niche products and services, is providing more opportunities for SMEs that are in a better position to take advantage of their flexible nature of operations. However, at the same time, they have realised their drawbacks in terms of inadequate availability of managerial and financial resources, lack of working capital, personnel training and inability to innovate at a faster pace.

The combined effect of market liberalisation and deregulation has forced the SME segment, to change their business strategies, for their survival and growth. Some of the changes that SMEs are focusing on include acquiring quality certifications, increasing use of ICT, creating e-business models and diversification, to meet the increasing competition. Globalisation, economic liberalisation and the WTO regime would undoubtedly open up a unique opportunity, for the largest business community, i.e. SMEs, through effective involvement in international trade, by streamlining certain factors, such as access to markets, access to technology, access to skills, finance, development of necessary infrastructure, an SME-tax friendly environment and implementation of best practices, to name a few.

Production and Investment in SMEs

No of SME Units (In Mn)			
	Registered	Unregistered	Total
FY03	1.6	9.3	10.9
FY04	1.7	9.7	11.4
FY05	1.8	10.0	11.9
FY06	1.9	10.4	12.3
FY07	2.0	10.8	12.8

Total Production of MSMEs and Total Employment Generation

FY03	26.37	116
FY04	27.53	122
FY05	28.76	130
FY06	30.0	140
FY07P	31.25	151

The total production of SMEs has shown a phenomenal growth, in FY07, as compared to the previous year. The production, at current prices, has experienced a growth rate of around 18%, as against 15.8% in the previous year, thereby raising its share in India's GDP to15.5%, during the year. Economic activities, such as export market, growing domestic consumption, conducive policy measures, improving production methods, technology and development of SME clusters have fuelled production and hence their share in India's GDP. SMEs have maintained an equal growth rate, vis-à-vis the overall industrial sector, during FY03-07, which grew at a CAGR of around 17%. The SME sector has also registered a consistently higher growth rate than the overall manufacturing sector. In fact, it plays a dual role, since the output produced by SMEs is not only about final consumption, but is also a source of capital goods, in the form of inputs to heavy industries. The table below indicates the growing significance of SMEs, in the Indian economy. Not only is the output of SMEs increasing, but the productivity in terms of per unit is also growing, at a higher rate, in the last four years. The relative advantage of SMEs is well recognised, by the resurgence of the manufacturing sector in India, during the last two fiscals and is poised for a higher growth in this fiscal, thus denoting the importance of SMEs and the need to sustain them, for a long time.

Share of SMEs Output in India's GDP

Total No. of Units in mn	Per Unit Production (₹ 000)	SME Production % Share to GDP at the Current Prices	Year
6.8	116.1	15.3	FY 91
8.3	178.4	13.6	FY 96
9.7	240.5	13.1	FY 00
10.1	258.5	13.6	FY 01
10.5	268.3	13.5	FY 02
11.0	287.5	13.9	FY 03
11.4	319.8	14.4	FY 04
11.9	362.4	14.9	FY 05
12.3	403.4	15.2	FY 06
12.8	457.3	15.5	FY 07

The table below suggests that for every ten million rupees, invested by the SMEs, they have generated more than 4 times the employment opportunities in the context of the overall economy, as per the data available in FY06. For instance, every ten million rupees, invested by SMEs, in FY06, generated employment for around 151.4 persons, whereas for the overall economy the same amount of investment generated employment for 37.4 persons.

	Investment to Production Ratio	Employment per ₹ mn of Investment in SMES	Investment to Output Ratio	Employment per ₹ 10 mn Investment in the Economy
FY02	0.57	157.0	0.26	76.5
FY03	0.54	155.5	0.26	70.8
FY04	0.49	154.4	0.27	58.9
FY05	0.44	152.3	0.31	44.0
FY06	0.40	151.4	0.34	37.4
FY07P	0.35	150.7	0.36	NA

SME exports growing in tandem with total exports

SMEs constitute an important segment of India's industrial production, with a contribution to 33% of its exports. During FY03-06, India's total merchandise exports, in terms of US dollars, witnessed a CAGR growth of 25%, while during the same period, SME exports grew at a CAGR of 24%. The remarkable contribution of SMEs, in generating employment, in the country, has been instrumental in addressing issues, pertaining to poverty and inequality of income. As per the Third All India Census on Small Scale Industries - 2001-02, highly populated states, such as Madhya Pradesh, Uttar Pradesh, West Bengal, Maharashtra, Karnataka and Jharkhand, together contributed to around 55.4% of the total exporting units in India. In terms of distribution of value of exports, from the SME sector, states like Punjab, Haryana, Uttar Pradesh, Tamil Nadu and Maharashtra together contributed 64.75% of the total exports.

The composition of the export basket of SME's in India, it has both traditional and non-traditional commodities. There are few commodity groups, which are exclusively exported by SMEs, such as sports goods, cashew, lac etc. In the commodity group of engineering goods, SMEs constitute around 40% of the total exports of this commodity group. Similarly, SMEs in basic chemicals and pharmaceuticals, finished leather and leather products and marine products account for around 44%, 69% and 50% of the export share, in their respective commodity groups. In view of the Government of India's ambitious target of an average GDP growth rate of 9%, during the 11th Five Year Plan, SMEs have to play a vital role in achieving this target. It is imperative for the government, to address the major issues plaguing the sector and to take further inclusive growth oriented policy initiatives, to boost the sector. This includes measures, addressing concerns of credit, fiscal support, cluster-based development, infrastructure, technology and marketing, among others. As mentioned earlier, SMEs constitute 34% of India's merchandise exports and in order to increase India's export share in global trade, SMEs are expected to enlarge their scope manifold.

The Government of India as well as many state governments have created various incubation centres, product R& D centres, institutions such as IIP (the Indian Institute of Packaging), which engages in extensive research on types of packaging, required for modern days businesses and alterative low cost raw material that can be used for packaging, as also institutions such as NABARD, KVIC etc., which have their own programmes, to develop MSMEs. But the real question that arises is how much have these SMEs been able to take advantage of such government initiatives?

This paper investigates the role of external relationships, as key drivers of small business innovation. The results of an empirical analysis, based on data for approximately 50 small and medium-sized enterprises (SMEs) in Mumbai, indicate that innovation performance is higher in SMEs, which are proactive in strengthening their relationships with innovative suppliers, users and customers and with external agencies such as research laboratories (both private and government). Furthermore, the findings of this paper support the view that SMEs will have better product development results, for new products, if they improve their relationships with External Agents.

The main focus of this paper is on innovation performance in SMEs. Two principal research questions are addressed through empirical analysis. First, this study asks whether SMEs, which are proactive in strengthening their relationships with innovative suppliers and customers, are more likely to achieve positive results, in the innovation of products or services.

The second question is whether innovative SMEs are more likely to innovative than other SMEs, to take advantage of linkages with R&D laboratories. The motivation, behind the choice of focusing on these types of linkages, can be explained as follows: first, the basic idea of collaborative business is that suppliers (together with clients or customers) are the most sought-after innovation partners. Rinaldi et al (2010), in their article, focus on the importance and potential benefits of collaboration, in business enterprises, as game changers.

It is more likely for firms to source external knowledge, along the supply chain, because competences have probably to be complementary. Kitson et al (2004), in their article, explore the UK Government's response, in terms of funding university-business collaborations as also the breadth of services that are offered by universities. A case study examines the collaboration between ten universities and colleges, in the East of England, designed to help business- university collaboration. Three case studies follow, examining the broad range of work of their member institutions, in helping different growing businesses, to showcase the wide variety of different services, offered by the university sector. Large firms report more cooperation with higher education or government institutions than SMEs. Thus, it is important to understand, whether SMEs that are not engaged in partnerships, with universities or other scientific research units, are also associated with a lower number of innovative products.

Even basic things like packaging and the expertise provided by IIP (the Indian Institute of Packaging) are not used by SMEs; such SMEs thus find it increasingly difficult to export products to foreign markets. Almost all governments are trying to protect their domestic producers by trying to provide increasing support to their SMEs, to protect domestic jobs. The innovation index also shows that India is at bottom of index, let alone in the context of SMEs.

The empirical support used to answer these two questions is based on a large sample of approximately 50 SMEs located in India. To control the different dimensions of innovation, managers were asked to indicate the degree of novelty (in the range of products or in the contribution to turnover) that their SMEs have achieved over the past two years.

Studies focusing on external sources of knowledge as 'innovation gateways' for SMEs are relatively scarce.

The following section reviews the literature on open innovation, networking and external relationships, and illustrates the research hypotheses. The data and methodology section describes the data and the empirical methodology. The empirical results section provides the findings, whereas the discussion section contains the discussion of results. The final section formulates the concluding remarks.

Objectives

To find out whether

1) Innovation performance is higher SMEs, which are proactive in strengthening their relationships with research institutes.

2) Innovation performance is higher in SMEs, which are proactive in strengthening their relationships with innovative suppliers, users and customers.

Data and Methodology

The data was collected through a survey of business owners and managers, who were located in various cities, across India. SMEs were identified and professionals interviewed, with the help of facilitators. The practices included in the survey were identified from the literature and from discussion with industry professionals.

All respondents were asked to use a 5 point Likert scale (1= lowest relevance of the option and 5= highest relevance of the option), to measure the position of the firm, with respect to different managerial practices. Almost all the respondents answered all the questions.

Dependent Variable: Innovation Performance.

Reliability

Scale: ALL VARIABLES
Case Processing Summary

		N	%
Cases	Valid	20	100.0
	Excluded	0	0
	Total	20	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No. of Items
0.612	0.614	7

Inter-Item Correlation Matrix

	VAR00002	VAR00003	VAR00004	VAR00005	VAR00006	VAR00010	VAR00008
VAR00002	1.000	.335	.413	-.030	-.031	.248	.465
VAR00003	.335	1.000	-.089	.058	.288	.110	.384
VAR00004	.413	-.089	1.000	.355	.130	.354	.088
VAR00005	-.030	.058	.355	1.000	.731	.056	-.200
VAR00006	-.031	.288	.130	.731	1.000	-.022	-.160
VAR00010	.248	.110	.354	.056	-.022	1.000	.404
VAR00008	.465	.384	.088	-.200	-.160	.404	1.000

Item-Total Statistics

	Scale Mean, if Item Deleted	Scale Variance, if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha, if Item Deleted
VAR00002	17.8000	20.063	.397	.428	.553
VAR00003	18.9000	21.358	.291	.376	.586
VAR00004	18.7500	18.724	.391	.444	.550
VAR00005	19.3500	19.503	.324	.628	.576
VAR00006	19.8500	20.134	.302	.618	.583
VAR00010	18.6000	19.832	.326	.271	.575
VAR00008	17.5500	21.945	.254	.422	.596

Scale Statistics

Mean	Variance	Std. Deviation	No. of Items
21.8000	25.853	5.08455	7

In this scale, the Reliability of scales, seven items i.e. variables 2, 3, 4, 5, 6, 10, 8, has been examined. What has been found is that the scale reliability is 0.614 (Cronbacha's Alpha on Standardised Items), which is acceptable. If the item to the total correlation is examined, it can be observed that Variable 8 has the least value of .254, which can be considered for being dropped from the scale, if the item has to be reduced. The Alpha value of the scale, if this item is dropped is reduced to 0.596. But, in any case, it was decided that item should not be dropped, from the scale, because the researcher felt that it was an important variable.

Independent Variables: Key independent variables, in this study, evaluate whether the firms have a strategy, for outsider - in the process of interacting with suppliers, customers and other research partners, such as Government Research Laboratories and Outside Research Laboratories, etc. The respondents were asked to offer their responses, to evaluate their customers and suppliers, in terms of their innovative collaborative experiences. Similarly, to evaluate their linkages, with Universities and other Scientific Institutes, managers were asked, if their relationships were active and ongoing. To test the empirical relevance of H1 (The role of knowledge relationships with customers and suppliers), four variables were taken into account:

1. Involvement in the design process: If the respondents provided the score of 1, it showed 'No interaction with suppliers and customers', whereas a score of 5 meant that 'Partners and suppliers are fully involved and supported by the informative system'.

2. Innovative key raw material suppliers: If the respondents provided the score of 1, it showed 'No interaction with suppliers', whereas a score of 5 meant that 'Partners and suppliers are fully involved and supported by the informative system'.

3. Innovative key machinery suppliers: If the respondents provided the score of 1, it showed 'No interaction with suppliers', whereas a score of 5 meant that 'Partners and suppliers are fully involved and supported by the informative system'.

4. Innovative key information suppliers: If the respondents provided the score of 1, it showed 'No interaction with suppliers', whereas a score of 5 meant that 'Partners and suppliers are fully involved and supported by the informative system'.

As far as Objective 2 (The relationship with external research agents is considered, two questions were asked, i.e. questions 5 and 6. If the respondents provided a score of 1, it indicated no existing linkages, whereas a score of 5 meant close existing linkages with institutes.

Cluster Analysis was carried out in 2 stages:
In stage 1, Hierarchical Cluster Analysis was used, to identify how many clusters could be formed. Once the numbers of clusters that could be formed was identified, K-Means Cluster Analysis was carried out, to create clusters of companies, in stage 2.

Agglomeration Schedule (Hierarchical Cluster Analysis)

Stage	Cluster Combined		Coefficients	Stage Cluster First Appears		Next Stage
	Cluster 1	Cluster 2		Cluster 1	Cluster 2	
1	5	17	2.000	0	0	8
2	15	18	6.000	0	0	5
3	13	14	7.000	0	0	6
4	7	21	8.000	0	0	8
5	8	15	9.000	0	2	9
6	11	13	10.500	0	3	9
7	4	10	13.000	0	0	11
8	5	7	13.000	1	4	13
9	8	11	14.000	5	6	12
10	2	6	15.000	0	0	14
11	4	19	16.500	7	0	18
12	8	12	20.333	9	0	16
13	3	5	21.000	0	8	19
14	2	16	21.500	10	0	17
15	1	9	26.000	0	0	20
16	8	20	26.286	12	0	17
17	2	8	30.333	14	16	18
18	2	4	30.394	17	11	19
19	2	3	33.357	18	13	20
20	1	2	52.947	15	19	0

Analysis of Output

Cluster Analysis was used to identify, which companies are similar to each other. Cluster Analysis is a multivariate technique, which is used to club similar people or companies together, on the basis of some variables.

Hierarchical Cluster Analysis was carried out, to identify how many clusters could be formed. From the table, showing the Agglomeration Schedule, it can be identified that the difference between case 20 and case 19 shows maximum difference in their coefficients, i.e. (52.947-33.54= 22), but this will indicate a One Cluster solution, since it is desired that groups of companies with similar characteristics should be created, for this at least a 2 cluster solution would be needed ,when examining the stage 17-16, which has a coefficient - 30.333-26.286. This results in a difference of 4.047, which can be considered as a sudden good jump; this is a 3 cluster solution, which should prove valuable for this research.

On carrying out further analysis in stage 2 i.e. K- Means Cluster, several outputs can be seen.

Output 1
Number of Cases in Each Cluster

Cluster	1	2.000
	2	12.000
	3	7.000
Valid		21.000
Missing		0.000

From the above output, it can be seen that out of 21 cases 2 cases belong to cluster 1, while 12 cases belong to cluster 2 and 7 to cluster 3.

The table given below analyses all the three clusters

Initial Cluster Centres

	Cluster		
	1	2	3
VAR00001	2.00	4.00	4.00
VAR00002	2.00	1.00	5.00
VAR00003	2.00	2.00	5.00
VAR00004	3.00	1.00	5.00
VAR00005	4.00	1.00	5.00
VAR00006	4.00	1.00	5.00
VAR00007	2.00	5.00	5.00
VAR00008	1.00	5.00	5.00
VAR00009	1.00	3.00	4.00
VAR00010	1.00	4.00	5.00

Report on Initial Cluster Centres

Variable 10 in the questionnaire analysed if the company had increased its range of products, by at least 10 %, very 2 years.

From the above table, it is clear that Cluster 1 has the value of 1 on statement 10 and it has a low value on almost all statements, which pertain to maintaining strategic relations with key suppliers, whereas Clusters 2 and 3 have values of 4 and 5 respectively, which indicates that only companies belonging to Clusters 2 and 3 have increased their range of products by 20 %, every 2 years, while companies belonging to Cluster 3 have a maximum of 5 on this statement. Further, it can be seen that companies belonging to Cluster 3 have a value of 5 on the following statements: we maintain a strategic relationship with our suppliers, we maintain a strategic relationship with key machinery suppliers, we maintain a strategic relationship with key IT suppliers , we maintain a strategic relationship with key government agencies and laboratories for innovation suppliers, we maintain a strategic relationship with Independent Research Labs for innovations, we consider it important to register patents and trademarks, important to train and develop the employees and 4 on the statement that their turnover had increased, across geographical areas, with addition of these new products.

Conclusion

The companies in Cluster 3 have been the most innovative companies and have been able to launch new products much faster and achieve more profits, by increasing their geographic coverage, by using their strategic ties with Key Partners and their strategic relations with the Government and other independent Research Agencies.

Managerial Implications

1. Smaller companies, which cannot independently carry out research and development, due to lack of technical expertise and budgets, can work in close coordination, with their key suppliers and bring in better innovation in their products.

2. Smaller companies, which cannot independently carry out research and development, due to lack of technical expertise and budgets, can work in close coordination Government Research Agencies and Independent Research Agencies to innovate their products.

Limitations:

Random sampling technique.

1. The research suffers from the problem of sample size

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Authored by
Prof. Sameer A. Virani
sameerv_iom@met.edu

e-Tailing India

ECONOMY UPDATES

India is home to diverse society with multiple regional languages; hence it is a challenge for retailers to have pan-India reach without making a huge investment. However the latest trends depict that consumers' buying behavior is shifting towards adopting new methods of buying.

Reports from "Branding Brand" show there is huge sales from smartphones & tablets. In July 2014, 49.6% of all traffic was to a group of retail clients towards mobile devices, 34.9% from smartphones and 14.7% from tablets. Chris Masonco, founder and CEO, "Branding Brand" says that the data shows decisively that smartphone activity in retail is surging, with the highest percentage of consistently growth.

According to a report from "Avendus Capital", Mumbai based financial advisory firm, 50% of internet users in India are 'mobile only', while over 60% of revenues come from Tier II / III cities for dominant players. These consumers are mostly shopping through their mobile phones, which is their only access to internet. Tracking this shift, the online players are changing focus from saturated urban hubs to Tier II / III cities. There is a growing trend in India with respect to offline retailers going online, with some significant brands like Bombay Store, Meena Bazaar, Future Retail, The Mobile Store, Shoppers Stop, to name a few. Hence e-tailing is not only beneficial for the retail giants but also for the small or new players. Small players have access to the gigantic e-commerce sites with fast and convenient operations, with minimum investment, few or no cliental data and minimal of warehousing facility.

Mobile phones today are the most crucial device for reaching the prospective clients, which allow internet access at very affordable cost. It is easier for them to blend in a language that they are comfortable in. Nevertheless, language continues to be the biggest hurdle for e-tailing in order to access the markets in the vicinity. Now the objective is to develop personalized mobile app to deliver content in local languages for establishing better connection with the consumers in smaller cities.

Hence keeping in mind the multiple regional languages, it is imperative in reaching the prospective buyers and retaining them. To be more competitive, e-commerce players have to ensure that consumers do not look somewhere elsewhere. However to take e-tailing to the next level there are some applications like LinguaNext, Langify, Magento – Connect, etc. which deliver content in multiple regional languages.

Authored by:
Prof. Sana Khan
sanak_iom@met.edu

MET Institute of Management
Bhujbal Knowledge Centre
Bandra Reclamation, Bandra (W), Mumbai 400 050.
Tel: (+91 22) 39554280/232/358/286 | Telefax: (+91 22) 26440082
Toll free: 1800 22 0234 | email: research@met.edu | www.met.edu
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