



AIMS JOURNAL OF MANAGEMENT

Vol. 6, No. 2, January 2021

ISSN 2395-6852

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Association of Indian Management Schools

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Prof (Dr) Upinder Dhar
Chairman, Editorial Board

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Editorial

Will Covid-19 Increase Reverse Urbanization?

There is no doubt that COVID-19 has affected how we live and work. Technology has enabled us to continue business from home and has helped us to stay healthy while we continue our social distancing measures. The fourth industrial revolution - also known as Industry 4.0 - has already commenced. Historically, periods of crisis and conflict have stimulated innovation and motivated mass adoption. Threats, whether from war, famine or disease, have massively promoted innovation.

In 2020, the technology having been applied in almost every domain of life puts both the innovation and adoption on an exponential curve. The instantaneous ability to collaborate, communicate and co-innovate will further push us towards Industry 4.0. We have advanced global collaboration on a scale that will be studied for decades. For example, COVID-19 has forced the adoption of remote work. Billions of people realized in just few weeks after the declaration of pandemic by the World Health Organization that work can be done successfully via tele-presence technologies.

The ability to separate industry paradigms is beginning to fade. When industrial revolution began a couple of hundred years ago, the exponential nature was not visible. Today, the only way to see it is by looking at data. The crisis has resulted in the creation of mass adoption of new technology and a flow of venture money into next generation technologies which will probably be studied in the future. Industry 5.0 is generally thought to start somewhere when machines will make better *new machines* than humans can among other things. COVID-19 has also accelerated us toward the already inevitable Industry 5.0, but it will only be historians looking at data 25 years from now that they will be able to gauge by how much.

When consumers can live anywhere, many will choose to have a larger and less expensive home where they can both live and work. Reverse urbanization has already been envisaged by some real estate giants. Virtual reality and augmented reality will see rapid advancement as corporations demand more sophisticated *at-a-distance* collaboration tools. Holographic displays and immersive spaces enabled by tele-presence technologies will see a huge market increase. To enable this, telecommunications must transform to support this new demand.

We will see a dramatic change in the way business is done. A B2B sale used to require a handshake at an expensive hotel; now, it will be done through a food delivery app that serves the delicious food and wine to people at their new home offices enabled

by immersive collaboration spaces, which exist only on a server in a lights-out data centre running on a self-healing network.

The readers of AJM are requested to go through the contents of the journal and help us in improving the academic value of this publication by offering suggestions based on their critical review and constructive observations. The prospective contributors to this journal are advised to follow APA pattern (latest Edition) for presenting the references.

Dr. Upinder Dhar
Chairman
Editorial Board – AJM

Cultural Heterogeneity in Marketing-Mix Decisions Framework for Multi-Ethnic Demographics: An Empirical Study

Debraj Datta*

Abstract

In the era of globalization, the barriers are fast breaking. With the help of technology and change in orientation towards life, people across various cities, regions, countries and continents are coming closer to each other in order to form an amalgamated culture. However, globalization does not necessarily mean the annihilation of individual culture. Hence, the purchase behaviour like any other behavioural orientation is heavily influenced by cultural orientations, thus making it imperative for a company with globalization intent to understand the diversity of these profiles and then design the marketing-mix strategies accordingly. This paper is an attempt to study consumer purchase pattern to derive major factors and their impact on consumer buying pattern and understand and fulfil people's needs and wants, which could result in bridging the gaps in livelihood found across the regions and eventually paving the way for sustainable development with human face.

Keywords: Cultural heterogeneity, Demographics, Marketing-mix, Principal Component Analysis, Purchase behaviour

Introduction

The main objective of this research paper is to understand the implications of marketing in a multicultural society. Culture is defined as "a combination of learned beliefs, values and customs that directs consumer behaviour in a specific society" (Kumar, 2003). The culture consists of shared values, beliefs, attitudes, motivation, view towards life and interpretations of behaviours. Cultures are made up of individuals, and there are reciprocal influence processes between individuals and cultures. Individuals grow up within a particular culture and are socialized in the ways that internalize key aspects of that culture. The influences of culturally based experiences begin to affect and permeate our psychological nature at a very young age so that we become psychosocial individuals very early in life.

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The paper presents empirical data from an ethnographic research conducted in Kolkata among different linguistic and religious groups keeping in mind the various age and gender profiles employing face-to-face interview method. The research aims to make significant contribution to multicultural marketing knowledge domain applicable for Indian subcontinent, which is a queer mix of cultural diversity and unison.

Influences of Culture on consumer behaviour

The culture influences human behaviour in terms of value system, lifestyle, attitude towards life and decision-making (Schiffman & Kanuk, 1997). Cultural profiling plays an instrumental role in shaping the personality (Wallace, 1965) of the people and significantly influences the consumer behaviour (McCracken, 1986); hence significant differences in various aspects of consumer behaviour such as novelty seeking, decision-making pattern, choice, brand loyalty, purchase frequency, perceived risk or time of purchase could be found across various ethnic groups and geographic subgroups with varying cultural values and identities (Gentry et al., 1988).

Cultural diversity and marketing

A number of scholars have stressed the significance of understanding the ethnic cultures and the associated cultural dimension to marketing (Penaloza & Gilly, 1999). This is supported by a realization that the differences in ethnic aspirations and expectations are growing in size and this cultural heterogeneity has a strong impact on the purchase heuristics. It is for certain that the standardised mass marketing is a thing of the past and one needs to respond to consumer differences with differentiation and segmentation strategies. To address the issue, Burton (2000) proposed a conceptual framework to integrate ethnic identity and ethnicity into marketing theory and practice in the context of UK. The framework argued for:

- Greater understanding of the ways in which ethnicity and ethnic identity could be conceptualised,
- Operationalizing ethnicity to figure out the specific needs of ethnic minority consumers, and
- Adopting the marketing/services mix to satisfy those needs.

While the conceptual framework appears to be a good starting point, there remains a need to explore the role of marketing in a multicultural marketplace where the focus is beyond a simple understanding of the needs of some ethnic consumer groups, and modify the marketing mix accordingly since the cultural diversity of the marketplace

influences most of the market transactions in terms of volume of purchase, preferred language and style of marketing communication, purchase occasion and so on (Penaloza & Gilly, 1999). There is also evidence of social dissolution, extreme individuation of taste and consumption patterns and a fragmentation of collective meanings in such a marketplace (Firat & Schultz, 1997). Marketers are increasingly confronted with the issues that are related to the way consumers continuously identify and re-identify themselves and the way marketers identify the market (Barber, 1996). Some propose that marketing, in such a context, could be viewed as a cultural intermediary whose function is to produce new symbolic meanings and their interpretations (Elliot, 1999). However, there is a lack of research on this topic considering Indian subcontinent although this region may be the most diverse in cultural interpretations. The current paper seeks to fill this gap with empirical evidence to support this theoretical proposition.

Ethnicity and consumption

Ethnicity could be construed as multi-dimensional commonality in terms of linguistics, food habits, lifestyle, religiosity, value system and many more (Webster, 1994). People could identify themselves through the lense of their ethnic identities and membership status of pre-defined social groups in an emotionally significant manner and choose to behave and make decisions in a certain manner (Rossiter & Chan, 1998; Jamal, 1998, 2003; Jamal & Chapman, 2000). Thus, ethnic identity is established as a result of complex psychological process and collective consciousness so that an individual could identify himself or herself with the multi-faceted ethnic constructs and could share the same feelings, habits, perceptions, values, cognitive orientation, heuristics and attitude with other members of the same ethnic group (Stayman & Deshpande, 1989; Maffesoli, 1996; Cuellar et al., 1997).

Another important aspect in cross-cultural consumer behaviour is the duality of personal and social identity of an individual. There could always be an interplay of cultural identification in terms of class, caste, ethnicity, and religiosity with social construct such as family, neighbourhood, society etc. Such intermingling socio-cultural identities influence purchase intention and buying behaviour as a result of which people behave differently in various buying situations (Markus & Kunda, 1986; Otnes et al., 1997; Jamal & Chapman, 2000), like Hispanics in America who despite following mainstream socio-cultural trend all around the year, celebrate a festival like Cinco de Mayo on 5th of May every year with utmost fervency which has no connection with American socio-cultural-political framework as it marks the victory of Mexican Army

over French Empire at the Battle of Puebla held more than 160 years back (Donthu & Cherian, 1994).

Problem Formulation and Hypotheses

Human behaviour is largely the result of a learning process and as such individuals grow up learning a set of values, perceptions, preferences and behavioural patterns as a result of socialisation both within the family and a series of other key institutions (Kotler, 1993). From this people develop a set of values, which determine and drive behavioural patterns to a very large extent. Values include achievement, success, efficiency, progress, material comfort, practicality, individualism, freedom, humanitarianism, youthfulness and practicality (Schiffman & Kanuk, 1997). This broad set of values is then influenced by the subcultures like ethnic and religious groups, all of which exhibit degrees of difference in ethnic taste, cultural preferences, taboos, attitudes and lifestyle.

H1: There is strong influence of linguistic ethnicity and religious culture on purchase volume

Language is particularly culture based. Even when a language is shared across cultures, there will be differences according to the local culture, differences between accents or dialects and choice of words of various places are clearly understandable. The language has obvious influence in reception and comprehension of marketing communication. Different linguistic ethnicity may have different cultural backgrounds, which could have influence on the family structure, socio-economic status and heuristics.

H2a: There is association between linguistic ethnicity and type of purchase decision-making

H2b: There is association between linguistic ethnicity and family structure

Religious rituals and beliefs are universal features of social life. By their nature, religious beliefs tend to motivate other aspects of human behaviour beyond those, which would strictly be considered to be of religious concern. While the institutional structures which promote most of the major religions have taken on in their periods of rapid growth, many other beliefs and practices that have little relation to the core religion used to help a given institution to accommodate the political and social realities of its host cultures. On one hand, the ubiquity of religion seems to argue for some innate "religious instinct", while on other hand, the diversity of religious forms and the frequent conflicts among them seem to argue that religion is more a socially acquired characteristic of human life. Diversity of religious groupings set up different cultural

backgrounds, which influence the socio-economic structure, attitude level and subsequently purchase heuristics.

H3a: There is association between religious culture and type of purchase decision-making

H3b: There is association between religious culture and family structure

Method

Context of study

This study is based on an ethnographic research carried out in Kolkata. The city was chosen due to its century-old history of attracting different cultural groups from various parts of India. The city also had a successful history of ethnic minority participation in owning and managing a wide range of businesses.

Aims and objectives

The study aimed to investigate the purchase decision-making and nature of consumption of various ethnic groups different from each other in linguistic and religious orientations. The objective was to investigate the important factors while taking one purchase decision.

Participants of the study

For the survey, the respondents were chosen from three linguistic groups viz., Bengalis, Marwaris and Gujaratis and three religious groups viz., Hindus, Muslims and Jains.

Ethnographic profile: The Bengali people can trace their ancestry to the early Indo-Aryans, as well as the indigenous Austro-Asiatic Munda inhabitants of Bengal and Bihar (descendants of the Proto-Australoids), the Assamese and Sino-Tibetan inhabitants of North East India, and the Dravidians from South India. They speak Bangla (or Bengali), a language of the Eastern branch of the Indo-Aryan branch of the Indo-Iranian languages.

Marwaris referring to a community of entrepreneurs are a group of Indo-Aryan people from the Marwar region of Rajasthan in India. Historically, Marwaris belong to the ancient Vedic Kshatriya community. During the middle and late Mughal period they started diversifying from their warrior culture into other occupations such as commerce, finance and industrial manufacturing. Traditionally, they are known to speak the Marwari (or Marrubhasha) language, which is a language belonging to the

Sanskritic subgroup, of the Indo-Aryan branch, of the Indo-European language family written in Devanagari script although many Marwaris today are more comfortable in Hindi.

Gujaratis are believed to have some connection etymologically to “Gurjiya”, the Persian name for Georgia, asserting that they were a Georgian contingent affiliated with the Hephthalites who invaded India and settled in Gujarat by 600 CE. The other scholars hold that “Gujar” or “Gujjar” is the Indic term for Khazars who have invaded historic North Western India (the former Indus Valley region) what is now Gujarat and Punjab in North Western India and Pakistan. Gujaratis speak in Gujarati, which is an Indo-Aryan language, part of the greater Indo-European language family, which is written using the Gujarati script, an abugida (alphasyllabary) very similar to Devanagari, but without the characteristic horizontal line (*matra*) running across the top of the letters.

A 3 (Linguistic ethnicity: Bengalis vs. Marwaris vs. Gujaratis) * 3 (Religion: Hindus vs. Muslims vs. Jains) * 5 (Age: 18-25 vs. 25-35 vs. 35-45 vs. 45-60 vs. above 60) * 2 (Gender: males vs. females) mixed design was used in order to test whether any consumption scale could be found out. For this, a sample of 700 respondents comprising Bengalis, Marwaris and Gujaratis was chosen to give response to 43 statements (Appendix I) on 5-point Likert Scale (1=Strongly disagree to 5=Strongly agree. While selecting, equal weightage was given for 5 age groups viz. 18-25, 25-35, 35-45, 45-60 and above 60, whereas the male-female ratio was kept at 3:2. The detailed breakup is given in Table 1.

The reason for selecting stratified sampling is to have an unbiased sample in terms of representation from the cultural groups being considered. The primary objective was to understand whether people incorporate cultural identity in their purchase decision-making. This process is quite complex and involves various factors like information processing, occasion of purchase, occupation, socio-economic structure etc. The research aims to find out whether people from the selected cultural groups identified some important factors of purchase decision-making, which could be used later to understand the degree of heterogeneity in purchase heuristics among them based on cultural differences.

Second part of analysis was carried out to understand the influence of cultural heterogeneity in terms of linguistic ethnicity and religion on purchase decision-making. For this, a sample of 1000 people having annual income of Rs. 2-10 lakhs from the same three linguistic groups was chosen equally. Like the first part of research, equal weightage was given for 5 age groups viz. 18-25, 25-35, 35-45, 45-60 and above 60,

whereas the male-female ratio was maintained at 3:2. The detailed breakup is given in Table 2.

Sampling method

The respondents for both the analyses were selected on the basis of the authors' social relations in all the communities, and also by "snowballing" technique with the help of students belonging to those cultural groups. The selection was strictly made to conform to the pre-selected stratification according to linguistic ethnicity, religion, gender and age group.

Data collection

Data were collected through face-to-face conversation while administering the questionnaires (Appendix I & II).

Method of data analysis

For the first part of the analysis, factor analysis was used to find out the major cultural components in purchase decision-making required to find CARPH (Cultural Attributes Related to Purchase Heuristics). Cronbach's alpha for CARPH scale was found out to test the reliability of the scale.

For the second part of the analysis, Multinomial Logistic Regression was run between Linguistic ethnicity and Religion as Independent Variables, and Purchase volume as Dependent Variable to find out whether data are consistent with the model assumptions by goodness-of-fit test, whether the model fits the data better than a null model and the contribution of each effect to the model by Likelihood ratio tests, variation explained by the model by pseudo r-square statistics (Cox & Snell etc.) and practical results of using the multinomial logistic regression model by Classification analysis.

Chi-square was used to test the independence of religion and linguistic ethnicity with Purchase decision-making pattern, Family structure and Type of profession of Chief Wage Earner (CWE). Various measures of association like Cramer's V and Contingency Coefficient were used to test the strength of association between the attributes. In order to test the hypotheses, ANOVA was primarily used along with Levene test of homogeneity of variances and various post-hoc tests like Scheffé for Equal Variances Assumed and Tamhane's T2 for Equal Variances Not Assumed, as and when applied.

Results

Construction of scale

Factor analysis selections produce a solution using principal components extraction, which is then rotated for ease of interpretation. Components with eigen values greater than 1 are saved to the working file. We will first examine the necessity of Factor analysis. Bartlett's test of sphericity (Chi-Square=7640.68, df=903, $p < .05$) is significant implying that the variables are correlated in the population so that further data reduction is necessary. The very high value ($=0.861$) of Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy indicates that the Factor analysis is appropriate. High communalities indicate that the extracted components represent the variables well.

The extracted components explain nearly 88% of the variability in the original ten variables, so we can considerably reduce the complexity of the data set by using these components, with only a 12% loss of information. The rotated component matrix helps to determine what the components represent. The results being as under (Table 3):

- The first component is most highly correlated with statements 3, 13, 16, 32, 37 and 43. So it can be named as "*Preferred language of advertising message*".
- The first component is most highly correlated with Price in thousands and Horsepower. Price in thousands is a better representative, however, because it is less correlated with the other two components.
- The second component is most highly correlated with statements 2, 20, 24, 29, 31, 38. So it can be named as "*Purchase decision-making pattern*".
- The third component is most highly correlated with statements 4, 7, 12, 15, 42. So it can be named as "*Family structure*".
- The fourth component is most highly correlated with statements 5, 8, 10, 17, 25, 33, 40. So it can be named as "*Purchase influencers*".
- The fifth component is most highly correlated with statements 1, 6, 11, 14, 19, 22, 28, 35, 39. So it can be named as "*Preferred style of marketing communication*".
- The sixth component is most highly correlated with statements 18, 21, 23, 27, 30, 36. So it can be named as "*Type of profession of CWE (Chief Wage Earner) of the family*".
- The seventh component is most highly correlated with statements 9, 26, 34, 41. So it can be named as "*Purchase occasion*".

Influence of linguistic ethnicity and religious culture on purchase volume

The Pearson (Chi-Square=14.719, df=18, $p>.05$) and deviance (Chi-Square=15.381, df=18, $p>.05$) statistics used as goodness-of-fit test in the Multinomial Logistics Regression model to examine the influence of linguistic ethnicity and religious culture on purchase volume support the null hypothesis that the data are consistent with the model assumptions. The likelihood ratio tests the model (Final) against one in which all the parameter coefficients are equal to 0 (Null). The chi-square statistic (=76.164, df=8, $p<.05$) as the difference between the -2 log-likelihoods of the Null and Final models concludes that the Final model is outperforming the Null. The likelihood ratio also tests the contribution of each effect to the model.

The chi-square statistic as the difference between the -2 log-likelihoods of the Reduced model and the Final model for both linguistic ethnicity (Chi-Square=43.221, df=4, $p<.05$) and religion (Chi-Square=9.721, df=4, $p<.05$) shows that both of them contribute to the model. Moderate value of pseudo r-square statistics (Cox and Snell=.224, Nagelkerke=.256) indicates that the model explains significant amount of variation. The classification analysis has found out that overall, the model classified 54.7% of the cases are correctly. *Thus, H1 stands accepted: There is strong influence of linguistic ethnicity and religious culture on purchase volume.*

Influence of linguistic ethnicity on purchase heuristics

Influence of linguistics ethnicity on purchase decision-making pattern, family structure and CWE profession. Chi-square test (=99.543, df=8, $p<.05$) rejected the hypothesis that the linguistic ethnicity and purchase decision-making pattern are independent to each other. The symmetric measures (Cramer's $V=.407$, Contingency Coefficient=.499) found out quite significant association between linguistic ethnicity and purchase decision-making pattern. *Thus, H2a stands accepted: There is association between linguistic ethnicity and type of purchase decision-making.*

Chi-square test (=137.52, df=8, $p<.05$) rejected the hypothesis that the linguistic ethnicity and family structure are independent to each other. The symmetric measures (Cramer's $V=.479$, Contingency Coefficient=.561) found out quite significant association between linguistic ethnicity and family structure. *Thus, H2b stands accepted: There is association between linguistic ethnicity and family structure.*

Influence of religious culture on purchase heuristics

Influence of religion on purchase decision-making pattern, family structure and CWE profession. Chi-square test (=59.365, df=8, $p<.05$) rejected the hypothesis that the

religion and purchase decision-making pattern are independent to each other. The symmetric measures (Cramer's $V=.315$, Contingency Coefficient $=.406$) found out quite significant association between religion and purchase decision-making pattern. *Thus, H3a stands accepted: There is association between religion and type of purchase decision-making.*

Chi-square test ($=100.385$, $df=8$, $p<.05$) rejected the hypothesis that the religion and family structure are independent to each other. The symmetric measures (Cramer's $V=.409$, Contingency Coefficient $=.501$) found out quite significant association between religion and family structure. *Thus, H3b stands accepted: There is association between religion and family structure.*

Discussion and Conclusions

From the Factor analysis, CARPH scale was constructed. The components are:

1. *Preferred language of advertising message:* It signifies the language that the customers want for the advertisements of the products. The options for this component are English, Combination of Hindi and English, Hindi, Vernacular and Nothing
2. *Purchase decision-making pattern:* It signifies how a decision takes place before purchase of a product. The decision could be taken by individual who is the main wage earner of the family (CWE-Chief Wage Earner). Or the housewife may take decisions considering that she is the incharge of family. This is described as Individualistic-NFN (Non-earning Family Nucleus). The decisions may also be Consultative (i.e., the decision-maker is open to others' views and opinions), Participative (i.e., all the members of a family jointly take a decision) and Free Reign (i.e., each member is free to take own decision).
3. *Family structure:* Different cultures tend to have different family structures due to different socio-economic compulsions. The family may be Nuclear family with no kid, Nuclear family with kid/s, Joint family of family of procreation with family of orientation, Joint family of siblings or any other type (like NRI, hostel/PG stay etc)
4. *Purchase influencers:* Different factors like Friends/Family members, Retailers, Advertisements and/or Past experience may influence purchase decision-making or for some people nothing could relay influence to make a particular purchase decision.

5. *Preferred style of marketing communication:* The style of marketing communication may vary from Conservative maintaining Indian tradition and taboos to Very much open using provocative elements, Humourous/Satiric to degrade and attack the competitors, using the charisma of celebrities (film/sports/others) and Informative.
6. *Type of profession of CWE (Chief Wage Earner) of the family:* Different ethnic groups tend to have inclinations for different occupations, which can be Govt. service, private/corporate, academics, self-employed with professional qualification (doctors/lawyers/consultants) and business.
7. *Purchase occasion:* There may not be any fixed purchase occasion or people buy before and during own national festival (e.g. Durga Pujo Bengali Hindus and Bengali New Year for all Bengalis), other Indian festivals (e.g. Bengalis buying golden ornaments during Dhanteras, a festival of Marwaris, Gujaratis and North Indians), global festivals (English New Year) etc.

Hence, the “cultural marketers”, a term being used to refer to all those marketers who want to consider the multi-ethnic profiles of customers should consider the above factors since various cultural groups may differ in their purchase heuristics that could be evident from their aggregate CARPH scores. Integrated Cultural Orientation Spectrum (ICOS) for each ethnic group is required to be found out in order to have a macro-level understanding of any culture.

The study found that there is strong influence of linguistic ethnicity and religious culture on purchase volume and there is interaction among them. There is strong association between linguistic ethnicity and type of purchase decision-maker, family structure and type of profession of CWE. Now results from the study on the influence of linguistic ethnicity on *Overall Purchase Heuristics (OPH)* based on the CARPH scores found out that the Marwaris and Gujaratis do not statistically differ in OPH whereas Bengalis differ significantly from both of them. So we may conclude that Marwaris and Gujaratis are relatively closer to each other in purchase heuristics although they are linguistically different whereas Bengalis are far apart from them. The influence pattern of inter-linguistic group similarity or dissimilarity differs for different religions.

The study found that the Marwari and Gujarati Hindus do not statistically differ in OPH although Bengali Hindus differ significantly from both of them whereas total average CARPH scores are equal across Muslims and Jains of different linguistic ethnic groups. So we may infer that Muslims and Jains exhibit much more pan-religious pattern while purchasing in spite of linguistic differences (i.e. ICOS of these two

religious groups is congruous irrespective of linguistic differences) whereas Hindus differ markedly in rituals, attitudes and overall purchase heuristics for different linguistic ethnic groups although this difference is more significant for Bengalis and Marwaris or Bengalis and Gujaratis and insignificant for Marwaris and Gujaratis (i.e. ICOS of Hindu Bengalis is different from that of Marwari and Gujarati Hindus whereas the latter two are more congruous in nature).

There is a strong association between religion and type of purchase decision-maker, family structure and type of profession of CWE as well. Now results from the study on the influence of religion on Overall Purchase Heuristics based on the CARPH scores found out that the Muslims are quite different in purchase decision-making from Hindus and Jains whereas Hindus and Jains are more culturally congruous in purchase heuristics.

So, we may infer that a consumer's identity is construed of individual and group elements. By individual, we mean to interpret that the every individual is ideally not the same as that of others and hence the focus of the target marketing is further shifting from local basis to individual customer basis in the form of customised and personalised marketing. The group elements signify the presence of various groups where we belong to, which could be socio-cultural groups like ethnicity, religion, gender, age etc. As members of a particular group, people exhibit same type of behaviour, better known as "herd instinct". So a customer's group identity resembles onion shells, being made of concentric circles of Purchase Heuristics Critical Factors (PHCF) corresponding to group characteristics. These groups create structures of motivation, perception, learning, beliefs, attitude, goals, risk-taking ability and heuristics.

The levels of interplay between factors create many possible combinations, which pave the way for as many segmenting and positioning options. And with this opportunity, marketers face uphill tasks to identify and put a customer in a proper profile. For example, in our study, the combinations of linguistics ethnicity (3 groups considered), religion (3 groups considered), gender (2 groups considered) and age (5 groups considered) generate 90 combinations with possibly different cultural profiles, aspirations and purchase heuristics making the job very difficult for the marketers. The degree of difficulty in culture-centric marketing gets complicated further since the groups may overlap or may be clearly distinguishable depending on degree of congruity between them. Some groups are very close to each other such as Marwaris and Gujaratis irrespective of age and gender and also Muslims and Jains irrespective of linguistic differences.

Hindus differ markedly in rituals, attitudes and overall purchase heuristics for different linguistic ethnic groups although this difference is significant for some groups (e.g. Bengalis and Marwaris or Bengalis and Gujaratis) and insignificant for certain groups (e.g. Marwaris and Gujaratis). Hence, irrespective of same religious belongingness, Hindu Bengalis mostly purchase in *Durga Pujo*, *Kali Pujo*, *Bhai Phota*, *Nawboborsho* whereas Marwaris prefer to buy most in *Dhanterash* (especially ornaments), *Diwali*, *Jhulan*, *Raksha Bandhan* and Gujaratis utilise *Navratri* and other festivals observed by Marwaris. The difference is so marked that Bengali Hindus buy crackers in *Kali Pujo* and body colours like *aabir* in colour festival of *Dol* (started by Sri Chaitanya Dev in Nabadwip town of Bengal 500 years ago as part of liberal *Baishnab* movement) whereas Marwaris and Gujarati Hindus observe the same occasion as *Diwali* and *Holi* (observed as the commemoration of killing of Holika demon-the totally different cultural context form *Dol*) on the next days. Thus same cracker and colour festival within the same religion have different cultural contexts, expressions and observing days for different linguistic groups.

The “culture marketers” need to identify these subtle differences for various groups they are targeting for. The corresponding marketing-mix strategies including advertising message, marketing style, use of socio-culturally significant icons, language of Integrated Marketing Communication (IMC) and the media planning should thereby be researched, outlined, prepared and delivered in a manner keeping in mind the end consumers’ cultural profiles related to purchase heuristics. But this complex marketing strategising will not be so much required for Muslims and Jains since they are more or less congruous in purchase heuristics irrespective of linguistic ethnicity, gender and age. Moreover, Jains, who are normally Gujaratis and Marwaris resemble very much with Hindus of same linguistic groups in terms of rituals, food habits, life style and occupational pattern (most of them are small-time traders, businessmen and industrialists). Since there is strong association between religion as well as linguistic ethnicity and type of purchase decision-maker, family structure and type of profession of CWE as well, the overall marketing-mix in terms of advertising style, pricing and product features must consider the cultural differences.

Hence, for a company that wants to do business in Indian subcontinent has to understand the diversity of cultural profiles. The subcontinent may be thought of “Culture Mosaic” or “Culture Chequerboard” with so many different profiles but with an underlying thread of cultural congruity among them formed as a result of thousand years of cultural assimilation process. The authors want to propose some ICOS zones, which are different from each other although there is underlying cultural

thread that signifies the particular ethnographic orientation of the subcontinent. It is to be understood that these zones are not absolute homogeneous in nature. There are some significant variations in dialects, rituals, life styles for different geographical areas; but these intra-cultural variations do not offset the overall macro-level congruity for a particular group. The zones are:

1. Eastern Paddy Basin: It comprises of 3 major subgroups viz., Bengalis, Oriyas and Assamese covering West Bengal, Orissa and Assam of India and Bangladesh. The population is around 250 million who have river-centric paddy (and jute) cultivation oriented culture (for example, West Bengal produced 14.8 million tons of paddy out of 16.1 million tons of overall food grains production in 2005), eat rice and fish, speak in very close languages (even the scripts are almost same for Bangla and Assamese) and have very close rituals (like *Nabanna* in Bengal and *Bihu* in Assam-both for new crop).
2. Sub-Himayalan Range: It comprises North East India (excluding the three predominantly Sylheti, the Bangla dialect-speaking districts of southern Assam viz., Silchar, Karimganj, and Hailakandi and also Bangla speaking Tripura), Sikkim, Nepal and Bhutan. Although languages differ from Nepali to Naga and also Religion from Hindu (e.g., Nepal) to Christian (e.g., Mizoram), the food habit and life style resemble each other due to same geographical and climatic conditions.
3. North-Middle Cow Belt: This zone covers the vast area of North and Middle India including Bihar, UP, MP, Uttaranchal, Chhattisgarh, Punjab and Haryana in which a significant portion may be sub grouped as Hindi Hinterland for Hindi as predominant language. The climate is more extreme, food is mostly wheat and milk; rituals also vary significantly from the above two zones.
4. Western Part: The zone consists of Maharashtra, Gujarat and Rajasthan, where people speak in close languages, are mostly vegetarian and have a history of cultural mingling for over the last centuries. The people mostly are traders and the farmers of sugarcane and cotton.
5. Deccan Distinctive: The four South Indian states (Karnataka, AP, Tamilnadu and Kerala) and Sri Lanka exhibit this culture, which is significantly different from the above three zones mainly because of presence of Vindhya mountain range acting as geographical, cultural and perceptual barrier of North and South India. The food habit is mostly vegetarian with queer items (e.g., dosa, idli, vada) cooked in utter delicacies (although Keralites eat fish mostly due to its

river-centric culture resembling the first zone), dressing is different (e.g., *vesthi* as ethnic dress significantly different from *dhoti* of North India) and the religious occasions and rituals are also wide apart from North Indian counterparts.

To conclude, the so-called national boundaries, conflicting political interests and even some brutal wars and ongoing political tension could not wipe the macro-level similarity in various contiguous areas and geo-political blocs such as SAARC, LDC, Cotton 4, APC, African Group, NATO, ASEAN etc. The economy is the great leveller and with proper understanding of cultural psyche of each other, the entire world with all its nations, tribes, castes, ethnic groups and religions can really march toward a better and more prosperous tomorrow. The true globalization must take into account the holistic development with human face that would obliterate the great divide which could still be found across regions. Along with others, corporates must also take socially responsible and humanistic steps to usher that age. Honest and proper understanding of influence of cultural heterogeneity on purchase heuristics and subsequent customization of marketing-mix and other relevant business strategy should be construed as the first step towards achieving that.

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Table 1: Details of the sample

Bengalis	Hindus										Muslims										Total
	200										100										300
	Age1		Age2		Age3		Age4		Age5		Age1		Age2		Age3		Age4		Age5		
	40		40		40		40		40		20		20		20		20		20		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
24	16	24	16	24	16	24	16	24	16	12	8	12	8	12	8	12	8	12	8		
Marwaris	Hindus										Jains										Total
	125										75										200
	Age1		Age2		Age3		Age4		Age5		Age1		Age2		Age3		Age4		Age5		
	25		25		25		25		25		15		15		15		15		15		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
15	10	15	10	15	10	15	10	15	10	9	6	9	6	9	6	9	6	9	6		
Gujaratis	Hindus										Jains					Muslims					Total
	120										60					20					200
	Age 1		Age 2		Age 3		Age 4		Age 5		Age 1		Age 2		Age 3		Age 4		Age 5		
	24		24		24		24		24		12		12		12		12		12		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
15	9	15	9	15	9	15	9	15	9	7	5	7	5	7	5	7	5	7	5		

[Age1: 18-25; Age2: 25-35; Age3: 35-45; Age4: 45-60; Age5: above 60; M: Males, F: Females]

Table 2: Distribution of the sample

Bengalis	Hindus										Muslims						Total										
	250										150						400										
	Age1		Age2		Age3		Age4		Age5		Age1		Age2		Age3			Age4		Age5							
	50		50		50		50		50		30		30		30			30		30							
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F		M	F	M	F						
30	20	30	20	30	20	30	20	30	20	18	12	18	12	18	12	18		12	18	12							
Marwaris	Hindus										Jains					Total											
	200										100					300											
	Age1		Age2		Age3		Age4		Age5		Age1		Age2		Age3		Age4		Age5								
	40		40		40		40		40		20		20		20		20		20								
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M		F	M	F	M	F						
24	16	24	16	24	16	24	16	24	16	12	8	12	8	12	8		12	8	12	8							
Gujaratis	Hindus					Jains					Muslims					Total											
	150					100					50					300											
	Age 1		Age 2		Age 3		Age 4		Age 5		Age 1		Age 2		Age 3		Age 4		Age 5								
	30		30		30		30		30		20		20		20		20		20								
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M		F	M	F	M	F						
18	12	18	12	18	12	18	12	18	12	12	8	12	8	12	8		12	8	12	8	6	4	6	4	6	4	6

[Age1: 18-25; Age2: 25-35; Age3: 35-45; Age4: 45-60; Age5: above 60; M: Males, F: Females]

Table 3 : Rotated Component Matrix

Rotated Component Matrix a

	Component						
	1	2	3	4	5	6	7
VAR00001	-.355	-.372	-.378E-02	.291	.730	8508E-03	-1.78E-02
VAR00002	.480	.763	.266	.111	-.205	.115	6.028E-02
VAR00003	.805	6.134E-Q2	.322	4.011E-03	.300	-.318E-02	.274
VAR00004	-.153	-.858E-Q2	-.954	.103	5.350E-02	8.235E-02	-.133
VAR00005	.254	.423	3.690E.Q2	806	-.113	-.133	-.152
VAR00006	-.421	4.183E-Q2	7.124E.Q2	268	-.839	8.035E-02	-7.69E-02
VAR00007	.456	.125	.894	-129	2388E-04	5.568E-02	-3.02E-02
VAR00008	.169	.293	4.432E-02	-.705	6.603E-02	-.308	-3.25E-Q2
VAR00009	-3.90E-02	-.208	5.849E.Q2	-6.25E-02	2.089E-02	-475E-02	.796
VAR00010	-.794	-.462	8.925E-Q2	820	6.923E-02	.222	.106
VAR00011	7.296E-Q2	.316	-5.70E-02	-4.96E-02	-.844	-.143	-9.91E-Q2
VAR00012	9.396E.Q3	.160	.751	-.124	-2.20E-02	5.574E-Q2	-.153
VAR00013	.937	9.406E-Q2	-.253	-.178	-.136	-.141	-.113
VAR00014	.205	9.958E-Q2	5.023E.Q2	-.197	-.710	-6.11 E.Q2	-6.96E-02
VAR00015	-.196	-.372	.675	186	8.728E-02	4.751E-Q2	-1.77E-02
VAR00016	-.985	-.491	.352	172	.381	.204	.262
VAR00017	-.187	-.246	-.168	.721	9.203E-02	.219	.154
VAR00018	.227	.284	.162	3.149E-03	7.626E-02	820	-2.03E-02
VAR00019	-.198	-.100	.178	4.619E-02	.714	143	-.271
VAR00020	.304	.709	.297	-6.71E-02	-2.59E-02	-7.72E.Q2	-.147
VAR00021	.193	-3.87E-Q2	.138	-1.23E-02	1.165E-02	-.732	.250
VAR00022	.234	.104	.285	.268	-.707	163	4.814E-02
VAR00023	-.254	-3.26E-Q2	-.133	5.542E-02	7.714E-03	.740	-.164
VAR00024	-.403	-.747	-6.17E.Q2	-3.24E-Q2	.287	-9.08E-Q2	-.220
VAR00025	-.273	-.478	-.117	.695	6.328E-Q2	.297	.129
VAR00026	9.210E-02	-.200	-.209	8.811E-02	-.147	-8.07E-Q2	.823
VAR00027	-9.37E-02	-.248	.104	4.405E-02	-7.10E-Q3	.684	-2.08E-02
VAR00028	-.457	.202	6.954E.Q2	.493	-.760	.466	.178
VAR00029	4.585E-02	.851	-.171	-.343	3453E-Q2	-1.94E-Q2	5.406E-02
VAR00030	-8.91E-02	-.374	-5.03E-Q2	.132	6.415E-Q2	-.718	.152
VAR00031	.456	.776	7.210E-02	-.305	-6.46E-Q2	.246	4223E-02
VAR00032	.841	.167	.106	.166	-.238	-.430	-.136
VAR00033	.237	.179	.227	-.787	-.115	-8.51 E-Q2	-.109
VAR00034	-.293	-1.36E-02	.125	.308	-.116	.182	-.777
VAR00035	.472	8.929E-02	.462	-.357	.763	-.270	.216
VAR00036	.192	.162	-8.30E-02	3.726E-02	9.534E-02	-.886	.111
VAR00037	.813	-8.96E-03	-.200	-4.08E-02	-.202	.108	.110
VAR00038	-.104	-.717	-8.51E-02	-.446	-.142	-.136	-8.70E-02
VAR00039	.293	.518	.436	248	.684	5.482E-02	-.139
VAR00040	-7.62E-02	-.366	-.201	-.731	.132	6.096E-02	-.132
VAR00041	-5.38E-04	5.347E-02	2.451E-02	-.163	.186	-5.59E-02	-.818
VAR00042	-.192	-.158	.601	.250	1.695E-Q2	.108	-.104
VAR00043	.747	.273	-1.67E-02	9.554E-02	.260	-.117	-.109

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in B iterations.

Appendix-I Questionnaire for 1st Survey

Name of the Respondent:

Contact No:

Gender: Male Female

Ethnic Group: Bengali Gujarati Marwari

Religion: Hindu Muslim Jain

Age: 18-25 25-35 35-45 45-60 >60

Give your comment on the following statements as per the 5-point Likert Scale as below.

1. Strongly disagree, 2. Disagree, 3. Neither agree nor disagree, 4. Agree, 5. Strongly agree

- 1) Most of the advertisements are meaningless ____
- 2) You cannot think of taking any family decision without consulting other family members ____
- 3) You are not bothered about the language of the advertising ____
- 4) You do not like to stay with your relatives ____
- 5) You are not influenced by others while buying something ____
- 6) Many advertisements are more for style than for content ____
- 7) There are many facilities if somebody stays in joint family ____
- 8) Your purchase does not follow any systematic pattern; rather it is a spontaneous and sporadic process ____
- 9) The volume of purchase is same all throughout the year ____
- 10) You believe in experiential learning ____
- 11) Some advertisements are very enjoyable for the storyline and visuals ____
- 12) It is very much enjoyable to live in joint families ____
- 13) You prefer English in advertising since it is the International lingua franca ____
- 14) You like certain advertisements for the presence of some celebrities you like ____
- 15) There is much more independence in staying alone ____
- 16) Hinglish-a combination of Hindi and English is most suitable ____
- 17) You take others' advice and suggestions before any purchase ____
- 18) You consider service as modified form of slavery ____

- 19) You do not like those advertisements which exhibit vulgarity____
- 20) You believe women should take decisions regarding household affairs____
- 21) You believe that the self-employment is the backbone of nation____
- 22) Humorous advertisements are remembered for years____
- 23) You consider business is a very risky profession____
- 24) Too much of democracy could bring anarchy in even family matters____
- 25) You are influenced by advertisements while purchasing____
- 26) You purchase at your convenience____
- 27) Business is one of the dirtiest professions____
- 28) You want for information from the advertisements____
- 29) You recognise the presence of “pester power” i.e. the influence of children in decision-making even for non-kid products in your family____
- 30) You prefer job security rather than opulence in your life____
- 31) All the family members should jointly take any purchase decision____
- 32) You think that local language must be given preference in business communication____
- 33) You do not consider any family or social gathering to be a good source of knowledge required for any purchase____
- 34) You purchase more before and during your national festivals____
- 35) Some punch lines are so catchy that it is worth to remember them____
- 36) You want to be job provider rather than job seeker____
- 37) You consider Hindi to be appropriate in advertising since it is more or less accepted language in India____
- 38) You strongly believe that the main wage earner should have final say in any kind of purchase____
- 39) You like the satiric competitive advertisements____
- 40) You think the shopkeepers are the most trustworthy people to know about a product____
- 41) You also purchase significantly in other festivals____
- 42) It is better staying alone rather than staying in a joint family in order to maintain healthy relationship____
- 43) Vernacular must be given preference in all sorts of marketing communication since it is easily understandable____

Appendix-II Questionnaire for 2nd Survey

Name of the Respondent:

Contact No:

Gender: Male Female

Ethnic Group: Bengali Gujarati Marwari

Religion: Hindu Muslim Jain

Age: 18-25 25-35 35-45 45-60 >60

- 1) What is your most preferred language of advertising message? [Tick the right option]
English; Combination of Hindi and English; Hindi; Vernacular; Nothing
- 2) Who makes decisions at the time of purchase? [Tick the appropriate option]
__ Main earner; __ Housewife; __ Consultative; __ Participative; __ Free Reign
- 3) What is the structure of your family? (Tick the right option)
__ Nuclear family with no kid; __ Nuclear family with kid/s; __ Joint family of procreation with family of orientation; __ Joint family of siblings; __ any other type (please specify __)
- 4) Who/which influence you when you take purchase decisions? [Tick the right option]
__ Friends/Family members; __ Retailers; __ Advertisements; __ Past experience
- 5) What should be the preferred style of marketing communication process? [Tick the right option]
__ Very much open using provocative elements; __ Humourous or Satiric; __ using the charisma of celebrities; __ Informative
- 6) What is the profession of CWE (Chief Wage earner) of your family?
__ Govt. service; __ private/corporate; __ academics; __ self-employed with professional qualification; __ business

7) What is the time or occasion when you mostly purchase the products?

___ No fixed occasion or people; ___ Own national festival; ___ Other Indian festivals; ___ Global festivals

Distribution of 'GVA' and Creation of Economic Wealth: An Analysis of Indian Industry

Sreehari Chava, Vinayak S. Deshpande***

Abstract

This paper is aimed at analyzing the pattern of distribution of the gross value added by the Indian Industry amongst its stake-holding factors of production, and evaluating the quantum and adequacy of economic wealth created thereof. It is observed that the facts confronting the Indian Industry are: stagnant GVA, and inadequate PAT. The paper advocates cost leadership as the means to enhance the quantum of GVA. It also suggests employee cost optimisation, conversion of debt into equity, tax on the basis of cost of equity and digitalisation to usher in pragmatic changes in wealth creation capabilities of Indian enterprises. The equitable distribution of GVA amongst the stake-holding factors of production fosters stronger and sustainable economic wealth; and Greater than one PAT to EROE sets the pace for entrepreneurial prosperity!

Keywords: Cost Leadership, Economic Wealth Accretion, Stake-holding Factors of Production, Rational Return on Equity.

Introduction

Economic Survey of India, 2020, quotes that India has been a dominant wealth creator and a significant contributor to the world's GDP for more than three-fourths of economic history (ESI 2019-20, Vol.1, Chapter 1, Para 1.1, Page 2). Given its role in economic development and consequential employment growth, entrepreneurship has been acclaimed as a key focus area by many policy makers. The 'Value Added' by an enterprise is shared by the stake-holding factors of production. Any changes in entrepreneurial value addition, therefore, should lead to corresponding changes in the share of wealth being distributed to the respective factors of production. It would, thus, be interesting to analyze as to how the benefits of increased value addition by an enterprise are being shared by the relevant factors of production.

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Going further, Economic Wealth may be perceived to have been created, if the return on investment is greater than the normative level. In other words, the return in excess of the normative return reflects the economic wealth. Evidently, Economic Wealth is the premium reward earned towards entrepreneurial skills, efforts and risks. It is this wealth that generates additional economic resources and leads to additional capital formation. In other words, the process of creation of Economic Wealth leads to the Expansion and Prosperity phases of a Business Cycle. Similarly, erosion of economic wealth eventually leads to the Contraction and Recession phases of a Business Cycle.

Given the above periphery, this article is intended to:

- (i) analyse the pattern of distribution of the gross value added by the Indian Industry amongst its stake-holding factors of production, and
- (ii) evaluate the quantum and adequacy of economic wealth created thereof.

The analysis and the evaluation are proposed to be carried out by putting forward certain concepts relating to the process of value addition by the business enterprises; and by adopting these concepts to the time series data relating to the combined financials of Indian Industry for the thirty-year period from 1988-89 to 2018-19. The analysis may be considered relevant for further policy framing by tracing out the dominant factor of production that garners maximum share out of the total value addition.

Financials of Indian Industry

Reserve Bank of India keeps on publishing, every year, the consolidated financial results of non-government non-financial public limited companies. The said results consist of the combined value of production as also combined balance sheet relating to the selected companies. The financials, so published, for the years from 1988-89 to 2018-19 have been chosen as the sample data for the purpose of this analysis. The number of companies, covered by the RBI data (Table 1), ranges from 2,131 for 1988-89 to 16,045 for the year 2018-19.

Table 1: Number of Companies included in the Combined Financials

Year	Number of Companies
1988-89 to 1990-91	2131
1991-92 & 1992-93	1802
1993-94 & 1994-95	1730
1995-96 to 1997-98	1948
1998-1999	1914
1999-2000 to 2001-02	2024
2002-03	2215
2003-04 to 2005-06	2730
2006-07 to 2008-09	3192
2009-10	2041
2010-11 to 2012-13	3014
2013-14 to 2015-16	19062
2016-17 to 2018-19	16045

Thus, the size and quantum of these consolidated financials deem to be the biggest possible sample that would help to throw some light on the broad features of value addition and its distribution by the Indian Industry. We, therefore, venture to utilise the said consolidated financials for the years from 1988-89 to 2018-19 to compute a variety of ratios and utilise them for the purpose of analysis.

Gross Value Added (GVA)

The primary objective of a business entity revolves round the principles of adding value by means of producing goods and services. 'Gross Value Added' is the term chosen to refer to the value addition achieved by an enterprise during the course of entrepreneurial activities.

Thus, GVA reflects the excess of operating income over the aggregate of the costs of raw materials, utilities and general expenses. At the same time, GVA consists of the business surplus available for distribution amongst the participating factors of

production viz., land, labour, capital, and enterprise. As such, traditionally, Gross Value Added is computed as the sum of Rent, Remuneration to Employees (Employee Cost), Interest, Depreciation, Tax, and Profit After Tax. The relevant formulae for the computation of GVA may, thus, be stated as:

Gross Value Added	=	(Operating Income) – (Raw Material + Cost of Utilities & General Expenses)
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or

Gross Value Added	=	Rent + Employee Cost + Interest + Depreciation + Tax + Profit After Tax
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It is noteworthy to bear in mind that other things remaining constant, the PAT vis-à-vis the other elements of GVA tend to be governed by the substitution effect within the spectrum, viz., the gain of any other element leads to a corresponding loss by PAT and vice versa. For example, more out-flow towards rent is bound to reduce the quantum of PAT and so on. It is for this reason that even the sharing pattern of GVA amongst its constituent elements would hold a lot of significance and credence.

The quantum of GVA is directly related to the value of production. Consequently, GVA or any element of GVA, when expressed as a percentage of value of production is bound to reveal the performance of industrial sector with respect to generation of wealth and its distribution amongst the factors of production. We, therefore, propose to analyse the trend and pattern of distribution of GVA and its elements in terms of percentages they bear to value of production.

Graph 1 projects the trend of GVA, expressed as a percentage to value of production of Indian Industry for the period from 1988-89 to 2018-19. The graph reveals a sturdy trend of GVA with marginal ups and downs. The slope of the trend line is slightly inclined downwards. The graph starts with a value of 25.32 for 1988-89 and ends with 26.79 for 2018-19, thereby showing a small increase of 1.47 points (i.e. $26.79 - 25.32 = 1.47$) in value for the period. Maximum value of 27.87 is reported for 2004-05 and minimum value of 22.62 for 2000-01, limiting the ups and downs to a range of 5.25 (i.e. $27.87 - 22.62 = 5.25$) points in value.

On the statistical front, the average value of the GVA for the period works out to 25.56% of the value of production with a standard deviation of 1.56 and an insignificant coefficient of variation of 6.12%. The movements of GVA, over the period, may be observed to hover around this average. Hence, it may be inferred that GVA of Indian

Industry happens to be steady, but for the marginal fluctuations within a relevant range, during the thirty-year period under review. It also implies that the share of conversion elements, i.e. the aggregate of raw materials, utilities and general expenses, has not changed much. Indian Industry, obviously, has not been able to make any significant strides in reducing the cost of conversion elements whereby the value addition could have been enhanced.

Distribution of GVA

The paragraphs that follow analyse each of the constituent elements of GVA by examining the share of the individual element in relation to value of production.

Rent: 'Rent' is the reward for the utilization of land and remains a fixed cost in general. Year-wise trend of rent, expressed as percentage to the value of production, of Indian Industry is depicted as graph 2. The graph throws up a fluctuating trend of rent, but within a small range. The slope of the trend line shows a tiny upward momentum. The graph starts with a value of 0.66 for 1988-89 and ends with 0.91 for 2018-19, i.e., an increase of 0.25 over the period. Maximum value of 1.05 is reported for 1998-99 and minimum value of 0.52 for 2006-07, the range value of the movements being 0.53.

The average of the rent for the period works out to 0.75% of the value of production with a standard deviation of 0.126 and a moderate coefficient of variation of 16.76%. The movements of rent over the period have, thus, been fluctuating up and down within a moderate range. In comparison to the other elements of GVA, the quantum of rent is, apparently, not so significant.

Employee Cost: 'Employee Cost' is the payment made to the human resources. It is a significant element of GVA. By nature employee cost remains committed and fixed for a period. Being humanitarian, it happens to be the most sensitive element too. Graph 3 tracks the trend of employee cost of Indian Industry. The graph is indicative of a 'Cyclical small U' trend of the employee cost. The slope is inclined downwards. The graph starts with a value of 11.15 for 1988-89 and ends with 8.83 for 2018-19, reflecting a reduction of 2.32 points in its share over the period. The value of 11.15 for 1988-89 happens to be the maximum too. Minimum value of 7.03 is reported for 2013-14. The range of overall momentum, thus, is spread over a considerable value of 4.12 points resulting in periodical fluctuations.

The average of the employee cost for the period works out to 8.26% of the value of production with a standard deviation of 1.032 and a fair coefficient of variation of

12.49%. The share of employee cost over the period has, thus, been sloping downwards with intermittent upward turn around. The graph pinpoints that the employees have not been able to retain their share in the overall composition of GVA. It could also mean comparatively higher employee productivity bringing down the unit costs or declining bargaining-strength of the employees for their pound of flesh in the GVA.

Interest: 'Interest' is the cost of borrowed funds. By character interest is contractual and pre-committed for a period. It is an external factor to the enterprise and is dominated by market and monetary permutations and combinations, wherein rate of interest is driven by the market forces as also impacted by the policies of the state. Being monetary, it turns out to be a strategic financial means. The trend of interest for the period is represented through graph 4. The graph presents a downward slope and 'Cyclical V' trend of interest. The graph starts with a value of 5.68 for 1988-89 and ends with 5.08 for 2018-19, a reduction of 0.60 points in value. Maximum value of 6.72 is reported for 1992-93 and minimum value of 2.18 for 2005-06. The range oscillations, thus, are spread over a substantial quantum of 4.54 points in value. The average of the interest for the period comes to 4.62% of the value of production with a standard deviation of 1.442 and a high coefficient of variation of 31.23%. The share of interest over the period has, thus, been falling down and going up, implying volatile financial markets and periodical policy interventions.

Tax: 'Tax' is a levy on income by the State. Corporate tax, being a traditional source of revenue for the state, has always been driven by the policy makers all over the world. Tax, being computed, on the basis of profit before tax, it bears a direct relationship with profit. The trend of tax of Indian Industry is depicted by means of graph 5. The graph reveals an upward slope and cyclical trend of tax. The graph starts with a value of 1.37 for 1988-89 and ends with 2.63 for 2018-19, thereby reflecting an increase of 1.26 points in value. Maximum value of 3.08 is reported for 2006-07 and minimum value of 1.28 for 2000-01, the range of spread being a sphere of 1.8 points. The average of the interest for the period comes to 2.13% of the value of production with a standard deviation of 0.529 and a high coefficient of variation of 24.90%. The share of tax over the period has, thus, been going up and up in a gradual manner. Impliedly, the state continues to squeeze the industry for higher and higher tax revenues.

Depreciation: Depreciation refers to the provisions made towards cost of utilising the fixed assets of an enterprise. Being appropriation of value of the assets over their useful life, depreciation tends to remain fixed for a given period. Further, depreciation is the precautionary safeguard that is intended to provide enough reserves for the

eventual replacement of the existing assets and eventual growth. Graph 6 traces the trend of depreciation of Indian Industry. The graph reveals a stable trend of depreciation with periodical ups and downs and marginally downward slope. The graph starts with a value of 4.34 for 1988-89 and ends with 3.97 for 2018-19, reflecting a marginal decrease of 0.37 points in value. Maximum value of 5.06 is reported for 1998-99 and minimum value of 3.34 for 1995-96, thus limiting the range movements around 1.72 points in value.

The average of the depreciation for the period works out to 4.11% of the value of production with a standard deviation of 0.485 and a fair coefficient of variation of 11.80%. The movements of depreciation over the period remain around average and hence may be considered as steady within a relevant range.

Profit After Tax (PAT): 'Profit After Tax' is the residual balance available to the enterprise for appropriation towards dividends and internal cash accruals. PAT is, thus, the residue derived after providing for the commitments relating to the other factors of production which are external to the enterprise. It reflects the risk bearing reward for the entrepreneurial skills and efforts. The trend of PAT for the period under review depicted as graph 7. The graph highlights a volatile, cyclical and upward trend of PAT during the period. The graph starts with a value of 2.12 for 1988-89 and ends with 5.35 for 2018-19, reflecting an increase of 3.23 points in value proposition. Maximum value of 10.13 is reported for 2007-08 and minimum value of 2.62 for 2001-02, thereby spreading the volatility over a wide range of 7.51 points.

The average of the PAT for the period works out to 5.70% of the value of production with a standard deviation of 2.161 and a very high coefficient of variation of 37.92%. The movements of PAT are quite fluctuating, but towards an upswing. Impliedly, Indian Industry has been able to garner more and more profits, in its share of GVA, over the years.

Assimilation: Summing up it may be observed that the value added by the Indian Industry, in terms of GVA, during the three decades culminating with 2018-19 reveal a stable trend whereas its constituents reveal differing trends. Evidently, despite a stable trend in GVA as a whole, the balance of distribution of 'Gross Value Added' amongst the stake-holding factors of production has not been uniform and the cart appears to have tilted in favour of one or the other elements. The elements of rent, tax and PAT post positive movements whereas employee cost, interest and depreciation show negative slides in their share of GVA. Obviously, the constituent elements of GVA are competing with each other for enhancing their share within the spectrum. In

other words, the equilibrium of equitable distribution of wealth could not be maintained.

It could have been an ideal situation if the overall quantum GVA were to be increased in relation to value of production, rather than inflicting the stake holding factors of production. Impliedly, GVA of Indian Industry appears to be stagnant over the last thirty years. The implicit behaviour of GVA has, probably, culminated in terms of reduction in the overall employment and the share of wages in the gross value addition.

Quantum and Adequacy of Economic Wealth

We propose to evaluate the quantum and adequacy of economic wealth, created by Indian Industry, by evolving and adopting the concept of 'Rational Return on Equity'.

Rational Return on Equity (RROE): The consequences of any entrepreneurial risks are not shared by the other (external) factors of production. In fact by committing to pay the predetermined rewards to the external factors of production, the enterprise acts as an insurer and covers, even, the risks that the other factors are prone to. The aspects of: (a) entitlement to residual surplus, and (b) commitment to risk bearing, warrant a distinctive perspective of reward to the enterprise. Any rational return, on own funds infused by an enterprise, thus, necessitates a two-fold perception considering that:

- (a) infusion of own funds into an enterprise deprives the opportunity of investing these funds elsewhere for a risk-free-reward, and
- (b) there always exists the contingent risk of losing these funds either in part or as a whole.

It would, therefore, be reasonable to consider that any reward for the own funds so infused into an enterprise should also be two-fold. This rational reward should consist of:

- (a) a 'Normal Return' commensurate to the opportunity lost by not investing these funds elsewhere, and
- (b) an appropriate compensation in the form of a 'Risk Premium' to provide relief towards the risks that these infusions are prone to.

The most convenient opportunity of investment for any investor, in the Indian context, is a term deposit in a public sector bank or the post office because these institutions

are known to provide a rational risk-free interest over the long run. Therefore, in a normative model, the opportunity cost of equity funds may be assumed to be equivalent to the rational deposit rate, i.e., the rational rate of interest applicable on the bank or other deposits for the relevant period. The rational reward for an enterprise may, thus, be stated as the aggregate of:

- (a) a rational deposit rate, representing the opportunity cost of equity, and
- (b) a risk premium that is situation specific.

The relevant formulae may, thus, be scripted as:

Opportunity Cost of Equity (OCE)	=	Rational Deposit Rate (RDR)
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Rational Return On Equity (RROE)	=	{Opportunity Cost of Equity (OCE)} + {Risk Premium (RP)}
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By substituting Opportunity Cost of Equity with Rational Deposit Rate we evolve:

Rational Return On Equity (RROE)	=	{Rational Deposit Rate (RDR)} + {Risk Premium (RP)}
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The Rational Deposit Rate applicable for any relevant period can be determined by taking a clue from the prevailing trend of the deposit rates of public sector banks and post office schemes. In general, the risk premium may be assumed to oscillate in the range of 40% on the average. Table 2 provides the computations for the assumed rates of RROE for the period from 1988-89 to 2018-19.

Table 2: RROE from 01.04.1989

Period	Rational Deposit Rate (%)	Risk Premium (40% of RDR)	RROE
	(1)	(2)	(3) = (1+2)
01.04.1989 to 31.03.1995	11.00	4.40	15.40
01.04.1995 to 31.03.2000	10.00	3.60	12.60
01.04.2000 to 31.03.2010	9.00	3.20	11.20
01.04.2010 to 31.03.2015	8.00	2.80	9.80
01.04.2015 to 31.03.2020	7.00	2.40	8.40
01.04.2020 onwards	6.00		

Ratio of PAT to Rational Return on Equity: Profit after tax (PAT) is the surplus available to an enterprise whereas normative return is reflected by the rate of rational return on equity. As a consequence, Economic Wealth Accretion (EWA) takes place in a situation where-in profit after tax (PAT) is greater than rational return on equity (RROE) and the converse holding true in case PAT falls short of RROE. The ratio of PAT to RROE may, therefore, be construed as the relevant measure to gauge the adequacy or otherwise of the PAT. A greater than one ratio wherein the PAT is more than the RROE signifies the accretion of economic wealth for any given period; a less than one ratio wherein the PAT is less than the RROE reveals erosion; and the unity wherein the PAT equals the RROE reflects a break even situation.

It is, therefore, essential for business prosperity that the ratio of PAT to RROE does remain greater than unity in perpetual. The onerous law is that economic wealth accretion (EWA) is the growth propeller. The trend of the ratio of PAT to RROE of Indian industry for the period from 1988-89 to 2018-19 is shown as graph 8. The graph pinpoints a volatile, cyclical and upward trend of PAT to EROE ratio during the period. The graph starts with a value of 0.46 for 1988-89 and ends with 0.81 for 2018-19, reflecting an increase of 0.35 points in the value of the ratio over the period. Maximum value of 1.47 is reported for 2006-07 and minimum value of 0.42 for 1998-99, thus spreading the ambit of movements to a broader range of 1.05 points.

The average of the ratio for the period works out to 0.86 with a standard deviation of 0.2875 and a very high coefficient of variation of 33.44%. The movements of the ratio of PAT to RROE are quite fluctuating, but towards an upswing (Graph 8). However, the ratio is found to be greater than one, i.e. above the breakeven level, in just eight years evidencing the fact of economic wealth accretion during these years. In the remaining twenty two years, the ratio has fallen below the unity revealing economic wealth depletion.

Despite the fact that the share of PAT in the GVA has been on the rise during the last thirty year period, it still remains inadequate to match the bench mark of rational return on equity. Evidently, the Indian Industry has not been able to achieve sufficient levels of PAT that would facilitate economic wealth accretion. Consequently, the interests of equity shareholders, i.e. contributors of own funds, continue to be impaired with intangible wealth depletions. Economic wealth accretion, reflected by excess of PAT over the RROE, is a prerequisite for a sustainable growth. As such, it is desirable to adopt rational return on equity (RROE) as a scrupulous parameter to benchmark the level of PAT by every enlightened enterprise.

The Scenario

Economic Survey of India 2020 advocates that the wealth created by an entrepreneur correlates strongly with benefits that accrue to the employees, raw material procurements, capital expenditures, foreign exchange reserves and direct tax payments. It is also reported that a stakeholders-model existed in India as is discernible in 'Arthashastra' in which entrepreneurs, workers and consumers share prosperity. The survey also highlights the policy stance; "At its core, policies seek to maximize social welfare under a set of resource constraints. Resource constraints force policymakers to focus on efficiency, with more output to be produced from given resources such as land, human resources and capital, or, the same output for less resource use." But, as is thrown up by the analysis, the staring facts confronting the Indian Industry are:

- (i) Stagnant GVA, and
- (ii) Inadequate PAT.

In a way, these are two distinct perils that are crippling the wealth creation endeavours of Indian Industry.

The Way Forward

Enhancing the quantum of GVA: Enhancing the quantum of GVA through operational efficiencies and optimal productivity could be a perpetual target for every enterprise. 'Cost Leadership' is the coined phrase in this context. Cost leadership strategy drives the management to constantly work on reducing costs at every level and remain competitive as also profitable. The three-fold dimension, in this context, consists of:

- (i) **Optimum Utilisation of Assets:** Achieving higher asset utilization whereby fixed costs are spread over a larger number of units of the product or service, resulting in a lower unit cost, i.e. the entity drawing advantages of economies of scale and experience curve effects.
- (ii) **Cost Conscious Culture:** Achieving lower operating costs by inculcating and establishing a cost conscious culture across the organization.
- (iii) **Concurrent Value Chain Control:** Concurrent Control over the value chain encompassing all of the functional links, viz. finance, procurement, marketing, inventory, information technology, etc.

The average of the Fixed Capital Productivity of the Indian Industry for the thirty-year period under review computes to a fairly low 1.20 and the Operating Productivity to 1.05 which by all means is sub-optimal. The huge gap in fixed capital productivity pinpoints the severe under utilisation of the fixed assets whereas the sub-optimal operating productivity indicated the scope for cost reduction. Evidently, there does exist substantial scope to improve these two vital ratios to a reasonable functional level whereby cost-conscious-value-chain can be woven into the system.

Continuous efforts to improve the operations and reduce the costs make an entity more efficient, effective and economical, in comparison to its competitors, which in turn lead to higher profit margins for the entity as a whole. Cost leadership strategy may be factored to bring in competitive advantage over the long run. For instance, global giants Wal-Mart and McDonalds are cited as interesting examples of being cost effective leaders in their respective fields.

Enhancing the PAT: Any enhancement in GVA may rationally be assumed to have a corresponding positive impact on PAT. However, enhancing the PAT could be feasible even by eliminating the disparities in the distribution pattern of GVA and thereby improving the productivity. Here follow a few suggestions that are intended to minimize the burden on the enterprise and enable restoration, at least partially, of the equitable distribution of wealth amongst the factors of production apart from improving GVA.

- (i) **Optimisation of Employee Cost:** The average of the Employee Productivity of the Indian Industry for the thirty-year period under consideration works out to 12.35 which at the normative level should be in the range of fifteen to sixteen, thus reflecting a shortfall of about twenty per cent. The said shortfall in the employee productivity needs to be perceived as an opportunity on hand to usher in improvements and achieve cost optimisation. Unlike the other factors of production where the sources are limited and uses are unlimited; the human resources, in the Indian Scenario, are huge and its productive uses are limited.

ESI 2020 acknowledges the fact that movement of labour from other unproductive sectors and subsistence entrepreneurship into entrepreneurship in formal manufacturing and services can help close India's productivity gaps (ESI 2019-20, Vol.1, Chapter 2, Para 2.5, Page 30). The survey goes on to observe that to the extent that the manufacturing and services sectors are underdeveloped relative to economies of similar size, greater

entrepreneurial activity will help close such gaps. Optimisation of employee productivity and thereby employee cost, therefore, is a vital proposition that shall be taken forward towards maximizing the returns to the enterprise.

A recent press response to the lock down measures suggests; “Cut real estate costs, cut rental costs, cut conveyance cost, cut cab pickup and drop cost, cut expectations of undue profits to stakeholders, cut coffee tea cost in office, cut canteen cost in office, cut commute time to office, cut meetings in office, ensure systems, cut some component of travel, food, entertainment, etc. from salary. Salary will become realistic; people will be more grounded; and companies will really become lean and healthy.”

The suggestion, obviously, springs up from the fundamentals of ‘Lean Management’ and warrants serious consideration. Could it be any item of outflow concerning the human resources, everything adds up to the employee cost and hence needs concurrent evaluation as to the need and inevitability. It is worth cultivating zero based evaluation of employee costs and lean management as a work ethnicity across the organisation and draw maximum output from the human resources with optimum costs.

Another feasible way to minimize the burden could be opting for short term flexible employment in line with the capacity utilisation. Flexible Employments are turning out to be the order of the day. The policy makers have already noted that flexible labour laws facilitate higher entrepreneurial activity and mooted considerable reforms in this direction. The need is that of expeditious finalization of these statutes and effective implementation. The governing principle shall be not to burden the enterprise with unproductive (idle) human resources.

It is also desirable to put due emphasis on the fact that employees and workers are the invaluable human resources in the journey of enterprising. Monetary and non-monetary incentives do work wonders in enhancing the productivity of employees. Our suggestion, in this context, is that some quantum, say 20%, of employee remuneration may be paid through the means of stock pools whereby bonding between the employees and employers is strengthened.

It is also relevant to remember the economic reality that remuneration of the workers/employees in the form of wages cannot be considered purely in

terms of expenses of the industrial organizations. This component of the factors of production ultimately helps in generating demand for the overall industrial products. The linkages of number of persons employed in the industrial sector and monetary compensation of the workers ultimately determines the performance of the overall industrial sector in the form of effective demand and profitability of the Industries. The crux could be in evolving a compatible equation between the eligibility of the employees vis-a-vis the affordability of an enterprise whereby employee cost optimisation can be achieved.

- (ii) **Conversion of Debt into Equity:** Ease and cost of finance is one of the key elements that propel entrepreneurial activities. The latest corporate norm is towards debt free enterprising. However, long term borrowings of the Indian Industry account for nearly two thirds of its total borrowings which culminate into a significant element of fixed interest burden every year.

A considered proposition to minimize this burden could be converting the term lendings into preferential equity by the banks and financial institutions. Such a conversion would not only ensure minimum preferential return to the lenders, but also would bring down the interest burden of the industry considerably. For instance, if 8% preferential equity can replace 12% market borrowings, the interest burden would reduce by one thirds.

Such a conversion would also enable the intending enterprise to close in on their enshrined target of debt free enterprising. In the process, lending institutions can assume the role of a financial big brother who can steer the youngsters with bounties of wisdom and expertise.

- (iii) **Tax the enterprise after considering Rational Return on Equity:** One of the important factors that belittle the performance of Indian industry is the undue impact of tax burden. Whatever may be the point of incidence, the impact of tax is mostly shifted on to the industry, thereby, impairing its performance and at times leading to tax evasions and creation of black money. Further, the tax computations do not at all take cognizance of the cost of equity funds. This is a significant flaw in the method of computation of tax that remains unplugged.

A feasible relief, in this respect could be to allow rational return on equity as permissible business expenditure for tax purposes. In other words, the taxable

income shall be derived after deducting cost of equity from profit before tax. This is bound to strengthen the canons of equity and ability to pay and ease the impact of tax burden on the industry. The approach being rational will also prevent generation of black money and help better tax yields to the State.

- (iv) **Digitalisation:** Digitalisation is the need of the hour. Digitalisation enables recording & documentation of each and every transaction, facilitates prevention of revenue leakages and seepages, simplifies management controls, aids real time accounting, paves way for lean administration, improves the business processes, and so many other explicit and implicit benefits. In short, digitalisation helps effective cost containments, cost reductions and productivity improvements.

The adoption of the concept of 'work from home' during the COVID days is a glaring example of the advantages of digitalization. The returns from digitalization are bound to be quite huge in comparison to the investments needed. (Policy makers shall appreciate the fact that the tax avoidance would slip into history the moment 100% digitalisation is achieved in the country.

In an era where Government of India recognizes entrepreneurship as an increasingly important strategy to fuel productivity growth and wealth creation, the fourfold-approach as enunciated above can usher in pragmatic changes in wealth creation capabilities of Indian enterprises apart from enhancing the quantum of PAT in GVA and, thus, paving the way to make up for the inadequacy in economic wealth accretion.

Bottom Line

It is worth remembering that entrepreneurs are agents of change that accelerate economic prosperity. Generation of adequate GVA and creation of economic wealth incessantly are the two essential features for a realistic growth orientation. Equitable distribution of GVA amongst the stake-holding factors of production fosters stronger and sustainable economic wealth; and Greater than one PAT to EROE sets the pace for entrepreneurial prosperity!

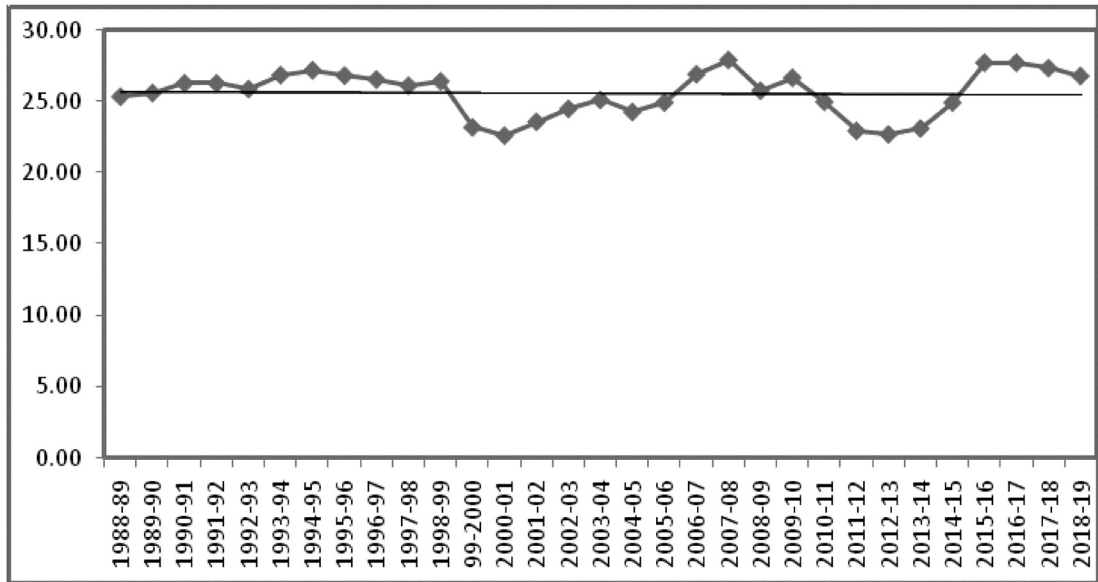
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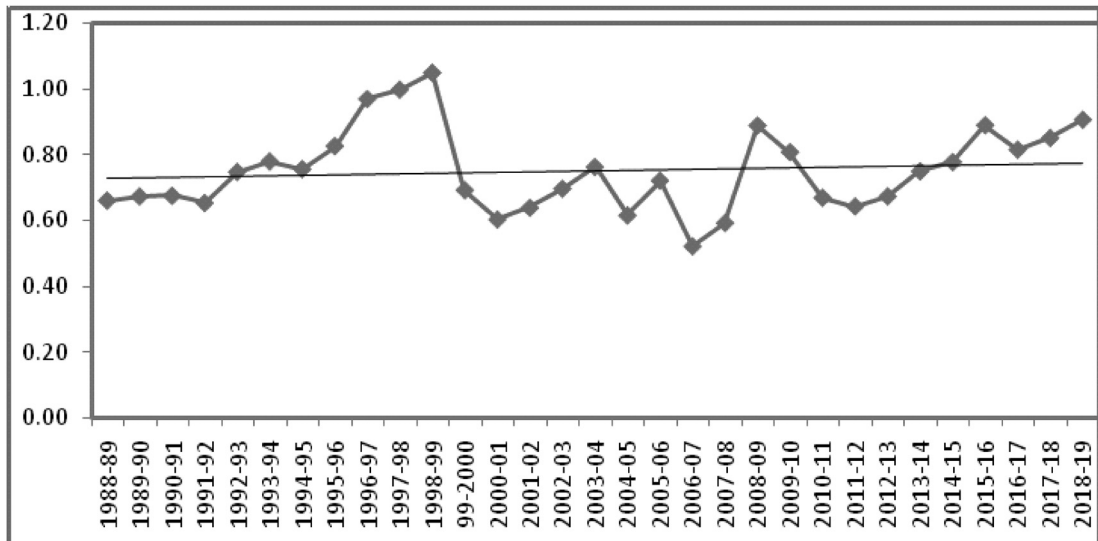
Economic Survey of India, 2019-20; Government of India.

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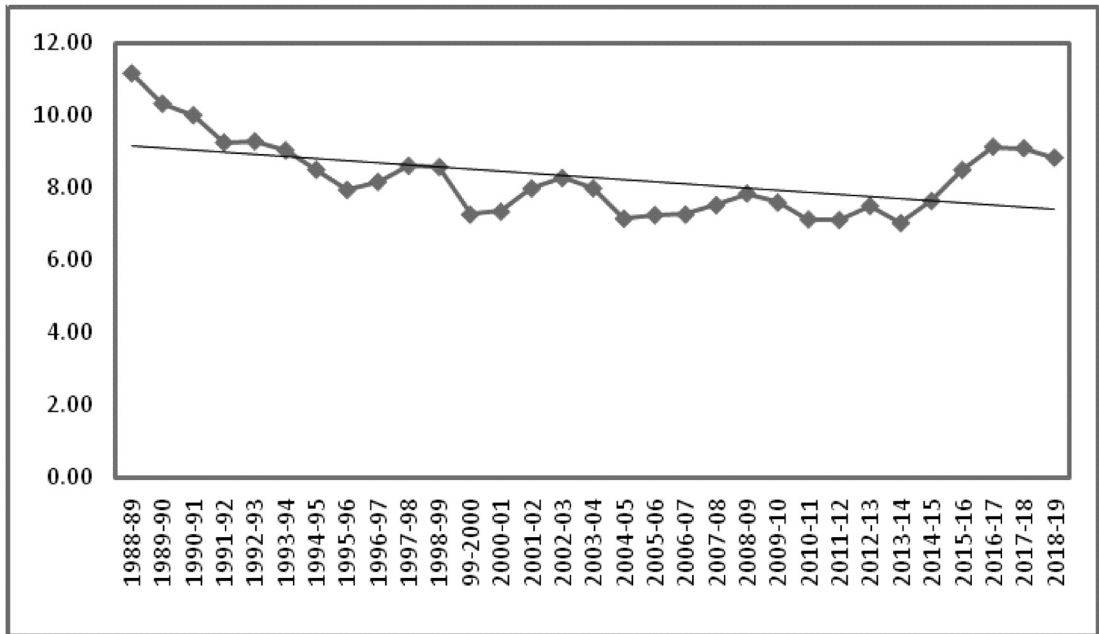
Graph 1: GVA (as % to Value of Production) of Indian Industry



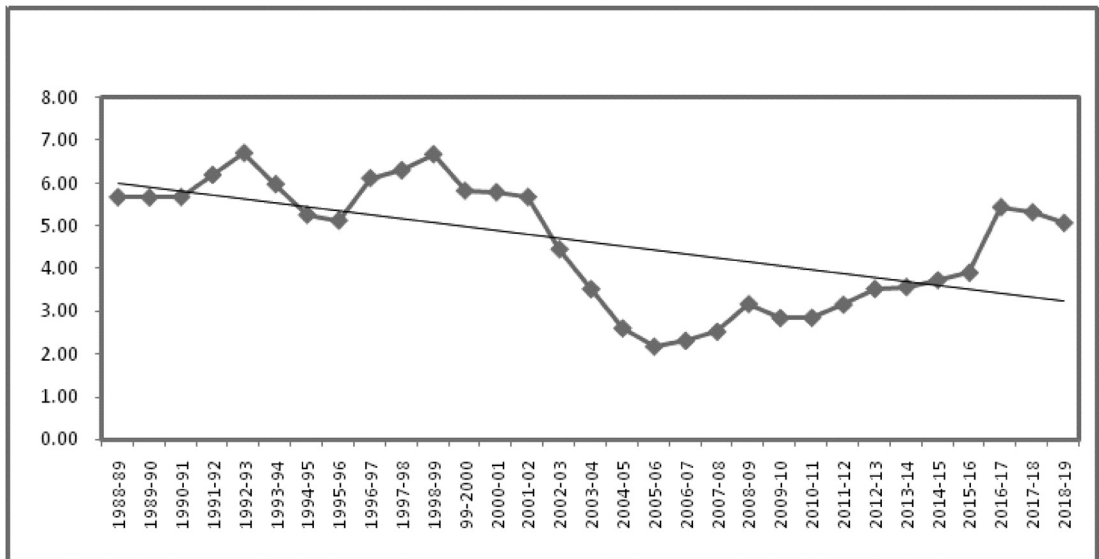
Graph 2: Rent (as % to Value of Production) of Indian Industry



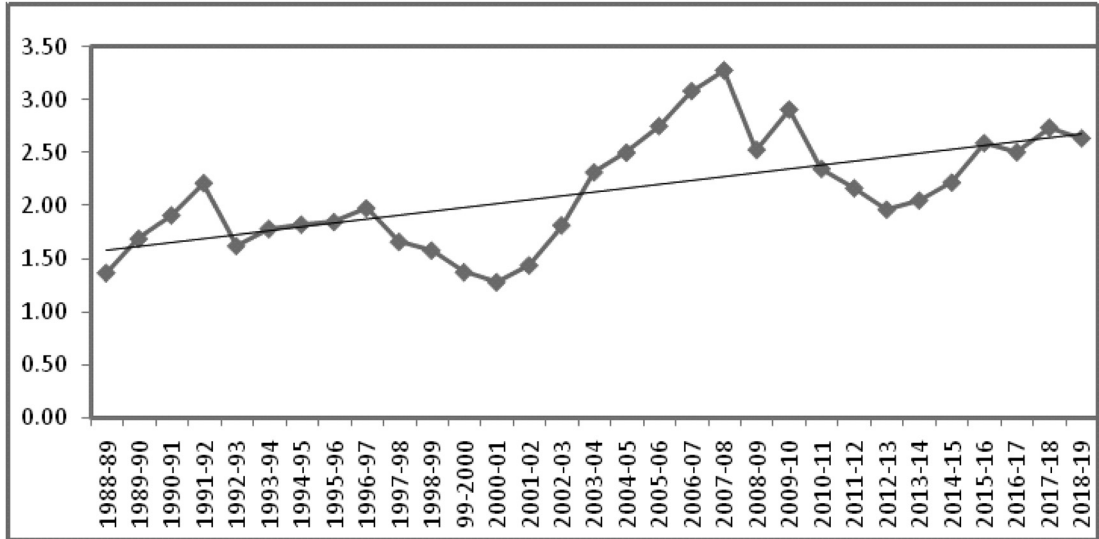
Graph 3: Employee Cost (as % to Value of Production) of Indian Industry



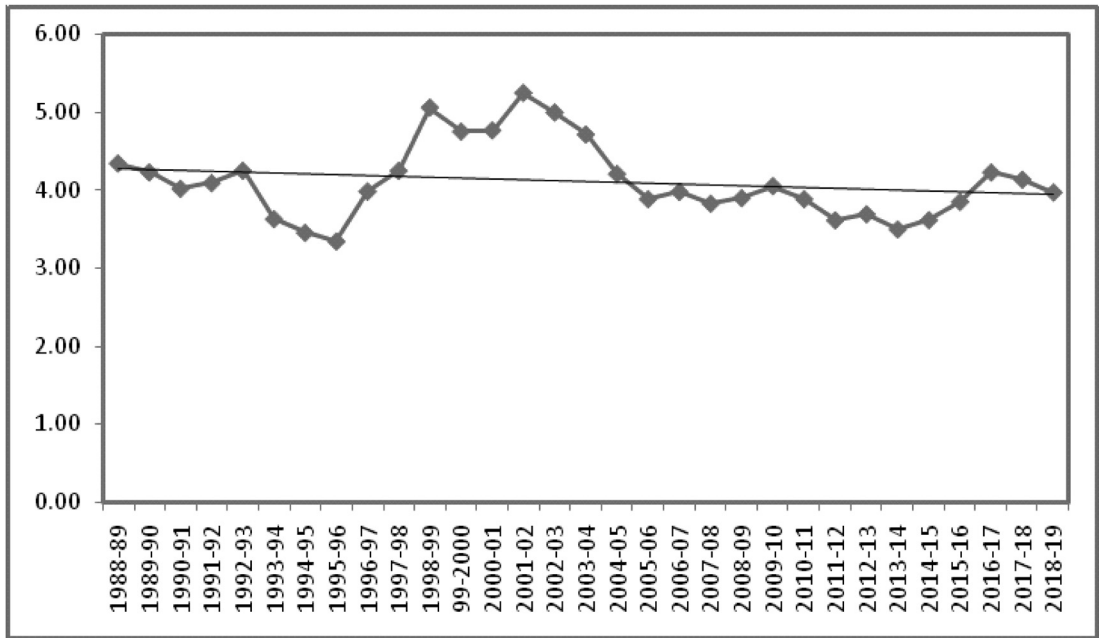
Graph 4: Interest (as % to Value of Production) of Indian Industry



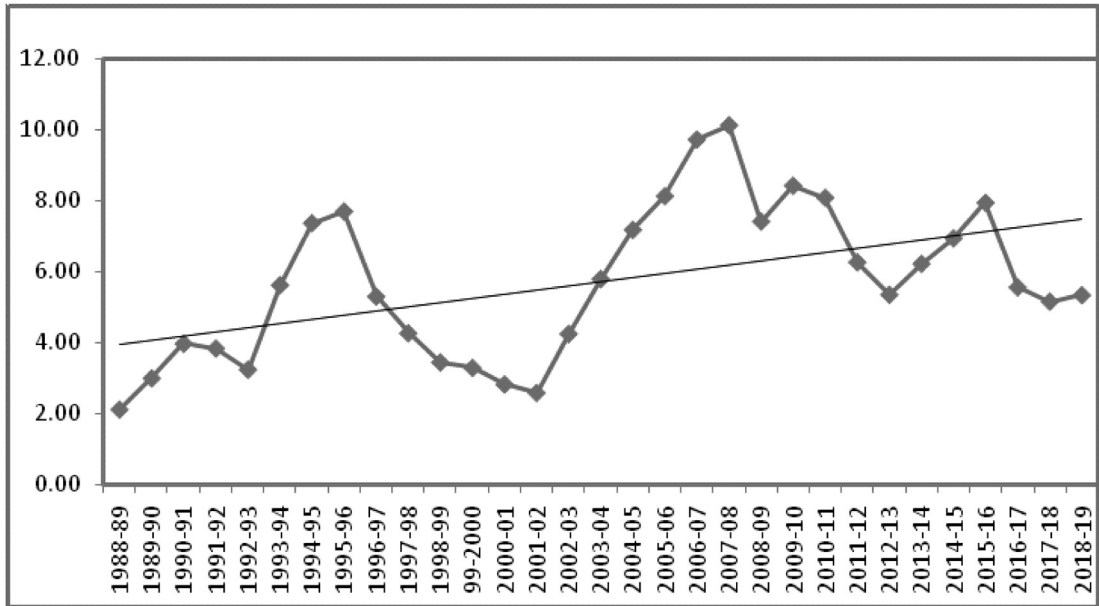
Graph 5: Tax (as % to Value of Production) of Indian Industry



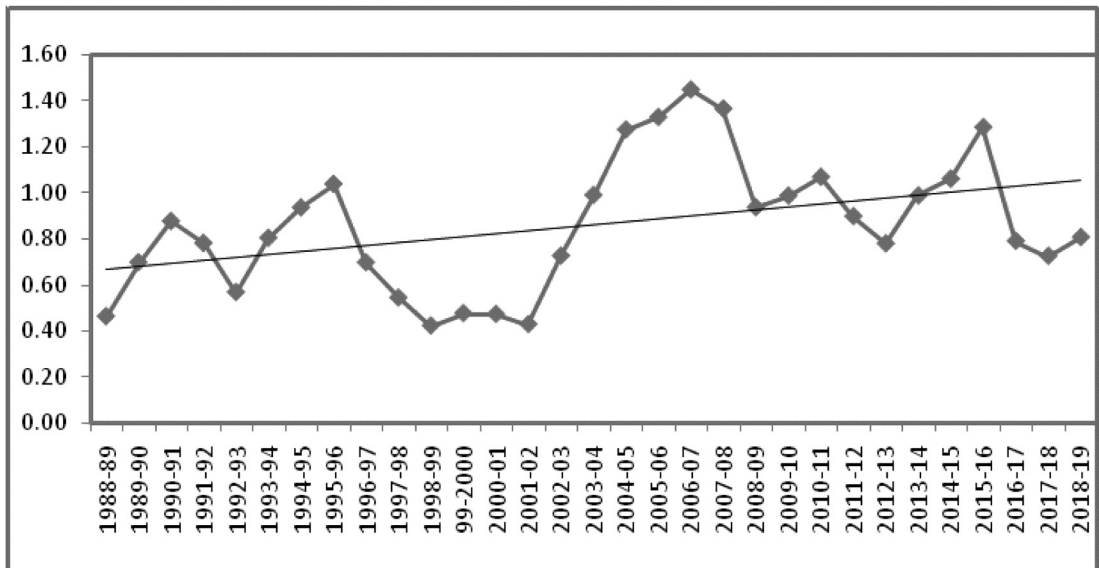
Graph 6: Depreciation (as % to Value of Production) of Indian Industry



Graph 7: PAT (as % to Value of Production) of Indian Industry



Graph 8: Ratio of PAT to RROE



Emotional Intelligence and Leadership in IT and ITES Organizations

Vijay Shahani*, Upinder Dhar**

Abstract

Organizations thrive due to the effectiveness of their leaders. It is very important that leaders perceive and understand the emotions of their team members, and manage them. Emotional Intelligence is one of the key elements in the set of competencies required by a leader. The assessment of leadership effectiveness in managers of two types of organizations, i.e., IT and ITES organizations was done to determine the role of Emotional Intelligence in leadership. The study has highlighted that levels of emotional intelligence play a very important role in the effectiveness of leaders in both types of organizations. The results highlighted that though both types of organizations belong to IT industry, even then the managers in IT organizations were significantly more effective in comparison to the managers of ITES organizations. The research investigation has implications for researchers, policy makers and practitioners.

Keywords: Decision Making, Leadership Effectiveness, Spiritual Quotient, Artificial Intelligence, Team Cohesiveness

Introduction

It is very important in any research to understand the variables under study. A brief idea about the independent and dependent variables in this research paper is given in this section of the research paper. Leaders have their own personality traits and understanding of emotions which facilitate them to easily connect with their followers.

Emotional Intelligence: Emotional Intelligence (EI) deals with the complex idea of emotions and intelligence of handling them. As emotions are feelings of anger, fear, happiness, hatred, love and stress that get developed in mind in different kinds of situations. Mayer and Salovey (1990) developed a theory of Emotional Intelligence based on cognition (i.e., capacity of abstract reasoning) and emotions (signals conveying regular, noticeable meanings about relationships). As per Mayer and Salovey, emotional

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intelligence is the division of social intelligence that involves the ability to monitor one's own and other's feeling and emotions, and to distinguish among them and to use this information to guide one's beliefs and actions. EI is the ability to recognise the meanings of emotions and solve problems based on them. EI is seen as the capacity to perceive emotions, incorporate emotion-related thoughts, understand the information of those emotions, and deal with them.

Goleman (1998) established that it's not only the intellect of a person but also emotion, which enables an individual to take correct decisions. Decision making is the most important part of professional success for a leader and it is related to emotional intelligence. Thus, EI becomes crucial for the professional success. The competitive work environment creates stressful situations and organizational stress leads to burnout, among the professionals, resulting into hostile interpersonal relations and failure in team work. Emotional intelligence plays an important role, in managing stress at individual and team level. Alon and Higgins (2005) deliberated on the importance of emotional and social intelligence, in global organizations. Global leaders may utilize emotional intelligence to achieve success by understanding the work in diverse environments. This multiple intelligence framework, must become an essential part of leadership development programs across the organization. Hence, to gain global success, it's not just significant, to achieve the KRAs, but also to understand and respect the demographic emotional diversity.

Goleman and Boyatzis (2008) suggested that effective leaders have capabilities for learning, general psychological and emotional aspects of people. Such capabilities forecast their effectiveness and competence in business, administration and leadership roles. Authors offered a total system approach, which identified which type of individuals can be effective in various business roles. They gave an exhaustive model, through which it is easy to recognize the special characteristics of leadership talent. This integrated model of leadership competence explained the relationship of these characteristics, to the functions of the trade, and to the business environment. This theory gave rise to the model of individual competence. Petrides (2010) proposed a theoretical difference, between the ability based model and mixed models. He propounded a trait based model of Emotional Intelligence.

Petrides model is a group of emotional self-perceptions, placed at the lower levels of personality. Generally speaking, trait EI refers to a person's self-perceptions of his/her emotional abilities. This description of EI covers the behavioral nature and self-perceived ability, which is calculated by a self report. It contradicts the ability based

model which is based on real abilities; since it is difficult to establish such abilities scientifically. Trait EI may be observed inside a personality structure. One more model similar to trait EI is of self-efficacy. This model is broad and includes the Goleman's model. The primary concept of EI, as a personality trait leads to a construct that is external to the classification of human cognitive ability. Zeidner, Roberts and Matthews (2001) recognized that the leaders with high level of interpersonal skills and emotional intelligence suggested improvised solutions, for prescribed set of problems and were more successful. Such skills include empathy, high level of awareness, insight and the skill to give right advice. Leaders handle traumatic encounters using their emotional intelligence. Hence, emotional intelligence is the key to manage stress.

Srivastav and Bharamanaikar (2004) identified the relationship of emotional intelligence with leadership excellence, success and job satisfaction. The findings of the study gave significant correlation between emotional intelligence and leadership and success. The research proved that emotionally intelligent persons, can be more successful in their responsibilities. Punia (2005) built a model of leadership effectiveness which integrated change management as a parameter along with EI. Their search investigation revealed that leaders having higher emotional intelligence see changes as opportunities for betterment. Such leaders are high performers and inspire their teams perform to their best. Rosete and Ciarrochi (2005) established relationship between emotional intelligence, and workplace measures of leadership effectiveness, using SMART factors of performance and a 360° assessment tool. The results of the study highlighted that executives with high level of EI have higher accomplishment of their targets and also are appreciated as effective leaders by their teams and superiors.

Caruso, Mayer and Salovey (2002) explored the role that emotional intelligence, in effective leadership. According to the authors, emotional intelligence affects a leader's people or relationship skills. It was emphasized, to apply the model of emotional intelligence on leadership in organizations and discussed its benefits in detail. Emotional enthusiasm is important for managers, if leaders lack emotional intelligence; they may be insensitive to emotions of others in the workplace. HR practitioners and behavioral scientists should focus on the emotional intelligence, because it offers a unique and valuable perspective on leadership. It is in the benefit for everyone including the organizations, teams, and individuals to choose leaders with high emotional intelligence, or by developing the skills of less emotionally intelligent leaders. The leaders with high emotional intelligence have a greater ability to process

the information of emotions, and they can steer their own behaviour in better way and easily motivate others to perform better.

Boyatzis et al. (2012) commented that leaders of sales organizations must recruit and motivate sales professionals, to develop the business. The role of emotional and social intelligence (ESI) in effective leadership is skeptical. Many researchers have challenged that ESI is not providing distinctive variance in leadership performance, beyond general intelligence and personality. The paper assessed the role of behavioral level of ESI competencies on the performance of leaders. ESI significantly affected the performance of leaders, while measures of generalized intelligence and personality did not. Sales leadership performance was distinctively predicted by two competencies i.e adaptability, and influence. Authors identified those flourishing sales professionals concentrated on learning social, psychological and emotional capabilities. Such capabilities, allow them to forecast efficiently and effectively in leadership roles across the society and organizations.

Kaur and Singh (2012) empirically researched emotional intelligence (EI) as a function of academic subject, spiritual quotient (SQ), and gender. They experimented, whether students of Science, Arts, and Psychology differ in their EI. The results highlighted that students of psychology had significantly higher emotional intelligence, in comparison to the students of arts and science. Spiritual quotient had significant effect on emotional intelligence, but, gender was not significantly related to EI. They recommended that the final goal of having education is to be professionally successful; hence, emotional and spiritual intelligence should be taught to students in all streams. Yip & Cote (2013) identified that competence to recognize emotions, facilitates better decision making. Thus, people who have better understanding of the emotions can correctly spot the situations which generate their emotions. EI skills help in protection against the consequences of nervousness under stressful situations. Hence, emotional intelligence, enables better decision making by a person. Competitive nature of the work leads to stressful lives of employees; hence, they need to be emotionally strong to avoid burnout.

Information Technology and Information Technology Enabled Organizations: The information technology (IT) industry is one of the fastest growing industries. IT provides improved efficiency, precision and global amalgamation to other industries and is a key driver of growth. Since all organizations now are motivated to become global with the help of IT, this segment of industry is continuously evolving and adapting itself to the global requirements. The Information Technology Association of America

(www.itaa.com) describes that IT surrounds every characteristic of information system based on computers. It can usually be classified as IT Services, Engineering Services and ITeS-BPO Services. IT Services consist of Electronic System Design, Design Validation Testing, Industrial Design, Mechanical Design, Application Development, ERP, Prototyping and Hardware Infrastructure Management. IT Enabled Services are services that make use of telecommunication networks or the Internet. The ITES Services include back office operations, business process outsourcing, inbound / outbound call centres, data processing, remote infrastructure maintenance etc. (www.nasscom.com).

Chandler (2016) suggested that IT industry covers both, hardware of the computer system and the software running it. IT comprises of the design, development, study and deployment of IT systems. Since such systems are easily available, the demand for IT services is growing exponentially and has resulted in providing jobs to a large number of practitioners. The return on investment (ROI) in this industry is significantly high, as the cost associated with software and hardware is negligible in comparison to the revenue earned. Since, IT industry is knowledge-based, the knowledge of all the professionals working in it fuels the economic growth of the industry. The IT industry has seen many failures, since its inception, but the success of first generation entrepreneurs is also very high. The participation of graduate engineers, in the domain of information technology is rapidly increasing as the industry provides tremendous growth opportunities to the young professionals.

Lucintel (2012) forecasted the trends of IT industry between 2012 and 2017. The IT infrastructure enables organizations to build, optimize, manage and access information and business processes electronically. North America has 42% of market share in global IT services industry. While, countries like India, China, Vietnam, and the Philippines having low-cost talented work-force have bright opportunity to surpass North American IT sector. The Asia Pacific IT services industry is likely to have maximum growth due to government-backed reforms and considerable spending on IT infrastructure. Liu (2019) studied the global information technology market revenue for the year 2018. Liu in continent wise analysis, identified that both Asia and North America had 33% market share in Information Technology market followed by Europe having 22% share; Latin America and Africa had 6% and 5% share, respectively. In 2018, the global value of information technology business was around five trillion U.S. dollars.

FICCI (2011) in its sector-wise analysis, reported the initiatives taken by Indian government for the growth of IT industry in the country. The 1991-92 economic reforms by the Government enabled liberalization of external trade, duty free imports of IT products, relaxation in the use of foreign exchange, setting up Software Technology Parks (STPs), and Special Economic Zones (SEZs) have allowed India to secure a significant place in world's IT scenario. Government formed a task force, for expansion and promotion of IT business. Since venture capital is the main source for acquiring working capital in IT industry, government liberalized rules for the operations of such funds to boost up the industry. Sallomi (2019) deliberated that cloud computing, software-as-a-service, and artificial intelligence will be the most demanded technologies for 2020. Sallomi suggested that enterprises should seriously consider the benefits of information technology and should work on reduced latency and lower bandwidth costs of data processing. IT organizations should strategically partner with the other business organizations, and help them grow globally.

Traits of Effective Leaders: Ward (2019) defined leadership, as the talent of motivating people to execute for achieving a common goal. Leaders are the individuals who strategically guide the employees to fulfil the organizational needs. Hence, the leader motivates and guides the actions of the team members, or followers. Leader is a person who possesses the mix of qualities and competencies which inspires others to pursue his or her direction. Leadership is beyond general administration, as it involves communicating, inspiring and monitoring the teams. There are a few persons who are born with leadership competencies, in comparison to others; individuals can also learn particular skills to become effective leaders. The effectiveness of born leaders does not significantly differ in comparison to those who are trained on leadership competencies.

George (2000) observed that emotions (feelings and moods) are vital part of leadership development. Emotional intelligence is the aptitude of understanding and managing moods and feelings, and therefore, is important for effective leadership in business organizations. George highlighted four major areas of emotional intelligence, the assessment and expression of emotion exploit emotion to develop cognitive processes and making decisions, familiarity with emotions and management of emotions. The research highlighted that effective leadership is achievable through emotional intelligence by focusing on five factors of leadership effectiveness: integrating universal objectives and goals; making others aware of the importance of job performance; creating an environment of confidence, cooperation, passion, optimism, and trust; flexible and vibrant work environment; and creating exclusivity for the organization.

Gill (2002) observed that change can be well managed through effective leadership. The effective leadership for change requires behavioural, cognitive, emotional, and spiritual factors. The leader is responsible for bringing about change and provides mission, empowerment, encouragement, motivation, values and plan to the members of the organization. Any strategic change in the organization, is only possible through use of emotional intelligence by the leader of the organization. Agrawal and Rook (2014) compared leadership of executives in ten countries to identify if the leaders in the East and West act differently in terms of global leadership behavioral patterns. The outcomes of the research highlighted that the executives across the countries display comparable patterns of global leadership behavior in general, but some leadership factors like visioning, empowering, energizing, rewarding, team building, global way of thinking and firmness are significantly impacted due to the cultural differences.

The best situation for leaders is when their followers trust each other, share the important information, focus on merit, organize themselves and work in synchronization for attaining the common goals. Such best situation provides leaders the time for planning and implementation of their creative ideas, thereby achieving the desired objectives. Success comes only when the leaders ask the right questions and remain open for the feedback. Leaders provide value-based organizational mission, that outlines individual and organizational actions to achieve desirable outcomes. Effective leaders facilitate their followers, in clearing their doubts, and turn paradox into meaningful lessons (Fairholm, 2004).

Andersen (2013) proposed the six leadership traits that instigate followers to completely support their leaders. These six qualities are farsightedness, zeal, courage, insight, generosity, and trustworthiness. By making use of these qualities, leaders and managers can improve their ability for leading and creating loyalty, dedication, and results for their teams. Dharand Mishra (2001) identified that leadership effectiveness in an organization affects the financial performance, employee confidence and employee loyalty. India has witnessed a major transformation; liberalization, along with emerging realities largely influenced Indian business. Such changed business scenarios gave rise to high competition, reduced profits, tough customers and other such pressures challenged the leadership in contemporary organizations. In such tough conditions, will the leaders be tempted to take short cuts or will they be moral to take care of the society?

Rationale

There have been many research investigations in the area of emotional intelligence and leadership, but an attempt was required to assess leadership effectiveness in managers of Information Technology and Information Technology Enabled Services organizations with different levels of emotional intelligence.

Objectives of the Study

The objectives of the study are:

1. To study the impact of Emotional Intelligence on Leadership Effectiveness.
2. To study the impact of Type of Organization in terms of IT and ITES companies on Leadership Effectiveness.
3. To study the interactive effect of Emotional Intelligence and Type of Organization on Leadership Effectiveness.
4. To understand the difference in Leadership Effectiveness among the managers of IT Organizations having High Emotional Intelligence, managers of ITES Organizations having High Emotional Intelligence, managers of IT Organizations having Low Emotional Intelligence and managers of ITES Organizations having Low Emotional Intelligence.

Method

The study is an exploratory research to empirically analyze the effects of Emotional Intelligence on Leadership Effectiveness in the set of two types of organizations.

The Design

The study was conducted on the basis of a 2x2 research design with two independent variables namely emotional intelligence and type of organization. The emotional intelligence had two levels in terms of high and low, while type of organization had managers from IT organizations and ITES organizations. The dependent variable being leadership effectiveness.

The Sample

The data was collected from 175 respondents on random basis and after purification of data, a final sample of 120 middle level managers was retained as per the requirement of research design. The distribution of sample was as under:

Managers of IT Organizations having High Emotional Intelligence (30), managers of ITES Organizations having High Emotional Intelligence (30), managers of IT Organizations having Low Emotional Intelligence (30), and managers of ITES Organizations having Low Emotional Intelligence (30). The extraneous variables like age, gender and income were controlled by randomization and elimination.

The Tools

Tools for Data Collection: The respondents were administered two standardized psychometric tools (i) *Emotional Intelligence Scale* authored by Anukool Hyde, Sanjyot Pethe and Upinder Dhar. The Scale has reliability of 0.88 and validity of 0.93(ii) *Leadership Effectiveness Scale* authored by Upinder Dhar and Sanjyot Pethe. The Scale has reliability of 0.91 and validity of 0.95.

Tools for Data Analysis: SPSS was used to apply ANOVA and t test analysis.

Results

Nine null hypotheses were tested, and eight were rejected at 0.05 level of significance. To analyse the effects of independent variables and their interaction on dependent variable, ANOVA was administered. The details of results are as under:

ANOVA Summary

Source	Type III Sum of Squares	df	Mean Square	F	Significance
EI	24796.875	1	24796.875	762.947	.000
Type of Org	23941.875	1	23941.875	736.641	.000
EI xType of Org	1864.408	1	1864.408	57.364	.000

H01: Managers with High Emotional Intelligence do not differ from the managers with Low Emotional Intelligence in terms of Leadership Effectiveness.

Null hypothesis stands rejected.

Managers with High Emotional Intelligence have higher Leadership Effectiveness in comparison to the managers with Low Emotional Intelligence.

H02: Managers in IT Organizations do not differ from the managers in ITES Organizations in terms of Leadership Effectiveness.

Null hypothesis stands rejected.

Managers in IT Organizations have higher Leadership Effectiveness in comparison to the managers in ITES Organizations.

H03: Emotional Intelligence and Type of Organization do not interact to affect Leadership Effectiveness.

Null hypothesis stands rejected.

Emotional Intelligence and Type of Organization interact to affect Leadership Effectiveness.

To test the significance of difference between the means of study groups, t-test was employed.

Managers of	Mean	Standard Deviation	ITES Organizations with High EI	IT Organizations with Low EI	ITES Organizations with Low EI
IT Organizations with High EI	170.73	9.258	10.38**	10.37**	32.25**
ITES Organizations with High EI	150.37	4.165	-	2.63	42.42**
IT Organizations with Low EI	149.87	4.547	-	-	38.42**
ITES Organizations with Low EI	113.73	2.504	-	-	-

*Significant at 0.05 level** Significant at 0.01 level

H04: Managers of IT Organizations having High Emotional Intelligence do not differ from the managers of ITES Organizations having High Emotional Intelligence in terms of Leadership Effectiveness.

Null hypothesis stands rejected.

Managers of IT Organizations having High Emotional Intelligence have significantly higher level of Leadership Effectiveness in comparison to the managers of ITES Organizations having High Emotional Intelligence.

H05: Managers of IT Organizations having High Emotional Intelligence do not differ from the managers of IT Organizations having Low Emotional Intelligence in terms of Leadership Effectiveness.

Null hypothesis stands rejected.

Managers of IT Organizations having High Emotional Intelligence have significantly higher level of Leadership Effectiveness in comparison to the managers of IT Organizations having Low Emotional Intelligence.

H06: Managers of IT Organizations having High Emotional Intelligence do not differ from the managers of ITES Organizations having Low Emotional Intelligence in terms of Leadership Effectiveness.

Null hypothesis stands rejected.

Managers of IT Organizations having High Emotional Intelligence have significantly higher level of Leadership Effectiveness in comparison to the managers of ITES Organizations having Low Emotional Intelligence.

H07: Managers of ITES Organizations having High Emotional Intelligence do not differ from the managers of IT Organizations having Low Emotional Intelligence in terms of Leadership Effectiveness.

Null hypothesis is accepted.

H08: Managers of ITES Organizations having High Emotional Intelligence do not differ from the managers of ITES Organizations having Low Emotional Intelligence in terms of Leadership Effectiveness.

Null hypothesis stands rejected.

Managers of ITES Organizations having High Emotional Intelligence have significantly higher level of Leadership Effectiveness in comparison to the managers of ITES Organizations having Low Emotional Intelligence.

H09: Managers of IT Organizations having Low Emotional Intelligence do not differ from the managers of ITES Organizations having Low Emotional Intelligence in terms of Leadership Effectiveness.

Null hypothesis stands rejected.

Managers of IT Organizations having Low Emotional Intelligence have significantly higher level of Leadership Effectiveness in comparison to the managers of ITES Organizations having Low Emotional Intelligence.

Discussion

The results showed that leadership effectiveness is dependent on emotional intelligence and type of organization. Boyatzis *et al.* (2013) proposed that emotions are contagious. People can set off the stress in each other in few seconds and start a self-perpetuating cycle. Leaders paying attention to their own renewal and engaging people in positive conversations could help reorganize the ravages of stress and can help people to restore their cognitive, emotional and perceptual talent. Such emotionally intelligent leaders become sustainable in both their commitment and effectiveness. The effective leaders use their emotional intelligence to build shared hope, empathy, mindfulness, and playfulness in their relationships. The emotionally intelligent effective leaders directly affect the bottom line of the organizations.

Evje (2012) opined that the CEO's should have a powerful insight and a large heart to be an effective leader. Leader's job is largely to engage in human relations, leadership, at its core, is mainly about the emotions. Leaders reflect on the emotionality of people in the challenging situations and periods of self-doubt to become effective. Leaders should become container of emotions for self and the group. They effectively lead the followers to safely work through fears, doubts, and uncertainties.

Stein *et al.* (2009) compared the emotional intelligence scores of two high profile executive groups to the general population. Authors calculated EI scores in relation to various organizational indicators like bottom line, growth management, and employee retention. They identified that top executives were significantly different from others on their emotional quotient. Leaders with higher levels of compassion, self-regard, problem solving, and reality testing yielded high profit for their companies, such leaders easily managed growth, training and retaining employees. Thus, all organizations should train their leaders to be emotionally intelligent, thereby becoming

competent, competitive, and goal oriented and successful. These effective leaders will be able to manage the performance indices of the winning organizations.

Sudha (2011) observed that the perception of employees differs significantly in IT and ITES organizations. The key factors influencing the employee perception include organizational policies, organizational climate, working hours and efficiency of the leaders. The effectiveness of the leader is vital for the team cohesiveness, as an effective leader will offer proper information, motivation and inspiration to the group. There are various trainings related to leadership development in IT organizations, while ITES organizations focus on process oriented trainings. Effective leaders provide a positive organizational climate thereby developing harmonious interpersonal relation which gets reflected in the attrition in the company. There is a significant difference in the attrition levels of employees in IT and ITES organizations.

Sahu and Rajendran (2011) reaffirmed that organizations may look into various choices like rewards for good work, flexible working hours, personality development programs and inspiring leadership at the middle level in IT and ITES organizations. These options will help to inspire and retain talent. One of the major BPO organizations has introduced learning environment and a performance appreciation program to inspire middle managers. One mid-tier IT company is focusing on developing the leadership skills of their mid-level executives. The primary issue is the lack of inspirational leadership at the level of middle management. Employees have grown very fast in their ranks during the last few years and there are many executives in middle management layer who need to be equipped with emotional intelligence, which is key ingredient of effective leadership. These young executives seek trainings on emotional intelligence to cope up with emotional problems of self and their teams. IT industry will be able to train and retain a strong workforce only through emotional intelligence of its leaders.

Singh (2007) studied emotional intelligence and organizational leadership in Indian IT industry. Singh examined the role of emotional intelligence on effective leadership of male and female IT professionals. He identified that there was significant variance in emotional intelligence of both genders of IT professionals. He found that there was a positively significant correlation between emotional intelligence and organizational leadership for both the genders. Pinos et al. (2006) developed relationship between emotional intelligence, transformational leadership and organizational performance. Results of their research highlighted that the leaders who practice self-awareness, self-management, social awareness, and rapport management have high emotional

intelligence and contribute significantly to overall organizational goals. Alston (2009) observed that dimensions of emotional intelligence are significantly and positively correlated with leadership. The author summarized that emotional intelligence has a significant effect on leadership; hence, higher emotional intelligence facilitates leaders to perform effectively.

Conclusions

The study revealed that managers in IT and ITES organizations differ in terms of Leadership Effectiveness. The following conclusions have been drawn on the basis of the objectives, which were formulated for carrying out the present study. Emotional Intelligence significantly affects Leadership Effectiveness. It is observed that Emotional Intelligence promotes Leadership Effectiveness in IT and ITES organizations. Type of Organization significantly affects Leadership Effectiveness. It is observed that managers of IT organizations display higher Leadership Effectiveness in comparison to managers of ITES organizations.

Emotional Intelligence and Type of Organization interact to affect Leadership Effectiveness. Managers of IT Organizations having High Emotional Intelligence have significantly high level of Leadership Effectiveness in comparison to the managers of ITES Organizations having High Emotional Intelligence, managers of IT Organizations having Low Emotional Intelligence and managers of ITES Organizations having Low Emotional Intelligence. Also, managers of ITES Organizations having High Emotional Intelligence have significantly high level of Leadership Effectiveness in comparison to managers of ITES Organizations having Low Emotional Intelligence. Further, managers of IT Organizations having Low Emotional Intelligence have significantly high level of Leadership Effectiveness in comparison to managers of ITES Organizations having Low Emotional Intelligence

Implications

The study having chosen emotional intelligence and type of organization only as independent variables, the knowledge can further be enhanced by adding dimensions of Emotional Intelligence and Leadership Effectiveness in future research. The study can be replicated in other Industry verticals to investigate their impact on leadership effectiveness. The scope of present study was confined to organizations in India. Research enquiries can be conducted across geographies to better understand the effect of culture on leadership. The talent acquisition teams in the IT industry can draw

benefit from the findings of the present study by incorporating the evaluation of emotional intelligence while hiring people for managerial roles.

The human resources team may analyze the levels of emotional intelligence in an individual for his / her succession planning. The managers of the IT and ITES organizations may include the training related to development of emotional intelligence in their self-development programs. The management of the organizations may make evaluation of emotional intelligence compulsory for managers to have higher employee engagement. The boards of IT and ITES organizations may find the outcomes of the study useful for the designing programs related to leadership readiness.

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Employability of Management Graduates from Tier 2 and Tier 3 Institutions: Examining the Options for Improvement

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Abstract

Employability is an important criterion to evaluate business schools and graduates. The crux of management education lies in employability. This paper is an attempt to investigate the Employability aspects of Management graduates from tier 2 and tier 3 institutes in India. The study considered the opinion of 34 employers and 35 Management Professors. Suggestions have been drawn to improve the employability and to understand the areas of improvement needed in the MBA curriculum. Tier 2 and 3 institutes demonstrate a different challenge than independent B schools as these are institutions affiliated to large university systems which have common curriculum and evaluation system. This paper also presents the results of qualitative and quantitative analysis of the study and has listed out the qualities that employers expect from the MBA graduates. The study has set directions to the colleges/universities for considering employability as one of the critical elements while designing curriculum and pedagogy.

Keywords: Indian Management Graduates, Competencies, Right attitude, Life skills

Introduction

There has been a true transformation in the Global economic sphere starting from Brexit to the automation in Industries. The VUCA world post pandemic COVID 19 makes employability more important than ever before. This has changed the landscape of almost every economy in the world. India's employment or talent market has never been an exception to this scenario. With a population of 1.3 billion, and an average age of about 28 years, India has an advantage in almost all areas of the Global Skills landscape. Though Engineers are the major contributors of employability, Management is still one program and qualification which is most sought after, among many domains. However, due to the inconsistencies in the curriculum and dynamism of skills

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perceived, a lot of MBA institutes and the program per se has been losing its value and image that was created in the past. According to the India Skill Report 2019 (AICTE, 2019), there was a drop in employability of MBA graduates by 3% over the previous year. The reducing admissions and employability over the years call for revisiting the entire system of Management education in the country, be it curriculum, skills, attitude, competency, pedagogy or anything else that could have contributed to this steady drop in employability.

Admission and placement trend data of students who opted for management programs from the year 2012 to 2018 (Honawar, 2018) indicates that there is a major decline in admissions and placements of students in jobs. Though the reasons are many, the most evident is the lack of employability skills. According to a report by ASSOCHAM (2016), barring a handful of top Business schools like the government run IIMs and other few, most of the 5,500 B schools in the country are producing sub-par graduates who are largely un-employable resulting in these pass-outs earning less than Rs. 10,000 a month, if at all they find placements. Seven percent of the pass-outs are actually employable in India excepting graduates from IIMs.

The Challenges for Tier 2 and Tier 3 Business Schools in India: There is no universally accepted definition for Tier 2 and Tier 3 institutions; however, the quality of intake, employability (as proven by type of firms recruiting and starting salaries), research output and other criteria which parents, students, regulators and accreditation bodies consider clearly indicate there are levels of excellence. The Tier 2 and 3 management institutes are usually institutions affiliated to public universities or smaller independent institutions catering to local students. There are independent institutions which are in the Tier 1 also like ISB, however, in terms of number most of them would fall in the Tier 2 or 3 category. Public universities generally update their syllabus once in three years and the programs are generally theoretical and have no space for skill-based programs especially since evaluation is a key component for large degree granting institutions and evaluations have to be conducted on a mass scale, sometimes 20-30 thousand students for each course. In large universities, the MBA program is no different from any other branch of study like Biology, Geology or literature, and this has made it purely theoretical. Most of the faculty members have had no prior experience in industry nor had the time to study and understand industry.

Students in such institutions start without being aware of the need for any skills and believe that getting the degree is the only requirement to get a good job. A large number of students of such colleges are first time graduates and this causes some

additional problems with respect to the expectations from students and parents. With more than 3000 such institutions now in India (reduced from 5500 approx.), the seats are available to all who meet the minimum criteria, which is 50% aggregate marks at the undergraduate level. Many skills that need to be acquired at the school/undergraduate level are missing in those admitted and the two-year duration of the MBA program may not be sufficient to make amends. This is an observation of the authors who have substantial experience in this area, however, obviously there will be bright students/faculty everywhere who might excel and this generalisation will not apply to them.

Literature Survey

Poor Employability is well recognized: Employability is basically “readiness to join the Industry” in short. It is that which denotes one’s skills, abilities, knowledge and experience that employers want. A survey (Meritrac and MBAUniverse, 2012) of India’s top 100 business schools was conducted and it revealed what many employers had known for a while; majority of MBA graduates from Tier 2 and 3 business schools in India are not employable. The survey, which covered 2,264 MBA students from 29 cities, showed that outside the top 25 business schools, the remaining provided only 21 per cent of their graduates with a job. India produces about 3,00,000 management graduates every year, but hardly 35,000 of them are employable and 3,54,421 students (TNN, 2015) enrolled for MBA in 3,364 institutions across the country last year. According to J Philip, former director of IIM-Bengaluru, “Today, the requirement of managerial candidates in the Indian market is between 35,000 and 40,000 every year. There are two reasons for unemployment: Lack of global skills and excess supply.” Only 10% MBA graduates are employable, say experts.

A Study (FICCI & EY, 2014) mentions that “While the Indian higher education system has made considerable progress in terms of capacity creation and enrolment in the last decade, it lags significantly in terms of global relevance and competitiveness”. According to the report, low employability of graduates is driven by factors like obsolete curricula, inadequacy of quality faculty, high student-teacher ratios, insufficient and ineffective institutional and industry connections and the lack of freedom to introduce new and innovative courses. “Only a small proportion of Indian graduates are considered employable. This reflects in the fact that placement outcomes drop significantly as we move away from top tier institutions,” said the report. It added that this resulted in closing down of lower rung higher education institutes that are not able to deliver high-quality outcomes. The report titled ‘Higher Education

in India: Moving towards global relevance and competitiveness' also said that there is also a low impact research output and insufficient doctoral students is a gap in the system. There is a strong argument that, now in India, the problem is that of employability and not that of unemployment.

In South Africa a study involving 500+ employers (Jonck, 2014) indicated that employers were not satisfied with the skills graduates had and needed generic business administration skills that specifically emphasize customer service, MS Excel training, and Financial Management. In a research paper, Tymon (2013) summed up the situation very well stating that Higher education institutions incorporate employability skills within their syllabus, however, employers continue to state that graduates are not ready for the world of work, and do not have some of the most basic skills needed for successful employment.

Attitude and expectations of graduating students: While the many surveys and employer opinions point to a lack of employability skills, the students joining the MBA program do not think so. The following findings are from a study in the UK, most likely the findings will be very similar in India too. This study (Jackson, 2012) examined the perceptions of 1,024 business undergraduates of their self-assessed capabilities in industry-required employability skills. Behaviour and composite skill ratings both indicated that students perceive that they have strong capabilities in the 'social responsibility and accountability', 'working effectively with others' and 'developing professionalism' skill sets. The weaker mean ratings for 'thinking critically', 'developing initiative and enterprise' and 'self-awareness', relative to other skill sets, are also consistent with employer perceptions; but student ratings are inflated, suggesting that they believe themselves to be reasonably capable in these areas, whereas in contrast the evidence from industry suggests skill deficiencies. Inflated perceptions by students of their capabilities in certain employability skills have been acknowledged (Zuzel, 2010). This apparent lack of humility in some of those representing Generation Y also features in recent media reports and academic literature.

To have confidence is a wonderful thing, however, to assume that one has all the skills because of the ignorance of industry needs has been counter-productive, and generally realized only when one enters the employment market. "As organizations worldwide tighten their belts, the global economic crisis serves to further inflate business requirements of new graduate recruits and expectations of their ability to add immediate value. Paradoxically, most of the new graduates are Generation Y, notoriously ambivalent to commitment and less loyal than their predecessors.

Organizations are growing increasingly reluctant to invest in their training, particularly in transferable skills, tipping the balance of the responsibility of skill development towards higher education institutions (HEI).” HEIs worldwide, however, are accused of producing graduates deficient in the “soft” skills deemed essential for enhanced productivity and innovation in the workplace (deSilva, 2015).

In a different study in Aristotle University, Greece the findings were similar (Matsouka, 2016). One of the findings was that graduates tended to overestimate themselves, the employers argued that graduates lacked necessary skills. The study found that there are substantial differences in perceived competencies, with the largest deviations relating to emotional intelligence, professionalism and leadership skills, which graduates consider they have, while employers contended that these skills were lacking. According to one study (Ainsworth & Morley, 1995), graduates who had passed out and were working for a few years felt that the MBA was very valuable in terms of knowledge and skills, and they suggested that more skills needed to be added to the MBA program like interpersonal skills, time management and negotiation skills. The employed alumni also suggested more industry guest lectures.

Adding value from day one: The comprehensive and important expectation from Industry is to see graduates being ‘job ready’ as soon as they graduate (deSilva, 2015). For the purpose of this discussion, we can ignore the philosophical question as to whether higher studies should be ‘man making’, ‘personal growth’ focused or if ‘employability’ should be the solitary goal. Students, employers and parents want the whole process to be employment oriented. Employers today are unable to devote the time, effort and cost of training freshers. This is not limited to general domain skills or life skills. Most employers are looking for candidates who are specifically trained for a specific job role. Indian banks have started to recruit probationary officers who are trained in banking, as practiced in a specific bank, at private banking academies, on a student pay model. Job ready and no costs of training in exchange for employment is already happening in some industries where the job role is process driven.

At a generic level, the Bologna process of 3 cycles is well accepted as a good framework for higher education having been adopted in 50+ countries of the world. The guidelines for expectations from students at the end of the second cycle (Master’s degree programs) include “can apply their knowledge and understanding, and problem solving abilities in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their field of study; have the ability to integrate knowledge and handle complexity, and formulate judgments with incomplete or limited information, but that include reflecting on social and ethical responsibilities

linked to the application of their knowledge and judgments; can communicate their conclusions, and the knowledge and rationale underpinning these, to specialist and non-specialist audiences clearly and unambiguously; have the learning skills to allow them to continue to study in a manner that may be largely self-directed or autonomous.” The Bologna Process (European Higher Education Area, EU, 2018). This clearly indicates that the expectations of society and policy makers with regard to outcomes of a MBA program are in the higher levels of the bloom’s taxonomy, including ‘syntheses’.

What Are Employability Skills? Beyond personal qualities, life skills and domain skills, many researchers have identified various other skills needed to improve employability. For example, Bridgstock (2009) argues, “In the context of a rapidly changing information-and knowledge-intensive economy, employability involves far more than possession of the generic skills listed by graduate employers as attractive. Rather, for optimal economic and social outcomes, graduates must be able to proactively navigate the world of work and self-manage the career building process.” Robinson (2000) has broken down employability into academic skills, thinking skills and personal attributes or qualities.

Employability Skills

<i>Basic Academic Skills</i>	<i>Higher Order Thinking Skills</i>	<i>Personal</i>	<i>Qualities</i>
• Reading	• Learning	• Responsible	• Team Spirit
• Writing	• Reasoning	• Self-Confidence	• Punctual and Efficient
• Science	• Thinking Creatively	• Self-Control	• Cooperative
• Math	• Decisions Making	• Social Skills	• Self-Directed
• Oral Communication	• Problem Solving	• Honest	• Good Work Attitude
• Listening	• Have Integrity	• Well Groomed	
		• Adaptable and flexible	• Self-Motivated
			• Self-Management

Employability skills for Management graduates: “The purpose of MBA education programs offered by business schools across the globe is to provide their students with the knowledge and skills required to function in this complex world.” Management education has to combine explicit knowledge of basic disciplines with the tacit knowledge that comes from practice (Chandrashekar, 2004). Specifically concerned with management graduates, there have been many studies across the world to list the skills and competencies needed to enjoy employability. One study in Oman (Belwal, Priyadarshi & Fazari, 2017) presents several insights into graduate attributes and employability issues. Students’ views reveal that computer skills, team work skills, English language skills, prior training, and personality are the five most significant employability skills in Oman. The study also found that the interaction between HEI, its alumni and industry was poor in Oman.

Another study in nearby Kuwait (Al-Mutairi, Naser & Saeid, 2014) indicated that soft skills, domain knowledge and team working skills were considered most important by employers. Another important finding was that the employers’ background characteristics such as size of the firm, ownership pattern, impact the employability factors for graduates. Based on feedback from employers, Maxwell *et al.* (2010) identified ten core skills based on literature survey. They were communication skills including decision-making skills, independent working skills, Information retrieval skills, leadership skills, numerical skills, personal learning and development skills, problem-solving skills, strategic skills, and team working skills. The findings indicated that ‘communication skills’ and ‘independent working’ were considered very important by employers followed by problem solving, personal learning and development and team work. Strategic skills and leadership were found to be least important.

Tanyel, Mitchell & McAlum (1999) found that prospective employers attached greater importance to (a) oral communication, (b) decision making and analytical ability, (c) written communication, and (d) creativity and creative writing and University faculty attached a greater relative level of importance to (a) ethical values, (b) project management, and (c) persuasive ability. Both Employers and Professors found that interpersonal skills, ethical values and responsibility/accountability to be the most important skills. A Malaysian study (Hamid, Islam & Manaf, 2014) recorded that work integrated learning was the best approach to transfer employability skills to graduates in Higher Education Institutions. The study identified 13 skills which employers felt were important and which were not adequate in the graduates. These skills included clarity of expression, creativity, critical thinking, data analysis and interpretation skills, skills to independently search for information from various sources, management

skills, Ability to encourage and motivate others, presentation skills, problem solving skills, Spoken English skills, Out of the box thinking skills, and skills to write effectively in English.

The perspective of the knowledge-intensive industries was captured in an Australian study (Collet, Hine & Plessis, 2015). First-order analysis resolved ten broad constructs that represent cognitive, interpersonal and intrapersonal skills domains as applied in this industry. Knowledge, leadership and inter professional collaboration feature as prominent skills. Second-order analysis revealed employers' perceptions of graduate skills specifically centre on organisational fit and organizational success. An overarching theme relates to performance of the individual in organizations. Based on extensive literature review another journal article revealed that the meaning of skills, employer expectations and needs differ in different countries. Employers' needs and also the learner's skill enhancement capabilities should be taken into account in formulating future skills assessments.

This study concluded that Higher education Institutions should identify skill sets that will best serve the future employment market and build programmes to meet those needs. The study found that main skills requirement mentioned in studies are communication, teamwork, problem solving, planning and organizing, technology, self-management and initiative and enterprise skills. Many of the businesses suggested that educators should review and redevelop their curriculum and change delivery methodology to support the development of these skills and attributes. Personal attributes mostly required by the employers are loyalty, commitment, honesty and integrity, enthusiasm, reliability, personal presentation, common sense, positive self-esteem, a sense of humour, a balanced attitude to work and home life, an ability to deal with pressure, motivation and adaptability. Employers reported that work related experience is an important consideration in recruitment (Weligamage, 2009).

One study across the Gulf States confirmed from HR managers that the 13 skills identified from literature survey were all important for management graduates. The skills include communication, working in groups, adaptability, responsibility, networking, initiative, customer orientation, appearance (grooming and etiquette), task perseverance, operational skills, creativity & problem solving, target orientation and being tech savvy. The survey also identified that communication skills were ranked as the primary requirement by HR managers in the Gulf States (Dileep & Jain, 2010).

Another interesting study (Rosenberg, 2012) was based on a triangular design approach, in which the attitudes of three distinct groups – recent graduates, the faculty

who taught them, and human resource managers who recruit them – were studied. The study revealed considerable differences in opinion among the three groups with regard to the skills needed for job performance, the skills received by college graduates, and the additional training needed. Human resource managers surveyed indicated that literacy and numeracy were critical skills needed for job performance. Leadership and work ethic skills were also considered important for job performance. Regarding the need for additional training, human resource managers reported the need for additional training in management skills.

Curriculum Change: It is probably not incautious to suggest that most proponents of competency-based education recognize that the traditional academic disciplines are not entirely adequate as a foundation for their programs. The high level of interdisciplinary activity and the transformation of the educational process demand faculty developers to innovate outside the traditional models of curriculum design and delivery. The development of a competency-based management program requires a level of innovation beyond the commonly employed incrementalism in the process of curriculum change (Belasen, 2007). While the competency based approach is being recommended, at the top tier institution in India the reality has been “Curriculum change in the IIMs seems to be based on feasible incremental change rather than on new knowledge, the needs of the students or the demands of an increasingly globalized and interconnected business world (Chandrashekar, 2004).

Shein (1967) argues that learning to be a businessman or manager, like learning any profession, is a process of acquiring (1) a certain body of knowledge, (2) skills in implementing this knowledge, and (3) the attitudes and values that define how and when and for what ends the knowledge and skills are to be used. To understand fully the educational process by which an occupation or profession is learned, one must consider all three aspects, and however, it appears focus has only been on the first two components. It appears tier 2 and 3 B schools in India are still struggling with this issue in the curriculum.

In another interesting prescriptive article, Whetton (1983) draws the conclusion that up to now, students have been taught more about management than how to manage. There has been an omission of courses on management skill training, or on what it is that managers actually do. The authors extol “Management schools will begin the serious training of managers when skill training takes a serious place next to cognitive learning. Cognitive learning is detached and informational, like reading a book or listening to a lecture. No doubt much important cognitive material must be assimilated

by the manager-to-be. But cognitive learning no more makes a manager than it does a swimmer”.

Our management schools need to identify the skills managers use, select students who show potential in these skills, put the students into situations where these skills can be practiced, and then give them systematic feedback on their performance. We do not suggest that cognitively oriented courses should be deleted from the management curriculum. Instead we favour a balanced curriculum emphasizing cognitive learning and skill training. Our concern is that most business schools currently provide inadequate opportunities for management skill development.

It is clear that concept assimilation without skill training has not proven to be effective in producing successful managers. On the other hand, there is evidence to suggest that skill training coupled with cognitive information can significantly improve managerial competence. Therefore, it is essential that our management curriculum provide more opportunities for students to learn about, practice, and become competent in the behavioural skills that are essential for effective management. As a large number of studies have been done in these areas, the authors chose to reference only those that appeared most relevant to the present study without considering when the study was undertaken.

Method

This study used the survey method to obtain data. A questionnaire was designed to obtain the perception of the employers on the employability of MBA students. The sample size is 34 employers and the respondents were chosen on a convenient sample basis from among those who regularly hired MBA's from tier 2 and 3 colleges. As the respondents were experts and restricted to those who actually hired from such institutions or have taught for more than 5 years, the sample size appears small, however, when considered as a survey among experts, the results are representative. Quantitative analysis was performed based on the qualities and skills that employers have perceived as important on a 5-point Likert scale that indicted the level of importance for each item. The list of qualities and skills were culled from the literature survey and have been vetted with experienced employers and faculty who have been working in the Management sphere. An independent survey was also done to collect the views of the Management professors using a convenience sampling method among professors with 5 or more years of experience teaching in MBA programs in tier 2 and 3 institutions on the skills and traits that lead to employability of MBA graduates.

Results

Findings from Survey of Employers

The Survey captured the feedback from the employers who had employed MBA graduates about what skills they were lacking. The following is the list of qualities that were lacking according to the employers. It can be suggested that if all these factors are considered while preparing the MBA graduates for employability, they will be a good fit in the organizations.

According to Employers, Management graduates from Tier 2 & 3 Colleges in India are lacking in the following Skills/Qualities:

Confidence
English Communication Skills
Interest in the Job
Ability to integrate functional knowledge
Patience and Perseverance
Ability to look at the big picture of the organization
Analytical Skills
Technology Updating
Industry Understanding
Focus
Domain Knowledge
Ability to link theory to practice
Interpersonal Skills
Leadership Capabilities

The following table shows the relative importance of various qualities and skills for MBA graduates from Tier 2 and 3 institutions, as perceived by the employers:

Scale	What Employers expect from MBA Graduates?										
	Business acumen	Communication	Team Work	Negotiation	Problem Solving	Leadership	Perseverance	Confidence	Ability to work under pressure	Ability to prioritize	Learning Ability
Not very important				6		9			3		
Good to have	21		6	12	9	15	15	3	3	12	12
Important	24	9	32	29	18	29	27	18	18	27	9
Extremely important	32	56	32	38	35	38	29	41	38	41	27
Critical	24	35	29	15	38	9	29	38	38	21	53

- Majority of the employers felt that learning ability is the most critical element for MBA graduates, followed by the ability to work under pressure, confidence and problem solving.
- A mere 9% of the employers have felt Leadership is a critical factor for MBA graduates and another 9% felt this was not at all important at the time of recruitment for management graduates.
- 56% of the employers opined that communication skills of the graduates are extremely important.
- Around 41% of the respondents have expressed that ‘ability to prioritize’ and ‘confidence’ is an extremely important factor.
- None of the employers has opined that factors like Learning ability, prioritization, confidence, perseverance, problem solving, Teamwork and business acumen is not important. This implies that these factors matter a lot in the organizations and are the elements, which have to be considered for MBA graduates to work on.

Employability of Management Graduates from Tier 2 and Tier 3 Institutions

- 32% of the employers have expressed that team work is an important element, followed by negotiation and leadership.
- Interestingly, for business acumen (which included for the survey Business Awareness), all the employers felt this was important, extremely important or critical. It is evident that having business acumen/Business awareness is necessary for all MBA graduates.

Analysis of open ended questions revealed that:

- With regard to the question about the skills required by MBA graduates, many employers felt that, apart from the basic interpersonal skills, the visualization of the big picture of the organization and corporate readiness is required.
- The employers also responded to a question about the contents, which needs to be added to the current MBA curriculum to make it more useful. The responses have been diagrammatically represented as follows to explain what was included in each category.

Skills to be incorporated in curriculum according to employers

Soft Skills	Analytical Skills	Management Skills	Problem Solving Skills	Technical Skills	Industry Exposure
Report writing skills Communication Skills, Patience Curiosity Life-long learning	Sync with current dynamics of industry/ Society Change management Business intelligence tools, Data analytics, Case study based learning	Entrepreneurial skills Taking responsibility Time management Learning to accept challenges Team building activities, Adoption to change	The real time implementation experience of the concepts learnt in classroom	IT Proficiency New technologies, digital quotient	More industry interface industry relevant Curriculum/ syllabus Real time exposure Labour laws Industrial relations

- Colleges/Universities have a major role in providing skills training to MBA graduates to make them ready for a career. Most employers have opined that colleges need to equip the students with industry exposure, high level of soft skills. At the micro level of suggestions, employers have expressed various ideas on mentoring the students by engaging them in activities like Role-plays, case study activities, live internships, decision-making skills, self-learning, etc.

Findings from Survey of Management Professors

77.14% of the professors agreed that employability of MBAs is low. Only 17% of them opined that they strongly disagree with that fact. This shows that the teaching fraternity is sensing the lacuna. The views of the Management professors were considered on whether there has been any change in the curriculum in their respective Colleges/ Universities to improve the employability of the MBA graduates in the last three years. The questionnaire posed a few questions on changes in the curriculum; challenges encountered in bringing employability and were asked to list out the essential employability skills for management graduates. The following chart shows the most essential employability skills for management graduates as perceived by management professors:

According to Management Professors, Essential Employability Skills for Management Graduates are as under:

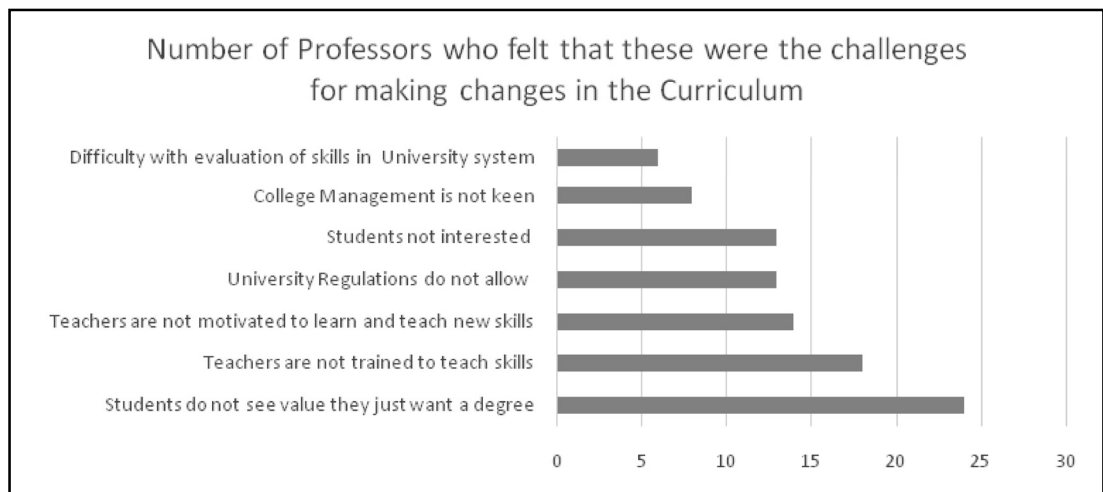
Communication Skills
Adequate Domain Knowledge
Interpersonal/Soft Skills
Adaptability
Confidence
Technological Skills
Practical Managing/Management Skills
Decision Making Skills
Continuous learning attitude
Passion and Commitment
Analytical Skills

90% of the professors expressed that new techniques and policies have been brought about in their academic work to enhance the skills of the students so that they are made better employable. Few of the changes/initiatives mentioned include:

Employability of Management Graduates from Tier 2 and Tier 3 Institutions

- Many value added courses have been introduced on both the personality development side and the domain side. There are soft skill courses, BEC and Data analytics.
- The content of the courses have been updated according to market demands and the topics within the syllabus has been made more crisp and relevant.
- There has been a major change in the curriculum in many colleges, which has strengthened the Industry – Academics interface.
- Professors felt initiative like one-one interaction has helped the students in terms of enhancing the learning and assessment ability.
- Practical orientation has been enhanced in Pedagogy and Syllabus. More of case based teaching is rendered which has helped the students to comprehend practical application better.
- Employers and Alumni’s views have been considered and changes have been adopted in colleges.

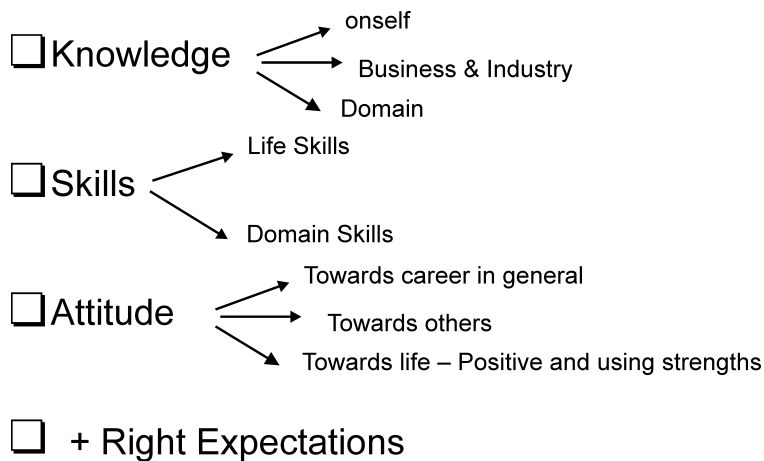
When the Professors were questioned about the challenges they face in making the students more employable, they have pointed out few important aspects, which are depicted in the following table:



Total responses received was 104 from 35 respondents

Suggestions

To break down employability or classify the various components, it is useful to look at 'employability' as a bundle of qualities. Knowledge about oneself, business, industry, and domain skills as well as life skills such as critical thinking, problem solving, decision making, active listening and monitoring ability is crucial for inculcating employability. Attitude to career, life in general and other human beings, career expectations and values are also imperative for someone to be employable.



Considering the students joining, parents' expectations, university regulated curriculum and evaluation methodologies; and having understood the requirements to enhance employability the institutions can consider the following as things that can be built in to the program or offered as additional compulsory programs.

- Skill enhancement programs
 - ▶ Domain related like MS Excel, Business orientation, Selling Skills, Data analysis, Digital marketing, financial modelling
 - ▶ Life skills related like financial planning, listening, time management, working with others, communication skills and learning to learn

The exact program will have to vary based on the specific institution, its student intake profile as well as placement type.
- Building employability assessment in both formative and summative assessment with a good feedback mechanism

Employability of Management Graduates from Tier 2 and Tier 3 Institutions

- Competency profiling and mapping into the syllabus for a set of careers/job roles
- Experiences (designed experiences that will provide required basket of knowledge and skills to perform certain roles) for example:
 - ▶ The experience of building and promoting a website
 - ▶ Managing an ethical dilemma
 - ▶ Experience of team dynamics and cross cultural adjustment
 - ▶ Preparing a HR manual or making a marketing plan
 - ▶ Experiences that call for reflection or problem solving
 - ▶ Managing your Income tax returns

- **Projects**

This can be very valuable learning experience and a way for the student to differentiate her candidature, however, for various reasons including faculty not being trained, students focus on marks without effort and learning, and the absolute numbers that are enrolled in each university making any close monitoring impossible, projects sadly remain a purely inert activity in tier II and III schools.

- **Simulations**

The cost of business simulations has gone down considerably and there are many local versions available. Computer simulations of business conditions and the need to make decisions with incomplete information, helps in bringing a business situation into the classroom.

Conclusion

Pedagogy most suitable for business education in such institutions is still evolving and needs the support of industry and faculty with substantial industry experience. Most students join an MBA program only with the job prospect in mind and are unaware of the fact that recruitment happens based on individual competencies for a particular position. Institutions need to provide a blend of knowledge, skills and attitude, in fact, develop competencies to improve employability to address the needs of all stakeholders be it parents, students or employers. Further research in the areas of first generation business graduates, industry expectations, assessment of students joining the program, effectiveness of all efforts in pedagogy and curriculum for skills

as well as a deeper research into connecting intake competencies, with learning outcomes needed to improve employability.

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Impact of Age and Profession on Emotional Labour: A Study of Women Professionals

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Abstract

Emotional labour is what employees undergo to act in accordance with organizational role requirements. It is essential for organizations to understand and manage emotions of professionals irrespective of gender, as they are the backbone of country's economy. The purpose of the current study was to explore whether age, profession and their interactions have any impact on Emotional labour amongst women professionals. A total of 210 young adult and middle aged women professionals like nurses, teachers, and managers participated in this exploratory research. Several hypotheses related to the relationships between age and profession were tested with ANOVA and z- test using SPSS. Results of the study indicated that age and its interaction with profession impacts Emotional labour. Young Adult women professionals exert more Emotional labour than middle aged women professionals. Nurses and teachers have to undergo more Emotional labour than managers. The results have been discussed with related research studies to justify the results. The study attempts to add to the growing body of research on Emotional labour amongst women professionals.

Keywords: Work Stress, Employee Turnover, Business Ethics, Three Tier Responsibilities

Introduction

Emotional labour as a term was first introduced by Arlie Hochschild in her book "The Managed Heart" in 1983. It pertains to the management of feelings which helps to create bodily displays and can be observed by everyone. The philosophy "customer is the king" is the ultimate truth of today's service sector. The employee cannot show his actual feelings to the customer so he has to suppress his feelings and show a happy face always. For example, the expectation from air hostess is to look cheerful and friendly. Similarly, the expectation from nurse is to look empathetic, supportive and caring always. Emotional labour can be seen as the mask that a service agent has to

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wear to attract his clients by hiding his actual feelings. It is defined as the way of managing publicly perceptible Emotional displays mediated by body language. Suppressing, faking or enhancing emotions all are involved in Emotional labour and are used to modify Emotional expression (Glomb and Tews, 2004). It is explicitly related to job because it affects person's wages and later consequences that employee has to face if his customer gets offended.

Emotional labour is management of emotions to display expected interpersonal relations (Ginsburg et al., 2014). Trougakos *et al.* (2011) defined emotions as any brief conscious experience characterized by intense mental activity that brings high degree of pleasure or displeasure. According to Humphrey (2008) Emotional labour is an act of complying with organizationally mandated display rules. It is the deliberate suppression or expression of emotion to meet the goals of an organization. It can also be defined as impression management of service employees. Liu *et al.* (2004) interpreted Emotional labour as the attempt by individual to reduce the discrepancy between felt and displayed emotions. Dijk *et al.* (2011) defined it as the process of managing Emotional exhibition by employees to conform with organizational rules and expectations during interpersonal interactions with customers. According to Dijk and Kirk (2007), Emotional labour is linked with work stress especially in service organizations and has detrimental impact on Organizational outcomes. Kinman *et al.* (2011) contended that Emotional labour is associated with anxiety, depression, memory issues and sleep disorders impeding job satisfaction and performance.

Deep acting and surface acting are the terms used under Emotional labour. Both these terms describe different intentions. When engaged in deep acting, an actor attempts to modify feelings to match the required display rules whereas, in surface acting employees modify their displays without shaping inner feelings (Hochschild, 2003). According to Kim and Chang (2018), employees who undergo surface acting face adverse health outcomes like stress, distress, depression and burnout which in turn leads to poor performance. Johnson and Spector (2007) found that women are better at using deep acting, while men prefer surface acting.

Emotional labour is an invisible yet expected component of job performance (Karabanow, 2000). Humphrey & Ashforth (2000) explored it as an act of complying with organizationally mandated display rules. Emotional labour is management of feelings and be friendly towards the guests so that guest would be satisfied and employees are able to show commitment and loyalty towards the organization (Chu and Murrmann, 2006). According to Sharma *et al.* (2015), it is found to be central to the

interactive service jobs and can be a critical determinant in customer experience and overall effectiveness of service delivery. Emotional labour creates a feeling of distancing and unfriendliness, intentions to quit and increases employee turnover by undermining workers' mental wellbeing (Kinman et al., 2011).

Grandey applied Emotional regulation theory to the concept of Emotional labour and concluded it as a process of management of psychological arousal and cognitive appraisal in order to comply with display rules at work and to express organizationally desired emotions. Morris & Feldman (1996) conceptualize Emotional labour in terms of four distinct dimensions; 1) the frequency of appropriate display 2) attentiveness to required display rules 3) variety of emotions required to be displayed 4) the Emotional dissonance generated as a result of having to express organizationally desired emotions that are not genuinely felt. Corrigall (2009) explored that surface acting is related to negative work outcomes while Emotional enhancement is related to positive work outcomes in job satisfaction. Goodwin *et al.* (2011) explored the relationship between surface acting, deep acting and organizational outcomes, i.e. employees overall job performance and turnover and found that surface acting is directly related to employee turnover and Emotional exhaustion. According to Chu (2015), there is a positive correlation between Emotional management (suppression or display) with depersonalization and Emotional exhaustion.

The term Emotional labour is appropriate only when emotion work is exchanged for something such as wage or some other type of valued compensation. Grandey (2000) compared two perspectives of Emotional labour as predictors of burnout beyond the effects of negative affectivity: job-focused Emotional labour and employee focused Emotional labour. Zapf (2002) while distinguishing surface acting and deep acting pointed out that emotion work has both positive and negative effects on health. Lazanyi (2010) contended that if Emotional labour is not given consideration either by employer or employees then numerous opportunities of making job performance easier may be lost.

Rappaport *et al.* (2003) explored how aging workforce raises new talent management issues for employers. Kanfer *et al.* (2008) examined data from 4,538 federal tax employees working in 222 natural work unit groups and found the influence of age and gender composition on group performance and self reported health disorders. They found age diversity was unrelated or even negatively related to group performance and had a negative correlation with health disorders for groups engaged in processing routine tax declarations. Similarly, gender diversity was associated with

higher team performance and a more positive health status, in particular if these teams were large.

Wilkinson *et al.* (2008) highlighted some of the principal issues and debates surrounding age discrimination at the workplace. The first issue explored the underlying *causes* and *consequences* of age discrimination at the workplace from one or other theoretical tradition. The second encompassed empirical studies which document the *nature* and *extent* of age discrimination, based on the use of official statistics, and/or firm-level survey evidence. The third explored the *effects* of various governmental initiatives to reduce the incidence of age discrimination and policy options in this area. Chu *et al.* (2011) tested the effect of age diversity on firm performance among international firms of western societies and eastern societies. This study found a significant and positive effect of age diversity and a significant interactive effect between age diversity and firm strategy on profitability. They also found a significant relationship between age diversity and firm profitability for firms from Western societies, but not for firms from East Asian societies.

Tarak (2012) determined the impact of age and education on the level of satisfaction and motivation among employees. He found older employees have reduced motivated need for career progress and training opportunities as compared to younger employees. Bruscha and Busch (2013) explored the level of motivation and work ability of blue collar older workers in Germany. They analyzed the German Labour market and derive a typology of older workers within the subgroup of blue-collar workers. The typology uses the level of motivation and work ability (low, medium and high) for clustering proxy. The older age group is too heterogeneous, and therefore the factor age is not a good proxy. With the help of the study, it is possible to identify, classify and enhance the motivation of workers at the end of their career. International Business Times (2013) article portrayed that people suffering from depression look physically older than their actual age. Gbadamosi *et al.* (2014) investigated the conflict resolution styles and determined the effects of age, nationality and gender on how students respond to conflicts. Male students are more likely to avoid conflicts. The older students were discovered to use more avoiding strategies, while younger students were more likely to be competitive in nature.

Hitka and Balazova (2015) contended that age, education and seniority has an impact on motivation of employees. Parsons (2015) determined the impact of age on innovation and develop a model of individual innovation. In this model, the age of the employee becomes an important independent variable with negative elements associated

with both the cost and benefit the employee will receive from their innovation efforts. However, age will be positively associated with an employee's ability to implement and capitalize on their innovation. Bande *et al.* (2015) explored the impact of worker's age on the consequences of occupational injuries and found that the probability of suffering a severe or fatal accident, as well as the duration of the sick leave, increases with the worker's age. Beusaert and Segers (2016) investigated the relationship between age and employability and found that future time perspective and goal orientation is strongly related to employability.

Ermasova *et al.* (2017) analyzed the impact of education, diversity, professional development and age on personal business ethics of business students in Russia. They found significant difference on ethical behavior and diversity in professional development. Professional development focusing on diversity was positively related to reports of ethical behavior for women but no significant relationship was observed for men. Furthermore, professional development focusing on ethics was positively related to reports of ethical behavior for younger employees but no significant relationship was observed for older employees.

Rationale of the study

Support, healthy rapport, empathy and nurturing attitude, in other words, "mom" behaviors are expected from women professionals. Women are also paid less because of the assumption that care is a natural activity that neither deserves nor requires remuneration (England and Folbre 1999). Caring attitude is optional for men while it is obligatory job requirement for women. They need to be the communicator of the bad news and unpleasant situations yet be able to put up a façade of unwavering being. This constant on and off amongst varied job requirements demands them managing their emotions accordingly and constantly. Society always expects more from women. Women as professionals have to manage their professional life with their personal life. As professionals they have to play several conflicting roles which are likely to be highly draining and stressful. It is believed that when there is good fit between individual characteristics and job demands, individual is likely to experience more emotional harmony and less emotional dissonance. It would be worthwhile to empirically investigate women professionals because women have to use more emotional labour than men. Present study is an attempt to have a better understanding of the relationship amongst the variables of age and profession on emotional labour amongst women professionals and determine the areas that need attention.

Objectives

- To study the impact of Age on Emotional labour amongst women Professionals.
- To study the impact of Profession on Emotional labour amongst women Professionals.
- To study the interactive effect of Age and profession on Emotional labour amongst women Professionals.

Method

The Study: It is an exploratory study aimed at to finding the impact of independent variables of age and profession on dependent variable of Emotional labour amongst Women Professionals. The Age has two levels Young Adults (20-35 years) and Middle aged (40-55 years). Profession has three levels; Nurses, Teachers, and Managers.

The Sample: The representative sample is constituted of randomly chosen 70 nurses from private and government hospitals and 70 teachers from government and private schools of Ujjain, Indore and Vapi and 70 Managers from private and public organizations.

Tool for data collection: The data was collected through Self-developed scale. Reliability of the scale was measured with Cronbach's Alpha (.90) and validity of the scale is .92.

Tools for data analysis: ANOVA and z- test were applied to derive the results.

Analysis and Interpretation

In view of the objectives, the following Null Hypotheses were framed:

H_{01} . There is no impact of age on Emotional labour of women professionals.

H_{02} . There is no impact of profession on Emotional labour of women professionals.

H_{03} . There is no interactive effect of age and profession on Emotional labour of women professionals.

Table 1.1: ANOVA Summary

	Sum of Squares	df	Mean Square	F	Sig.
Age	11942.907	1	11942.907	77.516	0.00*
Profession	1065.538	4	266.384	1.327	0.26
Age*Profession	1727.349	4	431.837	2.876	0.02*

Table 1.1 depicts that age has an impact on emotional labour of women professionals as $p < .05$ (0.000) which shows that H_{01} is rejected. Profession has no impact on Emotional labour of women professionals as $p > .05$ which shows that H_{02} is accepted. Age and profession have an interactive effect on Emotional labour of women professionals as $p < .05$ which shows that H_{03} is rejected.

To test the significance of the difference between the means of the cells, the data was further treated with 'z' test with the following null hypotheses:

H_{04} There is no significant difference between Young Adult Women professionals and Middle aged Women professionals.

H_{05} There is no significant difference between Emotional labour of Nurses and Managers.

H_{06} There is no significant difference between Emotional labour of Nurses and Teachers.

H_{07} There is no significant difference between Emotional labour of Managers and Teachers.

H_{08} There is no significant difference between Emotional labour of Young Adult Nurses and Young Adult Managers.

H_{09} There is no significant difference between Emotional labour of Young Adult Nurses and Young Adult Teachers.

H_{010} There is no significant difference between Emotional labour of Young Adult Nurses and Middle aged Nurses.

H_{011} There is no significant difference between Emotional labour of Young Adult Nurses and Middle aged Managers.

H₀₁₂ There is no significant difference between Emotional labour of Young Adult Nurses and Middle aged Teachers.

H₀₁₃ There is no significant difference between Emotional labour of Young Adult Managers and Young Adult Teachers.

H₀₁₄ There is no significant difference between Emotional labour of Young Adult Managers and Middle aged Nurses.

H₀₁₅ There is no significant difference between Emotional labour of Young Adult Managers and Middle aged Managers.

H₀₁₆ There is no significant difference between Emotional labour of Young Adult Managers and Middle aged Teachers.

H₀₁₇ There is no significant difference between Emotional labour of Young Adult Teachers and Middle aged Nurses.

H₀₁₈ There is no significant difference between Emotional labour of Young Adult Teachers and Middle aged Managers.

H₀₁₉ There is no significant difference between Emotional labour of Young Adult Teachers and Middle aged Teachers.

H₀₂₀ There is no significant difference between Emotional labour of Middle aged Nurses and Middle aged Managers.

H₀₂₁ There is no significant difference between Emotional labour of Middle aged nurses and Middle aged Teachers.

H₀₂₂ There is no significant difference between Emotional labour of Middle aged Managers and Middle aged Teachers.

Details of Significant Results

H₀₄ Null hypothesis is rejected .There exists significant difference between Emotional labour of Young Adult women Professionals and Middle aged Women professionals (Z=4.47, p<.05). Young Adult professionals are higher on emotional labour (mean=91) than Middle aged professionals (82.81).

H₀₅ Null hypothesis is rejected . There exists significant difference between Emotional labour of Nurses and Managers ($Z=3.43$, $p<.05$). Nurses are higher on emotional labour (mean=88.79) than Managers (76.64).

H₀₇ Null hypothesis is rejected . There exists significant difference between Emotional labour of Managers and Teachers ($Z=4.53$, $p<.05$). Teachers are higher on emotional labour (mean=92.35) than Managers (76.64).

H₀₁₀ Null hypothesis is rejected . There exists significant difference between Emotional labour of Adult Nurses and Middle aged Nurses ($Z=3.19$, $p<.05$). Young Adult nurses are higher on emotional labour (mean=95.09) than Middle aged Nurses (82.12).

H₀₁₅ Null hypothesis is rejected. There exists significant difference between Emotional labour of Adult Managers and Middle aged Managers ($Z=5.00$, $p<.05$). Young Adult Managers are higher on emotional labour (mean=91.84) than Middle aged Managers (75.82).

H₀₁₇ Null hypothesis is rejected . There exists significant difference between Emotional labour of Adult Teachers and Middle aged Nurses ($Z=2.27$, $p<.05$). Young Adult Teachers are higher on emotional labour (mean=92.63) than Middle aged Nurses (83.08).

H₀₁₈ Null hypothesis is rejected . There exists significant difference between Emotional labour of Adult Teachers and Middle aged Managers ($Z=3.38$, $p<.05$). Young Adult Teachers are higher on emotional labour (mean=92.63) than Middle aged Managers (77.38).

H₀₂₀ Null hypothesis is rejected . There exists significant difference between Emotional labour of Middle aged Nurses and Middle aged Managers ($Z=2.06$, $p<.05$). Middle aged Nurses are higher on emotional labour (mean=83.45) than Middle aged Managers (75.48).

H₀₂₁ Null hypothesis is rejected . There exists significant difference between Emotional labour of Middle aged Nurses and Middle aged Teachers ($Z=3.64$, $p<.05$). Middle aged Teachers are higher on emotional labour (mean=96.2) than Middle aged Nurses (81.94).

H₀₂₂ Null hypothesis is rejected . There exists significant difference between Emotional labour of Middle aged Managers and Middle aged Teachers ($Z=5.64$, $p<.05$). Middle aged Teachers are higher on emotional labour (mean=96.2) than Middle aged Managers (74.51).

Discussion

Results indicate that age has impact on emotional labour. Kruml (2000) showed that older employees manage emotional labour better than younger employees in the same work. With age, individual's emotional regulation skills improve. Moreover, while older employees are good at using deep acting, younger staff tend to use surface acting. John and Gross (2004) suggested that when individuals mature and gain experience in life, they might increasingly learn to make greater use of antecedent-emotion focused strategies. Middle aged women professionals use less emotional labour than young adult women professionals. It posits that middle aged seek to maximize positive and minimize negative emotional experiences. Findings suggest that middle aged professionals may fit well in jobs that require emotional labour and interpersonal interactions. Older employees report higher job satisfaction and better psychological health (Clark, Oswald, & Warr, 1996).

Organization may benefit from the emotional labour tendencies of older service employees because they know how to manage their emotions by using deep acting. Middle aged professionals tend to use more expression of naturally felt emotions in the workplace. This finding is in line with previous studies (Carstensen & Mikels, 2005) who concluded that when individuals get older, they experience and remember relatively more positive emotions. Age may give rise to greater interpersonal experience and regulatory skill, which shapes one's approach to emotional labour.

Results of this paper indicate that amongst all women professions, teachers and nurses exert more emotional labour. Teacher performs three tier responsibilities towards students, parents and school community. They have to exert more emotional labour than other professionals. Zembylas (2005) contended that teachers emotional display rules could be summed up in one sentence; teacher should not express too strong and too weak emotions. Briet *et al.* (2006) determined emotional labour and symptoms of burnout in teachers and contended that they have to be calm and patient towards the students because they are handling students of different classes and of different ages. They are frustrated by performing so many tasks at the same time but cannot show their real emotions. Teachers need not only professional knowledge but also emotional management ability.

According to Frenkel (2008), teacher is not only physical and mental labourer but also emotional labourer. Teachers have to perform so many duties to maintain positive learning environment, monitor and evaluate students, maintain school records, support activities of government and non-governmental organizations. Yilmaz *et al.* (2015)

determined the relationship between teacher's emotional labour and burnout level and found the highest burnout level when they experience emotional exhaustion. Teachers mostly deal with younger generation and have to keep in mind their sensitive minds. This is the reason why emotional labour of teachers is higher than other professionals under study.

Nurses exhibit more Emotional labour because they deal with patients who are undergoing pain and suffering due to one or the other disease. Nurse's basic duty is providing Emotional support to patients (Frisch et al., 1991). Bolton (2001) in a study showed that nurses are able to cope up with emotional demands while still presenting an acceptable face. Loukidou *et al.* (2009) termed nursing as emotional labourer job and stated stereotypes of nursing can be equated with suppression of authentic feelings. Young Adult nurses exert more emotional labour than middle aged nurses, the reason being that adult nurses are less experienced and they have to struggle in managing patients, their medicines, odd duty timings and stress. Nurses are assigned specific task assigned by hospital administration. They cannot show rigidity. Mostly patients are in severe pain and therefore, nurses cannot be strict with them.

Lazanyi (2010) took a sample of 171 health care practitioners and determined negative consequences of emotional labour. Burnout and surface acting had the most negative consequences. Nurses have to hide their repulsion or disgust, in order to carry difficult tasks and at the same time they have to pretend a caring "face". Middle aged professionals develop greater emotion regulation skill and confidence with age that is why emotional labour of middle aged nurses is less than adult nurses. They use deep acting rather than surface acting. Schupbach and Philip (2010) found that deep acting is beneficial as it decreases emotional exhaustion and increases service interaction effectiveness.

Similarly, young adult managers exert more Emotional labour than middle aged managers. The reason is manger performs many responsibilities like planning, goal setting, decision making, problem resolution, monitoring and controlling. All these responsibilities call for experience and emotional regulations in front of customers and subordinates. Adult managers are relatively new to the organization, find it difficult to hide their true feelings and hence experience more emotional labour to show themselves as calm, and composed. However, Doerwald *et al.* (2016) studied that older adults tend to demonstrate an age-related advantage in emotion regulation. They use more adaptive and less maladaptive emotion regulation strategies, resulting in emotional experiences that are more genuine and consistent with how the individual is truly feeling.

Managers deal with machines and subordinates which is a little bit less hectic than teachers who perform three tier responsibilities. Middle aged managers undergo less Emotional labour than middle aged nurses and middle aged teachers. Researches (Brown et al., 2014) found positive correlation between seniority and teachers' deep acting as the teachers who work longer are found to be most favorable to deep acting. Aging workers actively engage in adaptive behavioral strategies to change their job, environment, or roles to sustain their ability to work and maintain high levels of work motivation (Kooji et al., 2008). Middle aged professionals gain more experience and sense of freedom and space at workplace which engages them more in deep acting. Chou *et al.* (2012) has proposed that employees get involved in deep acting with more job autonomy and vice versa which is in line with the present study.

Conclusion

"Display rules" or occupational rules govern a worker's outward expressions. Different professions and jobs use different strategies for management of emotions. Both the new job incumbents and experienced engage in emotional labour, though the length of job tenure does improve capabilities to reduce emotional labour. People become increasingly motivated to maximize the experience of positive emotions and minimize the experience of negative emotions as they age and profession affects emotional labor. Emotional labour is crucial to the performance of interactive services. It is the need of the hour to understand how to operate at the best of the abilities and with utmost effectiveness in a manner as per the expectations of various stakeholders. This demands a constant expense of energy to manage and put efforts in displaying feelings and emotions appropriate to the situation. Professionals do take a lot of pounding on their psyche, which leads to discouraging psychological and professional consequences. The situations further go down a damaging spiral when women professionals resort to inappropriate coping mechanisms.

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Role of Microfinance in the Development of Rural Indian Economy with Special Reference to Champaran District in Bihar

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Abstract

Having merely a bank account for many people may not be a good indicator to judge financial status. The concept of microfinance has, thus, been introduced to achieve the comprehensive objective of financial status. Both national (Indian Bank) and international banks are having partnerships with Microfinance Institutions in order to maximize their returns and also benefit from the relatively low default rate. A sample size of 200 was selected from the East Champaran district. It was found that 16.5 percent of the members had taken loan of Rs.8000-10,000, and more than 77.5 percent of the users had availed loan between Rs.10,000-15,000. Around 76.5 percent of the microfinance users in villages do their investment in groups. It was noticed that after availing microfinance, the respondents had acquired home-appliances, ornaments, motor-vehicles, immovable-property, etc, as assets and this had led to improvement in their social status after the awareness programme.

Keywords: Financial Products, Cross-Subsidization, Self Help Groups, Household Assets

Introduction

In India, the people who are living below poverty line always struggle to fulfil their basic needs like hunger, to cover body with clothes, and shelter to name a few. They are not able to manage the mobilization of resources to develop their enterprises and dwellings. Micro-finance provides financial services to enable the poor to leverage their initiatives, while accelerating the process of generating incomes, assets and economic empowerment. However, esteemed financial institutions avoid serving the needs of low-income families and households headed by women. They are habitually denied access to credit for any purpose. Therefore, the people who are living below

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poverty line are usually dependent on unorganised such as money lenders. The fundamental problem faced by many is that people lack access to credit itself (Kim 1995), but not so much of unaffordable terms of loan. The discrepancy between the mode of operation followed by financial institutions and the economic characteristics and financing needs of low-income households becomes a major problem to reach the poorest of the poor in the society. However, many self-employed households need small loans but lenders prefer dealing with large loans in small numbers to minimize administration costs. In addition to this, bankers always consider that low income households are bad risk with high information monitoring costs on operation.

Therefore, microfinance refers to financial products and services provided to poor and low income clients so as to help them raise their income, thereby improving their standard of living. Sustainability, outreach and impact (Holcombe & Xu, 1997) are the three main characteristics of a successful microfinance. The ability of a program to continue over time, preferably without ongoing subsidies is known as Sustainability. Outreach refers to the number of clients reached and targeting of the poor. The most important term Impact can be defined as the ability of a program to assist poor households and individuals to move out and remain out of poverty, and is the ultimate objective of microfinance provision.

Microfinancing is considered as a tool for socio-economic upliftment. The microfinance is the key factor for reducing poverty and generating self-employment among the poor. Microfinance offers a broad range of financial products and services like life insurance, account in bank, payment services, financial advisory services, micro-leasing, micro-insurance, money-transfer to assist the very or exceptionally poor in expanding or establishing their businesses, non-life insurance products, saving products, credit products, insurance products and remittance products. Therefore, microfinance refers to the financial products and services provided to poor and low income clients so as to help them raise their income, thereby improving their standard of living.

The objective of this paper is to understand whether microfinance awareness programmes have enhanced the lifestyle of the residents of East Champaran district in Bihar.

Review of Literature

The area of microfinance is pleasing and much researchable. In India, the revolution of Microfinance is a powerful tool for poverty assuagement and women empowerment.

The evolution of microfinance and its global applaud is based on the Win-Win proposition for Micro Finance Institutions (MFIs) as well as Client that brings out the missing link of impact assessment in the Indian context, which is a gearup for poverty reduction on account of the influence of new paradigm of Institutional viability under commercial microfinance.

Functioning of microfinance

Mahajan & Nagasri (1999) pointed out that developing market for microfinance came into picture in India but the major challenges include that how market should be converted in a productive way. The people who are living below poverty line should be backed by willingness to pay the price for the financial products and services that they need for credit. MFIs should offer prolonged financial services and attain a stage where high access and sustainability are desirable. There is emerging price sensitive competition from mainstream banks as they are able to mobilize cross-subsidization of their micro-credit operations and charge interest rates below cost. Microfinance brings a real difference in the lives of those served, but microfinance is neither a curative nor a magic bullet against poverty, and it cannot be expected to work for everyone and everywhere.

There have been mixed statistical impacts of microfinance. There isn't any widely acclaimed study strongly showing great impacts, but most of the studies advocate the possibility of good welfare impact. Currently, India's rural poor have very little access to finance from formal sources. Microfinance approaches have tried to fill the gap. It has been found that the growth of SHG Bank Linkage has been particularly outstanding, but outreach remains retiring in terms of the proportion of poor households served. Apart from this, if SHG Bank Linkage is to be scaled-up to desired level to offer mass access to finance for the rural poor, then more attention needs to be paid to the promotion of high quality SHGs which can prolong, and have clear targeting of clients, ensuring that banks linked to SHGs price loans at cost-covering levels. At the same time, microfinance approaches have scope to coexist in Indian economy as vast and varied as diverse.

From private sector microfinance front, a more enabling policy, legal, and regulatory framework needs to acquire greater professionalism, and the government can help them by creating a flexible architecture for microfinance innovations. Morduch & Rutherford (2003) observed that poor households face many constraints in trying to save, invest, and protect their livelihoods. For finding workable solution, financial intermediation plays a crucial role and devotes considerable effort. It was found that

many organisations in unorganised sector offer low-income households convenience and flexibility unmatched by formal intermediaries.

The aim of microfinance revolution is the endeavour to match the convenience and flexibility of the informal sector, while adding reliability and promise of continuity. It has been found that some countries have already implemented it on a significant scale. Reaching poor people on a monolith scale with popular products on a continuous basis involves rethinking about basic assumptions along the way. Self Help Groups (SHGs) are emerging as major agents of development and empowerment of weaker sections in the third world. In all the parts of the country, SHGs are organised by government and non-government organisations by providing revolving fund, organisational base and training credit.

Impact of financial products on the lives of Poor

Uotila (2005) measured the quality of life of microfinance users based on various factors like drinking water quality, cooking fuel used, toilet facilities and quality of education for their children. The study measured quality of life of the client households by referring to the following indicators: owner occupied house, availability of electrical household products, agricultural land ownership, perception about nutritional quality and voluntary savings habit. The study selected the variables to measure the impact of AIM's microfinance (Alternative Investment Market) schemes on poor rural households quality of life - size of the house, number of storeys, number of rooms, structural condition, materials used in walls, roof and floor; sources of drinking water, cooking fuel, toilet facilities and sources of light.

Rahman, Rafiq & Momen (2009) observed that several microfinance institutions operating in Bangladesh for the last few decades are working on empowerment, reduction of poverty and improvement in living standard of the poor in Bangladesh. They are not providing service only, but are also trying to educate their customers about microfinance. There is a significant impact of microfinance activities on the improvement of living standard of the families in economic as well as social terms.

Deininger and Liu (2009) reported that there is slight improvement in the consumption and nutritional status of the poor with the help of Community Driven Development (CDD), even in the absence of measurable impact on income and asset accumulation. Dynamic engagement in microfinance programs plays a crucial role to scale up the potential in a holistic manner such as to generate income, acquire fixed assets, increase expenses on food, medical facilities and education of children. Bruhn and Love (2009)

noticed a rise in the income by about 7% on an average in informal business and employment.

Impact of microfinance on the poorest of poor

Kumar, Bohra & Johari (2010) believed that the tool to overcome poverty in India is micro finance. The annual growth rate was recorded at about 20% which should continue to control poverty. There is no other alternative better than microfinance to fight against poverty. It helps to create self employment opportunities among the people to reduce poverty and unemployment. Microfinance has led to increase in the income levels of participants (Gurung et al., 1997; Liu & Zhang, 1997; Yan, 1997). A study done by Holcombe and Xu (1997) found that women being part of small entrepreneurs support to increase income level. The small enterprises like poultry farms, stitching of cloth and rug-making operations created employment among them.

According to Augsburg *et al.* (2013), Banerjee *et al.* (2013), Angelucci, Karlan & Zinman (2013), and Desai, Johnson & Tarozzi (2013), most of the countries and contexts have redefined that access to microcredit has positive impact on investment in self-employed activities. Pitt & Khandker (1996) noted that small loans are offered to the poor and the fact that such loans are repaid on timely basis is the proof that poor are empowered through improvement in their income level, because they are able to repay their loan amount. According to Cohen & Sebstad (1999) and Makina & Malobola (2004), financial performance can measure change in people's lives as indebted clients, which may not always be true, because some of them may repay their loans even after failure of their businesses.

Role of microfinance to accumulate household assets of the poor

"Muhammud Yunus" founder of Grameen Bank has been of the view that microfinance helps the society to reduce poverty by offering various types of products and services which result in more income, more credit, and more investment. Most of the studies found that evidence of increased income level is reflected in terms of accumulation of assets such as savings level and various levels of expenditure. A study conducted in Bangladesh about effectiveness found that successive loans led to build-up of assets over short span of time, and that the structure of assets tends to favour dynamic assets, referring to an emphasis among borrowers on securing income (Montgomery, 2005).

In contrast to previous studies, Coleman (1999) found that there will not be any significant impact of access to microcredit on improving household wealth using a

sample of households from north eastern Thailand. However, when the sample was broken down into general beneficiaries and committee members, Coleman (2006) found that the insignificance was limited to general beneficiaries and that a positive impact was found among committee members who received access to financing. Estimates in Montgomery (2005) using data from Pakistan found a mild significant impact on per capita food expenditure in the months after the beneficiary first borrowed. From this review of literature, it is derived that there is no research work available on the role of microfinance in the development of rural area of east Champaran district in Bihar with special reference to the concerns, such as:

1. Understanding the functioning of microfinance in rural area of Champaran district in Bihar.
2. Identification of financial products and their impact.
3. Impact of microfinance on the poorest of poor in predominantly increasing their income level.
4. Role of microfinance in accumulating the household assets.
5. Providing optimum suggestions for better implementation of microfinance to operate in rural areas.

Research Method

The primary objective of this study was to find out the effectiveness of Microfinance in the development of rural areas of Champaran district. Descriptive research technique was used to describe the characteristics of a particular individual or of the group. Primary data was collected through telephonic interviews and secondary data was collected from published research papers, internet and books. The list of selected villages is as follows:

- | | |
|--------------|-------------|
| 1. Kalyanpur | 6. Sugauli |
| 2. Chakia | 7. Madhuban |
| 3. Areraj | 8. Patahi |
| 4. Paharpur | 9. Raxaul |
| 5. Motihari | 10. Dhaka |

Sampling

In the present study, two tier system was employed to collect the data: firstly, the selection of villages in the East Champaran district was made; secondly, the selection

of Microfinance users was done. The survey was conducted on the sample of 200 Microfinance users by adopting the sampling techniques of stratified sampling as well as judgement sampling. Data was collected through cold calling to individual customers with the help of a questionnaire that was prepared to understand the problems of customers.

Scope of the Study

The present work was undertaken for the analysis of microfinance users of east Champaran district in Bihar. Champaran, a relatively backward district of Bihar, was selected to understand the effectiveness of microfinance on demographic, economic status, and employment rate of the male and female borrowers. For better understanding of the impact, various terminologies were used to describe the data like employment rate, income level, saving, assets acquired, education level, and group formation.

Results

The village areas were selected on the basis of users of microfinance from the list of villages declared by East Champaran Planning Commission. 20 respondents were taken from each village.

Demographic outline of the Respondents: With the help of a well-designed questionnaire, 200 microfinance users were selected from the East Champaran district.

Gender Analysis: Out of 200 respondents of microfinance users in East Champaran district, it was found that 134 microfinance users (67%) were females and only 66 respondents (33%) percent were males. Thus, the microfinance institutions are encouraging female members of the rural areas to become beneficiaries.

Marital Status: From the 200 respondents of microfinance users in the village areas of East Champaran district, it was found that 172 respondents (86%) were married. The rest of 28 respondents (14%) were single, i.e., unmarried, divorcee, widows or widowers. Out of these 14 percent respondents, a few were in live-in relationships and some of them had immoral relations.

Age group of Respondents: The sample of the study fell in the age group of 18-60 years with a break-up of 92 respondents (46%) in the age group of 26-35 years, 114 respondents (57%) in the age group of 18-35 years, and 60 respondents (30%) in the

age group of 36-45 years. Further, there were 174 respondents (87%) in the age group of 18-45 years, and 26 respondents (13%) in the age group of 46-60 years.

Type of House: As far as the types of houses of respondents are concerned, it was found that microfinance users in rural areas had kucha, pukka and hut houses. The break-up of the sample being that 35 microfinance users (17.5%) had kucha houses, 14 respondents (7.0%) had pukka houses, and 119 respondents (59.5%) had huts. It was also found that 32 microfinance users (16%) were not having their own house. They lived in rented houses.

Level of Education: It was found that the sample of 200 microfinance users was constituted of 65 respondents (32.5%) who could sign, and 40 respondents (20%) were illiterate. The cumulative frequency of users who could read, write and understand (i.e., who had studied up to 5th, 8th and 12th standard) was 80 respondents.

Occupation of Microfinance users before Availing Microfinance: Before joining micro-finance, 80 respondents (40%) were dependent on agriculture; 36 respondents (18%) were involved in trading business; 29 respondents (14.5%) were service providers as newspaper hawkers; 15 respondents (7.5%) were working in industry as class IV employees (Safai Karmachari); and 40 respondents (20%) were getting employment on daily wage basis.

Current Occupation of the villagers after availing Microfinance: After availing micro-finance, 65 respondents (32.5%) are self-employed; 19 respondents (9.5%) are dependent on agriculture for employment; 50 respondents (25%) are dependent on trading business; 30 respondents (15%) are service providers as newspaper hawkers; only 6 respondents (3%) are working in industry as class IV employees (Safai Karmachari); and 30 respondents (15%) are getting employment on daily wage basis.

Function of Microfinance

Reasons for Availing Microfinance: The reasons behind joining microfinance are diverse, such as easy availability, easy processing of loan, installment facility for loan repayment, low interest rate, availability nearer to residence, and expansion of business. Out of the 200 microfinance users in the village areas of East Champaran District, 45 respondents (22.5%) had joined the microfinance programme to repay the old loans; 113 microfinance beneficiaries (56.5%) had availed microfinance to obtain new loan for generating financial funds to raise their income; 31 beneficiaries (15.5%) had obtained microfinance to get social recognition; and only 11 beneficiaries (5.5%) had joined microfinance programme to acquire economic upgradation.

Source of Information about Microfinance: The analysis shows that 135 respondents (67.5%) had received information about microfinance programme from Self Help Groups; and 30 users (15%) had received information from family members/relatives. As members of microfinance are connected with other villagers also, they want others to be involved and avail the services of microfinance. Therefore, 25 respondents (12.5%) had received information about microfinance from their friend circle, and 10 respondents (5%) had received information from other sources including officers of microfinance institutions or companies.

Duration of Alliance of Microfinance users: The duration of alliance of users with microfinance played a crucial role. The findings of the study showed that minority of microfinance users were associated with microfinance for the period of more than 5 years; 20 respondents (10%) were associated with microfinance institutions for less than 1 year; 30 respondents (15%) were associated with microfinance programme for 1 to 3 years; 70 respondents (35%) obtained membership between 3–5 years; and 80 respondents (40%) were availing the services of microfinance for more than 7 years. This specifies that services of microfinance have increased and are more in demand.

Amount of loan acquired by Microfinance Users: It is evident from the data that 89 members (44.5%) had borrowed the loan amount of Rs.12000 - Rs.15000; 66 members (33%) had borrowed the loan amount of Rs.10000-Rs.12000; 33 members (16.5%) had borrowed the loan amount of Rs.8000- Rs.10000; and only 12 members (6%) had acquired the loan of Rs.5000-Rs.8000. Therefore, the maximum amount of loan acquired was Rs.15000 and minimum of Rs.5000.

Installment Facility for Repaying Loan: The microfinance institutions are providing the Installment facility for repaying the loan. The present study revealed that 151 respondents (75.5%) had got the duration of one week to repay the Installments; 32 beneficiaries (16%) had got the duration of 15 days to repay the Installments; and 17 beneficiaries (8.5%) had got the duration of one month to repay the loan Installments.

Loan Outstanding: It was found that 115 borrowers (57.5%) had loan outstanding within Rs.3000; 50 borrowers (25%) had loan outstanding of Rs.3001 to Rs.6000; 10 borrowers (5%) had loan outstanding of Rs.6001 to Rs.9000; and 25 borrowers (12.5 percent) had zero loan outstanding.

Investment Mechanism: As far as investment mechanism of the microfinance users is concerned, it was observed that more people made their investment in groups; 153 microfinance users (76.5%) made investment in groups; 30 users (15%) made their

investment independently. Interestingly, 17 microfinance users (8.5%) did not invest at all, as they were not interested in making any investment in groups or even independently. Most of the users were having expenditure on daily transaction basis.

Size of the Groups of Microfinance Users: It was found that 23 microfinance users (11.5%) were in the groups of 9-12 members; 52 users (26%) were in the groups of 5 to 8 members; 80 users (40%) were in the groups of 2-4 members; and 45 microfinance users (22.5%) did not join any group. Thus, most of the microfinance users preferred the group size of 2-4 members.

Investment Area: In this survey, it was found that 60 microfinance users (30%) invested their borrowings in business; 54 users (27%) invested their borrowings from microfinance in self-employment schemes; 34 users (17%) invested their borrowings in retail shops; 32 microfinance users (16%) invested their funds in production process; 14 users (7%) invested their borrowings in domestic animals; and only 6 users (3%) of the microfinance invested in the category named others. Thus, investment dominated in business and self-employment schemes.

Parts of Reinvestment: The present survey revealed that 67 microfinance users (33.5%) reinvest in raw materials; 42 users (21%) reinvest their borrowings in the purchase of machines; 38 users (19%) reinvest their funds in acquiring business assets; 32 microfinance users (16%) reinvest money in retail shops; 13 users (6.5%) reinvest their borrowings in domestic animals; and only 8 microfinance users (4%) reinvest in the category named others.

Unproductive Use of Microfinance: It is evident from the data that 68 respondents (34%) made unproductive use of their borrowings, whereas 132 respondents (66%) made productive use of the money.

Dependency on Private Money Lenders: As far as dependency on private money lenders is concerned, 170 microfinance users (85%) in the village areas of East Champaran district said that dependency on private money lenders had reduced; 30 respondents (15%) said that dependency on private money lenders had not reduced, or they had no idea and did not get in touch with the private money lenders. Thus, respondents were largely dependent on microfinance and not on other sources of loan.

Economics of microfinance users

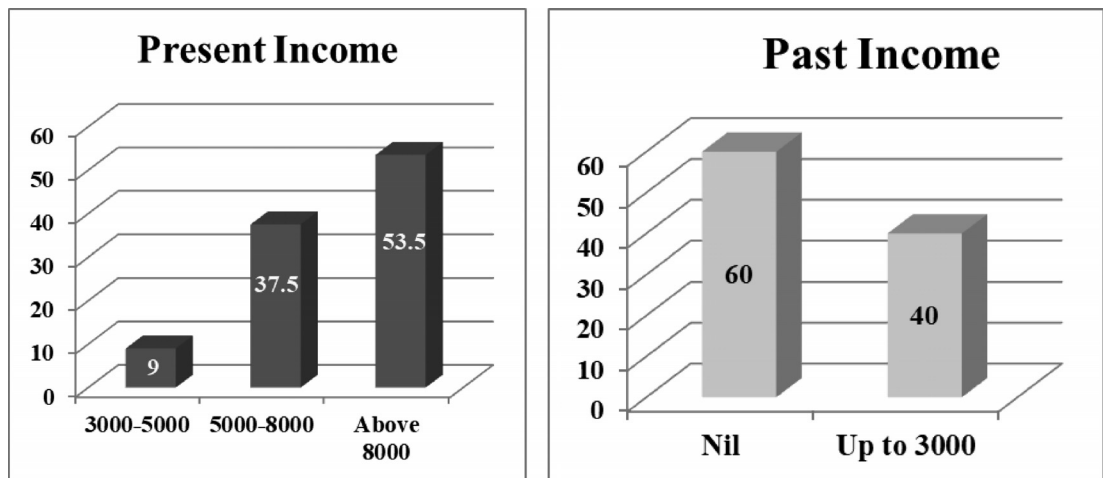
Income of the Microfinance users: After joining microfinance programme, maximum number of respondents (53.5%) earn more than Rs. 8000, followed by 37.5 percent

respondents who earn in the range of Rs.5000-8000, whereas minimum number of respondents (9%) earn between Rs.3000-5000 per month. The economic status of microfinance users is depicted by their earning capacity. On the other hand, before availing microfinance, out of the sample of 200 respondents, 40 percent were earning up to Rs.3000 (past income). The others were earning insignificantly (Table 1, Figure 1).

Table 1: Income Level

Present Monthly Income		Frequency	Percent	Cumulative Percent
Valid	3000-5000	18	9.0	9.0
	5000-8000	75	37.5	46.5
	Above 8000	107	53.5	100.0
	Total	200	100.0	
Past Monthly Income		Frequency	Percent	Cumulative Percent
Valid	Nil	120	60.0	60.0
	Up to 3000	80	40.0	100.0
	Total	200	100.0	

Figure 1: Income Level



Therefore, in the village areas of Champaran district, the microfinance has helped the users to raise their income level.

Monthly Expenditure after Joining Microfinance: The Table No-23 throws light on After joining microfinance, the monthly expenditure of 140 respondents (70%) was in the range of Rs.3000-5000, followed by 38 respondents (19%) whose family monthly expenditure was in the range of Rs.5000-8000; the monthly expenditure of 22 respondents (11%) was upto Rs.3000.

Monthly Saving After Joining Microfinance: Before joining microfinance, the villagers of Champaran district were not saving any money for future needs. They were earning only hand to mouth. But after joining microfinance, 103 respondents (51.5%) out of the sample of 200 users were able to save up to Rs. 3000 per month. The remaining 97 users (48.5%) are not able to save money even now.

Assets Acquired after joining Microfinance: Assets are mainly regarded as capital to raise financial position, which has impact on future. Out of 200 respondents, 64 users (32%) had purchased motor vehicles; 56 respondents (28%) had acquired home appliances; 52 users (26%) had acquired ornaments; 15 respondents (7.5%) had acquired immovable property; 10 users (5%) had acquired other items such as the items for their business purpose; and only 3 users (1.5%) had not acquired any assets.

Barriers in Acquiring Microfinance: There are many hurdles in taking loan from microfinance institutions. As per present survey, 12 microfinance users (6%) said that documentation process is very tedious; 44 users (22%) said that there is non-availability of large amount of funds in the microfinance institutions; 51 respondents (25.5%) reported that institutions delay the process; 42 users (21%) stated that microfinance institutions are charging very high interest rate; 24 users (12%) were against higher margin; and 13 respondents (6.5%) mentioned other barriers. Interestingly, 14 respondents (7%) did not perceive any barrier in acquiring loan from microfinance institutions.

Problems associated with Microfinance: The present survey revealed that there are many other problems associated with Microfinance; 3 respondents (1.5%) said that they face credit related problems; 19 users (9.5%) reported that they have saving related problems; 76 users (38%) mentioned repayment related problems; 77 respondents (38.5%) had interest rate related problems; and 25 microfinance users (12.5%) reported instalment related problems.

Conclusion

Before availing microfinance, the villegers were engaged in agriculture, trading business, providing services, industry and daily wages labour. But after joining microfinance, they are engaged in self-employment, agriculture, trading business, providing services, industry and daily wages labour. The range of loan amount varied from Rs.5000 to Rs.15000. It is concluded that 16.5 percent of the members have taken loan of Rs.8000-10,000, and 77.5 percent of the users have availed loan between Rs.10,000-15,000. Apart from this, it was also noticed that 75.5 percent of the respondents agree with weekly instalment facility. Most of the microfinance users are defaulters of loan repayments. It was found that 87.5 percent of the users are having loan outstanding with microfinance institutions. Further, 76.5 percent of the microfinance users in villegers do their investment in groups. Only 15 percent users do their investment independently.

The investment areas are identified as self-employment, business, retail shop, production process, domestic animals and others. It is also concluded that there is recurrence of loans (borrowing) by the borrowers. The parts of their investment are on machine, raw materials, business assets, retail shops, domestic animals and others. It was noticed that 34 percent of the borrowers have used the microfinance for unproductive purposes. The dependency on private money lenders has been drastically decreased and only 15 percent of the respondents depended on private money lenders. The barriers in availing microfinance in the village areas of Champaran district are like documentation process (6%), non-availability of large amount (22%), delay in process (25.5%), high interest rate (21%), requirement of higher margin and others (12%). Besides this, the problems related to microfinance are identified as credit related (1.25%), saving related (9.5%), repayment related (38%), interest rate (38.5%), instalment and others (12.5%).

In the past, before availing microfinance, out of 200 respondents, 80 respondents (40 percent) were earning up to Rs.3000 which reflects that 60 percent people earned very small amount per month. After availing microfinance, most of the members are earning more than Rs.3000 per month. After availing microfinance, 53.5 percent of the users are earning more than Rs.8000 per month which reflects that there is upgradaton in their income level. There is a variation in their expenditures. Most of the respondents (70 percent) proclaimed that their monthly family expenditure was in the range of Rs.3000 to Rs.5000. On the other hand, 19 percent respondents stated that their monthly expenditure is in the range of Rs.5000 to Rs.8000. It is important to note here that after availing microfinance, the respondents had acquired the assets like home appliances,

ornaments, motor vehicles, immovable property, etc. It is also concluded that the economic upgradation of microfinance users in the villages of East Champaran district has improved.

Microfinance enables the poor users to raise their income and improve their standard of living and quality of life. It is very effectively operating in the rural areas of Champaran District. Thus, from the analysis of data, it is concluded that microfinance is fulfilling its aims and objectives in Champaran District. The contribution in terms of loan amount and formation of self-help groups have shown significant impact in increasing their income level and acquiring household assets. It is also concluded that Microfinance is reaching a few of the poorest of the poor in the village areas and it is predominantly increasing the income of the poor and improving their economic status.

Implications

This paper has an impact on industry and academia and specially in the development of financial and economic policy of a geographic region. The points below provide the necessary guidelines based on this research for the development of a robust microfinance policy.

1. The microfinance sector does not need more regulation, it needs smarter regulation. In the present study, it is found that documentation process, regulation and interest rates are actually driving microfinance institutions away from the poor. Microfinance Institutions need to respond to the fact that the poorest need smaller loans which become more expensive in village areas.
2. The products such as live stock insurance, bank accounts, micro insurance, financial advisory services, credit products and remittance should be reconsidered for significant impact on the lives of the villagers.
3. The functioning of microfinance in terms of loan amount, instalment duration, investment frequency and reinvestment mechanism, non-payment of instalments on time, funds spent, unproductive use of borrowings, loan outstanding and investment process should be given extra attention by the microfinance sector. The sector should impart financial literacy to ensure client protection.
4. Microfinance must be part of a broader strategy, i.e., it cannot operate in vacuum; It supports eliminating poverty but it will never be achievable up to the desired level. There has to be an appropriate macro and microeconomic framework to support pro-poor growth. The keenness of microfinance institutions should not be to crowd out investments in other sectors. There is a strong contention about

whether to support small and medium-sized enterprises for which microfinance institutions have no demonstrated comparative advantage.

5. Microfinance companies must be more transparent. It is very essential to be completely transparent in terms of interest rates, fee structure and interest paid on savings accounts.
6. Proper training should be given to the microfinance users to enhance the quality of production and quick supply.

Limitations & scope of work

Firstly, the paper focuses on the microfinance users only in the Champaran district in Bihar, India. In view of COVID-19 pandemic, the study was restricted to the villages of East Champaran district only. Thus, generalization across other districts is limited. Secondly, in-depth interviews were conducted through telephonic mode only to collect primary data. Some of the respondents were illiterate and their responses could not be properly comprehended due to communication issues. The future scope of work lies for researchers to study other districts of Bihar and identify the similarities and dissimilarities in comparison to this research. The researchers may also work in terms of conducting a comparative study of Champaran and other districts across relevant geographical regions in terms of the effectiveness of microfinance in rural areas.

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Case Study 01

Digital Saga of Mailers*

John Mark, CEO of Max Photo Scanning Company that has been providing high quality, professional scanning and digital conversion services to commercial and municipal clients, was worried about the declining numbers on his company website. Max Photo Scanning Company handled sensitive and confidential materials daily and ensured complete safety of the client's media by performing their work at a secure, state of the art facility in New Jersey, United States. It had a good website with engaging content that would help their website visitors know more about its business and premium services. The efforts of the company didn't help them. One-day John Mark called David, the marketing manager and Richard, the finance manager for a meeting to discuss what could be done to increase the website visits and also have their website ranked in the search engines above their competitors. It was agreed in the meeting that they would increase their marketing budget and more money should be devoted to digital marketing to get professional services. David then approached Mailers for their professional services in digital marketing and it led to an increase in their website visits and organic leads.

Background of Mailers

Jayant Miglani and Vipul Doshi founded Credence in August 2012 in Jaipur, India. They began their journey with a strong technical and management background and an open field to explore in the B2B industry. Miglani was the founder of the company and chief executive officer (CEO) and Vipul Doshi was its co-founder. They believed that it would be the definite path to progress in future and were clear about the ample digital opportunities in the market. With this hope, the company continued its journey and expanded the services under different independent technological companies namely JetMail (January, 2013), SuperDigi (August, 2013) and Webstrix

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(October, 2013). It also expanded its presence across geographical locations like the United States, United Kingdom and Australia.

In October 2019, Mailers was formed as a result of the merger between the three independent and successful marketing and technology companies JetMail, SuperDigi and Webstrix. With this merger, Mailers became one of the global outsourcing agencies in the industry, which empowered businesses across the globe to build a better digital ecosystem. Miglani was the Chief Executive Officer (CEO) of Mailers, Mridul Shah was the Chief Operating Officer (COO) and Vipul Doshi was the Senior Vice President-Business Growth. Other Key executives included Satish Kumar (VP-Digital Operations), Bimal Das (VP-Technical Operations) and Mike Oslow (VP-Client Success).

The services provided by Mailers are broadly categorised into web development, digital marketing and design. Mailers also provides dedicated high-performing teams for the clients for web development, digital marketing, and marketing automation. Mailers had a global client base of more than 7,000 and leading digital agencies - Ogilvy, Disney, Amazon were among them. More than 500 individuals joined as professionals in the company. Its presence had been expanded to more than 52 nations in the world.

Business Journey

Digital marketing has become the norm of the day and every other company utilizes some form of digital services for their operations. Mailers had entered the digital marketing bandwagon in 2012. A simple business idea of analyzing buyers' metrics and sending emails had become a highly profitable business. Earlier, Ecommerce firms used to buy services from affiliate networks in order to maintain their digital business in terms of marketing campaigns and other services. Mailers acted as a service provider to these e-commerce firms via the foreign agencies – they carried out the projects outsourced to them by these foreign agencies whose customers were also mostly foreign (US, EU) e-commerce firms.

The email, web and digital services provided by Mailers were quite niche and unique. They started with an increase in revenue in 2012-13 of around 25 percent. The company started its journey by entering an uncontested market space, namely customised email services named JetMail in 2013. This year saw an increase in revenue of 35 percent by virtue of JetMail's game-changing services. The business attracted a large clientele who were ecstatic about the services. The other two businesses - SuperDigi and Webstrix - were started in late 2013, thus making the company a one-stop provider for

all digital solutions. With the loyal customer base, it was possible for the company to cross-sell its services and build the business.

Currently, both web and digital domains contribute 35% each to their total revenues while email services account for the remaining 30%. The recent merger of the three brands aligned the strengths of each brand to provide enhanced support to the clients. For the last 2 years, revenues grew by 15-20% and the business has been built so robust and sustainable that the recent Covid pandemic did not affect their revenues drastically except the initial setback in the months of March and April 2020.

From the starting itself, the company was very clear about its target-market and preferred only foreign clients as it assured them of better revenue generation, easier task schedules and predictable demand. Both digital and web development work on the onshore-offshore business model. That is, they hire an onshore (foreign-based) strategist who creates business strategy for the onshore client. Then that strategy is executed offshore (i.e., in India) by the execution team.

As highlighted earlier, their main focus is on client retention. The client usually enters through using a specific service of Mailers but ends up using all the three services (email/web/digital) at some point of time through cross-selling. This has been one definite way of expanding business for them. As rapid scaling is not possible with the conventional hire and train model, they have developed the crowd sourcing platform to better meet the demands of the clients through both in-house and outside (crowd-sourced) talent. The bottom line is strategically analyzing the clients' persona and needs that evolve over a period of time and to satisfy them with compelling services based on new technologies.

Business Strategy

1. Foreign Clients

Mailers deals with International Clients only. They have offices in the USA, Australia and Netherlands. Dealing with foreign clients is a part of their business strategy. Better margins, quick settlement of payments, earnings in foreign currency and ease of dealing have been touted as the main reasons. This strategy was a result of the experience of Vipul Doshi in dealing with Indian companies in his previous job. Multiple reworking, busy work, payment difficulties, constant enquiries about the project status and impatient attitude of Indian firms convinced the management to stick to Foreign Clients.

Besides this, foreign companies also prefer to outsource their work to Indian companies due to numerous reasons such as:

- a) Cost-effectiveness - Indian companies offer cheaper services and flexibility as compared to the American or EU based service providers.
- b) Skill-Gaps in the US - They do not have a large workforce of readily available, trained coders and analysts to be put on job immediately.
- c) Flexible infrastructure – India already has a trained workforce in IT and ITES Sector. It is easier for Indian companies to dynamically scale the workforce according to the requirements of foreign clients.

But dealing with foreign clients also has its downsides. The challenges faced by the company on this front are mainly due to cultural and behavior differences.

- a) 'Why of a Task': During briefs of clients about their expectations, 'Why of a Task' used to be missed. Rather, the focus is more on 'What of a Task'. Asking lesser questions in such meetings led to imprecise understanding of the clients' requirements and ultimately, their expectations. Also, knowing the "why" of a task might help the employee and thus Mailers to come up with a way of handling or doing the same task in a more efficient way.
- b) Behavioral Differences: Differences in culture and work ethics also contributed to some disruptions. There is a tendency to be relaxed about deadlines and the belief that 'if it's broken, someone'll get in touch and we can fix this later'. These are not conducive to building customer confidence and create perceptions that are difficult to overcome.
- c) Inability to say 'NO' is another issue: This is especially true of Oriental cultures, where saying NO to something can be construed in a negative light. Thus, refusing the requirement outright might not be possible, even if it is evident that the requirement is not workable.

Although the staff has been trained to overcome these challenges and it has borne some fruit, there is a long way to go in resolving these differences.

2. Business Development

Sourcing the Clients is a well-coordinated effort spread amongst three teams.

- a) Data Research Team: They look for potential clients and run outbound campaigns to ignite their interest in services offered by Mailers.

- b) Lead Generation Team: Details of companies showing interest in their services is passed on to the lead generation team who send out details of their services through mailers and video montages. Earlier, the team used mass-mailing and mass phone-calling as a marketing strategy to target clients. Now, they have changed this strategy as it brings down the brand-value and people in general don't like any unsolicited marketing. So they seek permission and build some rapport with the client before calling or mailing them for the first time. In fact, now they call or mail clients directly to a very limited extent. Instead they use tools like Hubspot for marketing their services to potential clients.
- c) Sales Team: Leads are then directed to the Sales team who close the deal after negotiating all terms and conditions with the clients. During negotiations, the company has observed that it is often better to have a project manager on the other side of the table instead of the owner. The owner is usually too emotionally involved in the project and can have unrealistic expectations about discounts and timelines. Having a project manager or other specialist on the other side also provides clues about the size of the company.

Recruitment for these teams is done according to the job profile and the skill set required for the same. For instance, for the Data Research team, a diligent and careful person is hired who can work on the same mundane task repeatedly without getting frustrated whereas for the sales team, a dynamic person with excellent bargaining and negotiating skills is recruited.

3. Innovation

Earlier, Mailers used to carry out the activities of providing IT services manually on the basis of google analytics. Manual calculations were done. Reviews from page searched to drop-out page was one such method of understanding customer demands. Entire journey of customer surfing was traced. When the customer opted for purchase then a team started its work for understanding the buying behavior of that customer. If the customer added products to the cart, then the e-commerce company rushed to get their attention. And, the same products would be marketed through email. This was done to provide ease-to-buy to the customers and at the same time create urgency with schemes such as limited stock, clearance sales and discount offers.

However simple the task seemed, Mailers faced problems in customizing and marketing emails according to the needs of the specific market segments. Vipul and Jayant realised that if they find it challenging even with their technical expertise, then

definitely the e-commerce businesses which are not tech-savvy must find it more difficult.

JetMail: They turned this issue into a business opportunity by inventing the game changing email marketing service called JetMail.

JetMail is an email service providing platform. It provides ready-made templates as well as customized emails for clients. It gave the customers an option to shoot emails through Mailers as per their specific needs that too within 72 hours. It provided a suite of services to the e-commerce firms – creating email templates, conceptualising, coding, designing and then uploading using ESPs (email service providers) - through a platform that simplified their technical task.

They segmented the customers on the basis of demographic factors. Then each customer was sent the email according to his/her segment. They also focussed on the suitable time when the customer would be free and actually check the email. This raised the probability of customers taking note of it and responding favorably. Mailers evolved its marketing technique by sending marketing videos instead of text messages to keep pace with changing customer behavior and preferences.

It helped Mailers expand the business of their clients online, helping them create new relationships and transactions with their customers. JetMail also extended Mailers's clientele at a rapid scale and increased their business by more than 500% in 8 years. During the initial period, Mailers was the sole service provider for email-marketing in the market so they got quick response and acceptance with the help of heavy marketing campaigns, references of the existing clientele and word-of-mouth.

With 150+ email experts creating 3000+ templates each month, emails were designed, coded and delivered. Email Monks specialized in 50+ ESPs (email service providers) and had certified 'gurus' in Mailchimp, Salesforce and Marketo. Overall, more than 5000 clients have used services on JetMail with around 2000 current users.

A step ahead: The company moved into the domain of email automation for their clients who wanted to understand the entire customer life-cycle. In a way, Mailers planned the phases of product development according to market requirement. Initially, they started with simple Email Coding, then moved onto Email campaign management and finally Email Automation (in developing stage).

4. Sustenance of Crisis

The COVID-19 outbreak has been very secular in its impact – the high and the mighty have been hit as hard as everyone else. The strength of a country's economy, its international stature, the might of its army, one's own economic standing, the size of one's mansion – nothing mattered; nothing and no one has been left untouched by this blight. Indian Economy has also been hit hard generally, but some sectors have been hit harder than others. Mailers too was impacted by this Public Health Emergency and its ensuing economic effects. But they responded swiftly and according to the market situation. They turned this set back into 'Business Opportunity' and by the third month into the pandemic, they were back on their feet.

- a) **Strategic Response:** Head Honchos decided to focus on the sectors that were unaffected by Covid-19. After deliberations, they told their sales department not to focus on sectors like Hospitality and Automobiles. Instead they shifted their energies to sectors which thrived on digital platforms like Online Education, Gaming and Entertainment Industry and E-Commerce Business. Their strategy brought results and by the month of July, the business was back to the previous levels and a month later started flourishing.
- b) **Dealing with Employees:** Before pandemic, all employees used to work from the office and the data was stored on their desktops. At first, the company asked its employees to take their desktops home. But, this plan did not bring desired results due to logistic issues and the fact that many employees had gone to their native places. This was especially true of employees who were staying as Paying Guests and were asked to vacate by the PG owners. The management then decided to hire laptops to facilitate 'Work from Home'. Later, they also bought 500 new laptops along with paid internet support and gave it to the employees.

Moreover, they incentivized employees' efforts to generate new business during pandemic. Their efforts were showcased and widely recognized by the management. This strategy brought excellent results.

- c) **Dealing with Clients:** Mailers were flexible and understanding when their regular clients approached them for revision in prices due to financial pressures. This far-sighted approach of focusing on building credible relationships with clients helped them in not only retaining customers but also adding clientele by 15%.

5. Future Outlook:

In 2019, the company developed a crowd-sourcing platform which will cater to the growing demands of their clients as well as attract more clients. The platform will facilitate exchange between buyers and sellers of different digital services. Here, the seller of services will be individual persons who may or may not be employees of Mailers. While, the buyer will be agencies or companies looking out to outsource such services. So, they have found crowd-sourcing of talent as an alternative and better way of rapidly scaling up which is not possible with the conventional model of hiring and training people.

This platform would help the company realize its main goal of client retention at all cost and at the same time expand further. In terms of expanding the business, the company is not keen on acquiring competitors or strategic players in the market. Rather, it wants to develop tools and platforms on its own and then extend these services strategically. For building in-house competitiveness and promoting innovation, it plans to incentivise its employees for knowledge-sharing and query-solving starting from the crowd-sourcing platform. Also, it plans to enlarge the size of a (currently) small team which proactively looks for frontier innovation in the field of digital services. Finally, being confident of their future progress, the company plans to go public soon after having launched the ESOPs (employee stock options) quite recently.

Questions for discussants

1. Is the strategy of sticking to foreign clients and overlooking Indian market justified? Suggest a roadmap to explore Indian market.
2. Is their future outlook aligned with the current trend in Digital Marketing Services?
3. Assume yourself to be Vipul Doshi and design a business development plan in Post Covid Scenario.
4. Suggest alternative strategies to deal with the challenges faced by the company due to cultural and behaviour differences.

Teaching Note

Digital Saga of Mailers

1. Synopsis of the case

The case captures the growth story of Mailers from a small startup with 24 employees to a successful venture with a workforce of 600 people. It discusses the unique strategies adopted by the company to strengthen their position in the market. It also talks about the unique challenges faced by the company while dealing with foreign clients. Then, it highlights how they turned a problem faced by them into a business opportunity and came out with a path breaking and game changing email services platform called JetMail. The penultimate section of the case is dedicated to how the company responded to covid 19 and turned it into business opportunity. Last section lists out the future plans of the company.

2. Target group

The case has been designed for use in Digital marketing and Strategic management courses for both undergraduate and graduate management students and business executives. It can be used in a variety of places in the course, specifically, to introduce the growth of digital marketing services and the development of strategic marketing plans under different scenarios.

3. Learning objectives and key issues

The teaching purpose of this case is the following:

1. Understand the concept of digital marketing and the services provided by digital marketing companies.
2. Summarize the market entry and expansion strategies of digital marketing companies.
3. Analyse the businesses for risks and opportunities for success.
4. Appraise the strategies to enter into new markets
5. Develop crisis management skills to handle challenging situations.

4. Teaching strategy

The time required for this case may be one session. The students should have made prior reading of the case and related topics before coming to the class. The class may

be distributed in small groups of students. Each group may consist of 4-6 students. Every group has to analyze the case and write down the points in consensus. Thereafter, every group will present the case analysis for discussion. Each individual/group can put forth its interpretation and suggestions on the issues involved in the case and give the answers to the questions. This may be followed by discussion triggered by questions from the participants so as to enhance their understanding of issues/challenges of the case. Based on the answers from the participants, the concepts of Strategic Management and Digital Marketing can be linked with the facts given in the case for better understanding.

5. Questions for discussion and probable answers

1. Is the strategy of sticking to foreign clients and overlooking Indian market justified? Suggest a roadmap to explore Indian market.

Context: Worldwide, businesses want online presence even if they have a traditional brick and mortar business model.

Indian businesses would also increasingly demand digital services in order to expand especially in the marketing domain. Therefore, it makes sense for Mailers to explore Indian market alongside their usual foreign client base. In order to overcome the challenges they face while dealing with Indian firms, they can chalk out the agreements specifying the timelines for both the project deliverables and payments.

2. Is their future outlook aligned with the current trend in Digital Marketing Services?

Context: Rapid scaling is the prominent feature of digital markets' growth.

Mailers has already moved from P2P to crowd-sourcing based platform for providing professional digital and web-based services. This will help Mailers in upscaling the services offered. So, yes, the company's future outlook aligned with the current trend in Digital Marketing Services.

3. Assume you to be Vipul Doshi and design a business development plan in Post Covid Scenario.

This is a subjective question so each student can come up with his/her own perspectives for a business plan.

4. Suggest alternative strategies to deal with the challenges faced by the company due to cultural and behaviour differences.

Context: Mailers already tried the training program to address the issue but it did not bring about the desired results in its employees.

- a. 'Why of a Task': Mailers can come up with a structured template which should be filled up by the employee based on the brief from clients. This would help him/her focus upon the essence of the deliverable, i.e., the why of a task instead of just the what of a task.
- b. Behavioral Differences: A team should deliberate upon the possible failure points that a project/task might face. This would increase the first-time perfection of a task.
- c. In addition, focussed behavioral training can be given to employees along with recognition and rewards to the well-performing ones.
- d. Inability to say 'NO': After the briefs, the project team should exhaustively discuss the deliverables and map resources to the requirements. Only if the mapping seems sufficient to execute the project on time, the team should commit to the client.

6. Analysis of data:

As the case does not have quantitative data, the critical analysis of the whole situation given in the case should be made by adopting qualitative analysis techniques such as SWORT analysis, identification of strategies (Blue ocean for uncontested market space), and a niche strategy for their business model with foreign clients. PESTLE analysis (Political, Economic, Social, Technological, Legal and Environmental) can be employed to study the entry into the Indian Market. The student may also ponder on the future strategies to thrive in the disruptive era.

Analysis: SWORT, PESTLE, Growth Strategy Matrix

7. Background reading

1. Puneet Bhatia (2019), *Fundamentals of Digital Marketing*, Pearson Publications.
2. Ryan Deiss and Russ Henneberry (2017), *Digital Marketing For Dummies*.
3. Eric Greenberg & Alexander Kates (2013), *Strategic Digital Marketing*, McGraw Hill Publications.

4. Strategic Management and Business Policy by Azhar Kazmi. Tata McGraw-Hill
5. Strategic Management by Ireland, Hoskisson & Hitt, Indian Edition, Cengage Learning
6. Crafting and Executing Strategy – The Quest for Competitive Advantage by Thompson, Strickland, Gamble & Jain, Tata McGraw-Hill
7. Concepts in Strategic Management & Business Policy by Thomas L. Wheelen & J. David Hunger, Pearson

8. Experience of using the case

- It is an original case cutting across the disciplines of strategic management, digital marketing, innovation and disruption.

9. Multimedia

- https://www.youtube.com/watch?v=s7sUDQni0LI&ab_channel=edureka%21
- https://www.youtube.com/watch?v=eOFqekOF9ZI&ab_channel=GreggLearning

10. References

- www.marketo.com
- <https://searchcio.techtarget.com>

Case Study 02

Health Care Warriors in Rural India¹

The background

Dr. Chittaranjan Mishra, the promoter of Chittaranjan Seva Sadan, was born in the year 1957, in a village of Cuttack, Odisha (India). Even though he was the first child of his parents, he was adopted by a rich family. Dr Mishra did his schooling till eleventh standard in the same village; then he moved to Cuttack for further studies and he did his B.Sc. (Botany) from Ravenshaw College. But his parents felt that it was not that kind of education that their child should be pursuing; they asked him to pursue MBBS. Dr Mishra was always keen to serve the society and to fulfil his parents' wishes; he readily agreed and joined MBBS in S.C.B. (Sriram Chandra Bhanj) Medical College & Hospital, Cuttack. He opted for MD (Gynaecology) over and above General Surgery, Medicine & Paediatrics. Initially, he faced a lot of resistance from his family members for choosing Gynaecology, but over time he managed to convince them and successfully completed his course in the year 1984.

After completing the medical course, he realised that there were no good hospitals in the vicinity of his village and that prompted him to conceive the idea of establishing a clinic first and expand gradually into a hospital with a motto: "**Affordable Health Care Services**". In 1985, Dr Mishra started his clinic with an initial investment of Rs. 50,000 at Niali, Cuttack District, Odisha (India) with just two rooms, having 10-15 OPDs on an average and with one in-patient only per day. After ten years, he moved into a new locality and established a nursing home having 11 beds in 1995; then the nursing home was converted into a full-fledged hospital with an investment of Rs.15,00,000, spread across around 2 acres of land, having all the multispecialty services like Radiology, Pathology, Pharmacy, etc.

* *The case was developed by N. C. Rajyalakshmi (Siva Sivani Institute of Management, Hyderabad), Geetha Rajaram (Global Institute of Management Sciences, Bangalore), Tanaji Vitthal Chavan,(Anekant Institute of Management Studies, Baramati), Richa Verma Bajaj (National Institute of Bank Management, Pune), Saroj Dhake (K.K.Wagh I.E.E.R.Nashik), . Bishetti Ramesh (GITAM - Deemed to be University, Hyderabad), and Alok Mohan (Strategic Management Practitioner, DGM, DB Corp. Ltd., Bhopal, India) during the 'Online Case-Writing Workshop' organized by the Association of Indian Management Schools (AIMS) during September 28-30, 2020.*

This was the first rural private hospital in the state of Odisha. It got an approval to provide Health care services under Government schemes, e.g., JSY (Janani Suraksha Yojana), BSKY (Biju Swasthya kalyan yojana), RSBY (Rashtriya Swasthya Bima Yojana) and PMSMA (Pradhan Mantri Surakshit Matritva Abhiyan), which formed part of around 70 percent of the IPD patients' foot fall. It is the only hospital which functioned day and night without any holidays for Obstetric & Gynaecological patients in that area that serves the patient in the emergency.

As it is established in a village, many people are less educated; so most of the patients believe in word of mouth information. Apart from this, the executives make a field visit to create awareness about preventive healthcare. Hospital also uses posters, banners to make the locals understand the seriousness of prevention of the disease rather than cure as the village is more prone to natural calamities. They also take the help of the local leaders in reaching the mass.

The frequent occurrences of floods and cyclones (*Table -I*) affect the income of the people and reduce the paying capacity of the general mass even for medical treatment. About 20 percent of patients could not even pay about Rs.5000 for major surgeries (up to specialist's level). While serving such needy people the follow-up with the Government plays an important role for getting financial assistance for such cases.

Maximum patients come for Gynaecology treatment followed by General Surgery, General Medicine and ENT. The hospital has been receiving an increasing number of patients year on year, and hence it could see a steady rise in the income out of which 65 percent was spent on the day to day operations. In the year 2020, it added 20 percent more expenses for COVID-19 control management which is adding extra burden on the hospital to the extent of Rs.5000 per IPD patient, as the patient must be provided with an Isolation Room (if required) and other facilities to restrict probable COVID-19 contamination.

Till March 2020, everything was going smoothly with all the strategies working perfectly for the best interest of the patients. The hospital was making trade-offs between the business as well as charity in the health care services. But the onslaught of COVID -19 brought setbacks to the Hospital in terms of providing timely treatment. They started dividing the patients based upon the requirements and emergency. Time taken for doing the tests had also increased; earlier they used to spend eight hours per day for ultrasonography investigation; it had been increased to ten hours considering the pandemic. Hospital personnel started developing fear of getting in to the cusp of COVID -19 and absenteeism of senior medicos increased. The balance staff was

stretching themselves to serve the patients but the possibility of developing fatigue cannot be ruled out; hence staff was kept inspired towards serving the masses.

Strategies of Chittaranjan Seva Sadan and its Administration

Marketing Management:

1. Word of Mouth by providing best services to the patients
2. Field visits by executives to make people aware to save cost from going to city
3. Awareness Programs on preventive health
4. Posters/banner/leaflet in local languages
5. Through connects with local leaders

Financial Management

The hospital was started with an initial investment of Rs.50,000 including 60 percent of borrowings. Currently, the hospital has 40 percent of loans (to get the various benefits). More than 50 percent of the total revenue comes from the Government schemes implemented for the masses and the rest is from the patients directly. The hospital has been experiencing a year on year revenue growth of 10 percent. During the last two years, it had increased revenue by 20-25 percent and in the year 2020, the expected increase is around 30 percent, especially due to COVID -19. Out of total expenses, about 60-65 percent of expenses comprise staff payment. There has been an increase in expenses to the extent of 20 percent due to COVID -19 management, which requires maintenance of protocol for special staff, inpatient area, outpatient area, daily sanitization, separate rooms or isolation cabins if a patient is COVID -19 positive, PPEs kits which cost approx. Rs.1200 for a 160 GSM. Overall, the Hospital has to bear Rs.4000-5000 extra due to COVID -19 per IPD patient on an average.

Human Resources Management

Its human capital is very strong with a total of 70 employees out of which 15 are visiting consultants, 3 higher level strategic thinkers, 12 middle level administrators, and 10 next level managers, 25 paramedical staff, 5 medicos, 10 sub staff and 4 drivers. As on date the hospital is having 150 out-patients and 7 to 10 in-patients per day with a patient doctor ratio of 30:1 for out-patients and 8:1 for in-patients in specialised areas. The overall patient nurse ratio stands at 5:1.

Supply Chain Management

Though, financially it may not be the best solution, but to meet the critical and urgent needs of medical supplies, the Hospital maintains a base of 6-7 suppliers and follows a distributed model so that if few suppliers are unable to meet the requirements then other suppliers would cater to the needs. Considering the pandemic due to COVID - 19 in which the requirement of supplies has increased to three folds, the distributed model seems to be the best alternative.

Strategies for General Management

1. The Hospital has reduced financial burden by getting empanelled with various Government schemes
2. The Hospital has streamlined processes for better administration
3. The Hospital has reallocated resources as per the current requirements, e.g., reallocation of vehicles to improve indirect services for patients
4. The Hospital takes care of the likes and dislikes of the Senior doctors to provide them comfort

KPIs of the Executives assigned by the Hospital Management

1. Expansion of services through reinvestment
2. Getting things done effectively - either by increasing output or by reducing the expenses
3. Satisfaction of the Stakeholder- To reduce the grievances and taking care of satisfaction of the patients

Challenges

Competition - New clinics and Nursing Homes are coming up in the village, which indicates a positive sign for healthy competition. The services of nearby hospitals are helping Chittaranjan Seva Sadan because it is considered as a backup of services in the network. This network will help to get staff easily in the nearby rural areas. But, this may become a challenge in the future.

Human Capital - The growth of clinics and Nursing Homes in the nearby locality has been creating challenges for the recruitment, retention, and inspiration for the human capital.

Though the hospital serves as a centre to aid many Government health programmes, funding is an issue as it takes time to receive funds from the government. So, to fulfil the requirement of funds, the hospital depends on borrowed funds. Not receiving funds on time is an issue which may delay the further development of the hospital like increasing the bed capacity to serve the rural needy people in COVID -19 situation.

Absenteeism - Due to COVID 19, workload has increased 3-4 times. It leads to increased absenteeism of senior doctors. Some of the senior specialists are not motivated to come to hospital due to family pressure and their health issues. Earlier, Radiologists were available 7 days a week but now they are available 4 days a week. COVID -19 is the biggest source of anxiety and fear among the staff and doctors.

Natural Disasters - Frequent occurrences of natural calamities like floods and cyclones affect lives and properties in Odisha since it falls under the coastal region. Due to such calamities, the paying capacity of the patients reduces.

Management of services during COVID 19 pandemic - the Hospital geared up to face the pandemic by setting up the isolation room, earmarking the staff exclusively for taking care of the COVID 19 patients, and pooled up all the required resources, which increased the cost. Hence, the management started investing 20 percent out of its income towards this COVID 19 management. The staff was also ready to work beyond the regular timings. This was mainly because of self-motivation as well as appreciation received from the management. They had set the priorities based on the criticality of the patients and managed overflow of the patients with limited time and resources. For the patients who were not able to reach the Hospital, the virtual consultation was done.

Future plans - The management is having an expansion plan of going for additional 30 beds in-patient services, introducing new super speciality services and providing critical care ambulance service for the needy. With 35 years of dedicated services to the rural mass, Chittaranjan Seva Sadan appeals to health care staff, that most of the healthcare professionals should provide services to the rural and remote part of the country. The management believes that the healthcare profession is not just to provide healthcare service to mankind but it is similar to the profession of army personnel who are always ready to serve their nation in the battlefield and not while sitting in cosy offices.

Questions for discussion

1. Analyze the case, and do the SWORT analysis for the Hospital.
2. If you are owner of the Hospital, what strategies you will adopt in order to overcome the challenges.
3. Discuss and evaluate the possible ways to continue the service to needy poor people without any Government funding?

Table-1: Frequency of major natural disasters in Odisha (India) (1996-2015)

Type of natural calamity	Number of occurrences between 1996 and 2015
Drought	7
Flood	12
Cyclone	3
Heat wave	1
Pest Attack	1

Source: State Disaster Management Plan, 2017 (<http://orienvois.nic.in>)

Teaching Note

Health Care Warriors in Rural India

1. Synopsis of the case

Dr. Chittaranjan Mishra, the promoter of Chittaranjan Seva Sadan, Cuttack, Odisha did his MBBS from S.C.B. (Sriram Chandra Bhanj) Medical College & Hospital. Later, he did his MD in Gynaecology in the year 1984. After completing the medical course, he realised that there are no good hospitals in the vicinity of his village and that prompted him to conceive the idea of establishing a clinic first and then expand gradually into a hospital with a motto of: "Affordable Health Care Services". This was the first rural private hospital in the state of Odisha. It got approval to provide Health care services under various Government schemes. The case talks about various challenges faced by a typical rural hospital related to human capital, absenteeism, natural disasters and the outbreak of COVID -19 along with plans for future growth.

2. The target learning group

This case has been designed for management programmes in Strategic Management. It is focused on Hospital Administration and strategies adopted in the Rural Healthcare environment. Students who have 'Strategic Management' as part of their course curriculum in graduate or post graduate course in general and hospitality management, management practitioners, and researchers on rural healthcare services. As a result this teaching note is well-suited to illustrate how a rural hospital has grown and reached the sustainable competitive position in the rural healthcare sector.

3. The learning/teaching objectives and key issues

This case serves three primary teaching and learning purposes. In analyzing the case, the learners should be able:

- a) To understand the typical operating constraints prevailing in rural areas for healthcare services providers.
- b) To evaluate the mitigation strategies against different challenges faced by the hospital.
- c) To develop the various strategic options available to maintain competitive advantage position and grow further.

4. The teaching strategy

The proposed teaching plan starts with the situation describing the case and then moves forward in time with in-class update that constantly challenges students and learners to evaluate the constraints, competitive situation and develop appropriate responses. This case can be assigned in the following ways:

a) Individual assessment

Students may be asked to apply various strategic frameworks e.g. SWORT, PESTLE and come out with a foresight on what may happen next in the realm of social and economic context.

b) Group assessment

Students may be asked to adopt a role-play method, e.g. as a CEO of the Chittaranjan Seva Sadan hospital and to propose strategic roadmap to the board.

Teaching Plan

Introduction of the case (10 minutes), Profile of the hospital (5 minutes), Hospital administration (15 minutes.), Challenges & Mitigation strategies (20 minutes), and Summary (10 minutes).

5. Analysis of data

The case requires qualitative analysis of the given context under various situations. Through class discussion - analysis and evaluation of various mitigation strategies against challenges faced by the hospital.

6. Background reading

The learners of this case can refer the following study material:

- i. Peter M. Ginter, *The Strategic Management of Healthcare Organizations*. John Wiley & Sons, 2013
- ii. The Challenges and innovative solutions to rural health dilemma (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4248476/>)
- iii. Hospitals in rural or remote areas: An exploratory review of policies in 8 high-income countries (<https://www.sciencedirect.com/science/article/pii/S0168851016301270>)

- iv. India's rural healthcare systems: structural modeling (https://www.researchgate.net/publication/326752080_India's_rural_healthcare_systems_structural_modeling).
- v. Mobile based Primary Health Care System for Rural India - M V Ramana Murthy, Mobile Computing and Wireless Networks, CDAC, Electronics city, Bangalore, 560100; murthy@ncb.ernet.in (https://www.w3.org/2008/02/MS4D_WS/papers/cdac-mobile-healthcare-paper.pdf).
- vi. Rural Health Care Access and Policy in Developing Countries.
- vii. (<https://www.annualreviews.org/doi/pdf/10.1146/annurev-publhealth-032315-021507>).

Case Study 03

The CEO's Dilemma*

Introduction

Vijaya Kittu Manda, CEO, GetPaidIndia.com and Lead Consultant for Vijay Technologies started off its journey in November, 2005. He has a robust experience in multiple disciplines as he has expertise in areas of applied psychology, computer science, technology and management. Vijay Technologies is a privately held IT Consulting firm with focus on Internet-based services and solutions. The company specialized in Web Designing, Web Hosting and Web Content Management Services. Headquartered at Visakhapatnam, the company has an office at Hyderabad, India and Data Centers, in the US and Canada. GetPaidIndia.com is a division under Vijay Technologies. GetPaidIndia.com established itself as a Web-Hosting company in 2008 for the governmental and private enterprises.

The Turbulent Phase

Pinto (2013) in her article stated that before the Global Financial Crisis, the Information Technology sector of India used to get seventy five percent of their revenues from US Companies. But after the Global Recession, Indian IT companies were most affected compared to other sectors (Pinto, 2014). At the instance, India was already experiencing a tough situation due to inflation; the financial crisis of the United States added a new dimension to the existing turmoil. Major IT Companies like Tata Consulting Services, Wipro and Infosys witnessed a huge fall in their share prices in the Bombay Stock exchange. Then Yahoo and Rediff India emerged as market leaders and new generation technology companies such as Google and Amazon began to scale up in the market threatening Vijaya Technologies of its survival. GetPaidIndia.com had to make strong deliberations to move to a more localised business setting to ensure continuity of business.

* This case was developed by Priya Naidu (Dhruva College of Management), Oindrila Roy (Globsyn Business School), Harshada Shrikant Rayate (K. K. Wagh Institute of Engineering Education and Research), G. Radha Kiranmayi (ICBM School of Business Excellence), Sunita Agarwal (Multinational Business Academy) during the Online Case Workshop organized by the Association of Indian Management Schools (AIMS) from September 28-30, 2020.

The company already had an Analytical team which dealt with the disruptive technologies at that point in time. But, soon the trends in IT started changing and mobile applications began replacing desktop applications, rapidly. Vijaya Kittu Manda regrets that they did not recognize the significance of shifting to mobile technologies. Before long, the changes in policies of financial markets made it evident that they will not be able to sustain in this market for too long, with the desktop software domain alone.

The pace of transformation in technology had left no sector untouched. The financial crisis of 2008-2009 rendered many businesses obsolete, and organizations throughout the world were plunged into turbulent economic environments (Lichy & Birch, 2016). At the same time rapid changes marched forward as technological advancements like social media exploded and the global disasters disrupted lives, economies, businesses and education. GetPaidIndia.com also had a rough patch (Akyol, Garrison, & Ozden, 2009; Charbonneau-Gowdy, 2017; Kaplan & Haenlein, 2016). Meanwhile, the Business Analytics Team started building websites where they captured and disseminated information in a very efficient manner. This made the company strategize their role and move into the business of becoming information providers to over 3000+ stock brokers.

Disruption leads to Innovation

From being Web Hosting Company, they moved into the business of stock market and the primary functions of the business involved -

- Collecting Information - GetPaidIndia.com has built a template for the information that is required to analyse the stock performance of a company. With reference to the template, they collect information from the Stock Exchanges, directly from the market and companies.
- Analysis of the information - To understand decision making strategies that will be beneficial for different categories of investors, GetPaidIndia.com evaluates the quality of the stock and the past and future performance of the company stock by calculating the financial ratios, technical charts and other performance indicators.
- Disseminating the analysis reports - The analysis reports are shared with the stock brokers who in turn re-brand the companies based on the analysis and disseminate the details to their clients who can refer to the information to make investment decisions.

Change is the only constant

Thereafter, the undercurrents indicated that The Securities and Exchange Board of India (SEBI) may introduce reforms where intermediaries such as stock brokerage firms and financial intermediary services may be revoked encouraging direct interaction between the investor and the stock exchange. If that turned true – Manda knew that it may lead to another disruption in the Information Dissemination Services provided by GetPaidIndia.com

Nithin Kamath, CEO, Zerodha also commented that the new SEBI Regulations would impact the traditional brokers. He suggested that with the new norm the Indian brokerage model will have to go zero with the brokerage revenue and they will have to adapt to different ways to generate revenue (“New Sebi regulations to impact traditional brokers: Nithin Kamath, Zerodha,” Oct 09, 2019, 02:55 PM IST).

In view of the anticipated challenges, GetPaidIndia.com deliberated and turned its sails towards diversification yet again, as it considers itself to be a learning organization. Senge (1990) defines a learning organization as the one which is skilled at creating, acquiring knowledge and at modifying its behaviour to reflect new knowledge and insights. As a learning organization having identified the problem/challenge they anticipated to encounter, GetPaidIndia.com brainstormed, experimented with new approaches, relooked at their own past experiences and history and reviewed the best practices followed by others (Garvin, 1993).

Diversification for Managing Change

After numerous debates and considerations, GetPaidIndia.com decided to shift the focus of their business to the investment training domain to deal with the disruption and manage the change. The CEO considers the company's personal financing training services as an evergreen business which focuses primarily on individual investors who want to learn how to invest.

GetPaidIndia.com evolved to be a company with a team of 40 professionals from different streams who caters to the services as per segmentation of the client base. The client base consisted of two categories: 1. Investors and 2. Trainers. The training programs are curated such that they are neutral and they cater to the perspective of both investors and trainers. However, one potential future need or diversification would be to have customised programs for both categories.

It is seen that there are two categories of investors: Traders who are high risk takers and Traders who are low risk takers. Traders who are high risk takers come prepared with substantial amounts of capital and are willing to invest as a full-timer into the markets. Since they are high risk takers, they are prepared to bear losses. The objective of such traders is to make more profit on each trading day above the brokerage fee and other taxes levied. On the contrary, traders who are low risk takers, are cautious investors who take small steps into investing with smaller amounts as they have a lower loss bearing capacity.

Further, GetPaidIndia.com offers three categories of programs: 1) one-Day program on personal Finance; 2) Two-Day program on mutual funds; 3) Five-Day program for investors.

Learn to Invest is a series of seminars and workshops that they conduct in various Indian cities so as to spread the concept of financial literacy in a face-to-face mode. The Company caters to the clients hungry for finance knowledge and who intend to learn strategies to reap maximum gains.

The workshops/training sessions are designed keeping in mind the portfolio in which the participants are interested to invest in i.e. Long-Term Investment or Short-Term Investment, Shares or Mutual Funds, Investment in Equity or Debt, etc. During the training program, the trainer shares a specially designed form with the participants and recommends them to fill in the financial details required as per the format from various websites suggested during the session to analyse whether a particular stock is worthy for investment or not. The format is drafted in a participant/client friendly manner to ensure that even a participant from a nonfinancial background can learn about investment planning with ease.

They provide training to the corporates as well; however their primary attention is towards educating the individual investors. Many of the investors who show interest to attend the training programs are people who have minimal knowledge or no formal knowledge regarding stock markets or are unaware of how to strategize personal financial decisions. Statistics have shown that out of 100 people who join the stock market, 90 end up losing money instead of seeing a growth in their wealth. Therefore, GetPaidIndia.com aims to enhance the financial literacy of investors so that they are in a better position to make fruitful investment decisions. GetPaidIndia.com has been working on the rebranding, changing over strategies to connect the dots and re-position themselves as a training company.

GetPaidIndia.com pioneers in this area and positions themselves as a neutral, unbiased services provider with respect to any mutual fund, company, and stock broking house. As a training firm, GetPaidIndia.com never sells or recommends products of a specific broker or company. Their role is to educate the client, explain the concepts so that the investors can take a calculated decision. This makes them unique and are more preferred than any other Stock Broking firm providing in-house training. Manda therefore believes that the USP of GetPaidIndia.com is that they are neutral and are available for everyone.

Manda and his team reach out to the investors through social media networks and word of mouth. They have reached a network of 25,000 + users via WhatsApp and 11,000+ users via Telegram. They also organize initiatives like RupeeGains, Get Set Stocks, DTK Stock Market group etc for cross marketing and information sharing via WhatsApp network. Over the years, Manda shared valuable investment tips for free to members in his network as a social welfare initiative. The company does not feel the need to market their training. Rather, they promote the training programs by throwing light on the subject of the training which automatically encourages the participants to take part in the programs. The fee of the training programs is nominal so that a greater number of investors are motivated to participate.

In the training sessions, they focus on using the relevant tools depending on the background of the participants – National or International, Financial or Non-Financial, New Investor or Experienced Investors etc.

Manda in his research paper on “Five Essential Investing Topics for Finance Students” clearly stated his belief that “teaching finance involves simplifying concepts without letting the terms lose their gravity.” Therefore, the sessions are delivered in such a way that it makes the attendees comfortable with financial terms “with a handpicked mix of modern tools such as internet websites and smartphone apps increase the student interest, involvement and engagement. Colourful presentation slides add excitement to theoretical concepts. Sessions are supplemented with precomputed tables (to explain what-if scenarios) and with graphs (to explain impact of late / incorrect decision making). Since investing decision making is not simple and straightforward, and often uses consensus from various data points, it is important to bring all details into a single page – both in terms of fundamental and technical analysis which makes the decision making easy.”

The delivery is made in simple language avoiding technical jargons so that all the participants are benefited from the sessions. Meaningful and long-lasting engagements

with the participants is given prime importance. Study material is also provided to the participants for deeper and extended learning. Each training consists of a small batch of 50 participants to ensure maximum learning with collaboration. The training programs are designed such that it provides hand holding about technical concepts to the participants without merely rushing through the subject. Help is extended even after the completion of the training program, if needed. GetpaidIndia.com believes that individuals join in to their networks for the value that they provide and continue learning.

Since the primary activity of GetPaidIndia.com is to disseminate stock market data feeds, regulatory updates, business news and information. So, the team is constantly in touch with the latest happenings. The training division updates study materials for the monthly program and hence it offers the latest updated information.

Impact of COVID-19

Lockdown due to the COVID-19 pushed the world to become more tech-savy, learn new technologies and gave an opportunity to spare time for self-learning while working from home. In response to the circumstances caused by the pandemic, Manda decided to move to a webinar mode of delivery in place of seminar mode which was in place prior to the pandemic. The indicative figures during the pandemic suggested that there has been a 200% increase in the number of foreign investors and 100% increase in the Indian investors turning the pandemic state into an opportunity to expand for GetPaidIndia.com.

What next?

This did not bring an end to the worries of Manda. A report released by 'CRISIL, A S&P Global Company' twitched the young CEO again. Report suggested an occurrence of recession in India shortly. The report also proposed that the recession would be the worst that India has ever witnessed. "Indian economy is in great trouble with growth expected to contract by 5 percent. The downturn caused by COVID-19 did not start as a balance sheet recession but may end up as one" Roache said that this means less investment, a slower recovery and a permanent hit to the economy that will last even after the vaccine is found." This forecast has put the training program division into a big risk as financial markets would crash to bare bottoms and investors would not risk their money in stock markets for some time.

With the able leadership of Vijaya Kittu, Getpaidindia.com took the challenges in a stride and made strategic decisions of diversifying at various instances for the best interest of the company. In the era of uncertainty, where every day comes with a new challenge which demands innovation that is sustainable. Do you think this decision of diversification to training of financial services will be a sustainable solution for the long term? Should Manda plan for a non-related diversification – which is not related to their core area of expertise?

Questions for discussion

1. State the nature of the problems and challenges confronted by the CEO and the approaches required to function effectively.
2. Describe the firm in its totality in the context of its environment.
3. What alternatives do you suggest to the CEO to sustain his business in the current situation of disruption?

Teaching Note

The CEO's Dilemma

Synopsis

This case revolves around a company that attempts to sustain in the competitive and volatile environment using appropriate business strategies, understanding of risks involved in diversification, positioning of the organization and managing change in response to disruptions. Vijaya Kittu Manda is the CEO of GetPaidIndia.com. Under his leadership, his team developed a software domain that could capture and disseminate financial information. The USP of their product was the speed at which it could capture the financial information from the stock exchanges and the efficiency with which it could be disseminated to stock brokers. This breakthrough built up business opportunities to sell the data to 3000+ stock broking companies.

Soon the transformation in technology developed a need for mobile application of their product. But the CEO did not realize the opportunity of shifting to mobile technology applications at the right time. Furthermore, situations turned more complex when initially SEBI indicated the changes in its policies and then occurrence of COVID-19 hit the markets badly. The need to sustain made it essential to diversify. The CEO realized the dearth of financial education and stock market awareness amongst the investors. Thus, the idea was to train the traders who were willing to take high risk to earn a decent amount of money. A new business model was developed that included training both Investors and Trainers on stock markets.

Already struggling to sustain in the market, the CEO is worried again. He found out a report released by 'CRISIL and S&P Global Company' suggesting an occurrence of one of the worst recessions in India shortly. This puts his new training program division into a big risk as financial markets would crash to bare bottoms and investors would not risk their money in stock markets for some time. What do you think the CEO has to do now?

The target learning group

This case can be taught to undergraduate and postgraduate level students pursuing Strategic Management courses. It can be used by the industry professionals to elucidate the concept of how disruption can enable diversification.

The learning objectives and key issues

The case has been written to help the students understand the following:

- The concept of industry disruption and its benefits as well as risks in business
- The concept of diversification

The teaching strategy

This case discussion would be appropriate for a 75-minute class. The case study will be given to the students at least 2-3 days in advance as a part of the flipping classroom mode. All students will be expected to have read the case before attending the case discussion session. The facilitator might want to start the class by discussing an article released by the economic times "India facing its worst recession in the current fiscal, says CRISIL" (see Background reading section). This would lead the students to understand the issue of the case. (10 minutes)

The facilitator would initiate a discussion that would lead to answer the questions listed at the end of the case. (20 mins)

Other discussion questions (refer the following segment) can then be worked through (40 minutes in total). The last 5 minutes can be spent providing major takeaways.

Analysis – Guidelines

1. State the nature of the problems and challenges confronted by the CEO and the approaches required to function effectively. (10 mins)

The facilitator can begin the class discussion with a brief outline of the case. A software domain that could capture and disseminate financial information was now being used to collect data for the training material. The regular changes in technological and environmental factors led to a constant disruption. The need for sustenance has led the organization to diversify its operations based on the market demands.

2. Describe the firm in its totality in the context of its environment. (20 mins)

The SWOT analysis can help to understand the factors that are impacting the firm to constantly change, strategize and sustain in the market. Refer to Annexure I for the SWOT Analysis.

3. What alternatives do you suggest to the CEO to sustain his business? (10mins)

The facilitator may now ask the students to suggest ways to deal with the crisis. Facilitator can encourage the students to consider the following points in their discussion:

- Policies they adopt to fight the virus affecting their business
- Stimulus and reform packages provided by the government (see Background reading section)
- The new opportunities in the area of training and development

Background reading

1. Frynas, J. G., & Mellahi, K. (2015). *Global strategic management*: Oxford University Press, USA.
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4. Sinha, J. (Jun 08, 2020). How out of the recession India can come stronger Opinion, *Hindustan Times*. Retrieved from <https://www.hindustantimes.com/analysis/howindia-can-come-out-of-the-recession-stronger/story-rntll4e4joniBQb6ps5r2K.html>.
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Experience of using the case

This is a new case.

Annexure

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Multi Facet Leadership • Proactive Team equipped with KSA (Knowledge, Skills and Abilities) • Past experience of diversification • Client friendly • Delivers Contemporary content • Early Bird advantage as GetPaidIndia.com already started off Financial Training before COVID-19 • Strong connect via social media platforms • Products have cost leadership advantage 	<ul style="list-style-type: none"> • History of non-sustainable diversification • Highly dependent on environmental factors
Opportunities	Threats
<ul style="list-style-type: none"> • Post COVID, Increased need of 2nd earning (Work from home) • Need for conceptual knowledge in Finance • Need to enhance financial literacy to school/college going/working professionals • Boom of Online Training 	<ul style="list-style-type: none"> • Reforms by SEBI and Other environmental factors • Certified bodies providing training • Other brokerage houses introducing training programs – Competition

Case Study 04

ZChem Specialties: Positioning Indian Brand in Global markets*

Introduction

Entrepreneurship journey is always a mix of various learnings, lessons and insights. Plethora of factors are responsible for successful reach of any organisation. ZChem is no exception and have been through various kinds of ups and downs in its journey. ZChem has established itself to wider global market and has gained huge respect and repute in the market over these years. Two Directors of the company Sajeev and Hari shared their insights on various aspects of their journey right from its inception to how ZChem is global brand now. Along the discussion, this case presents the facts about the Company, its core values, the strategies, the early challenges and steps taken to mitigate these challenges, major milestones and the way forward. The study also brings forth the entire entrepreneurial journey of ZChem and will offer valuable insights.

The Profile

ZChem was established in the year 2013 with an aim to be the brand of an international repute. Within very short duration of time the company now is providing its services not only to India but also to Middle East and ASEAN (Association of Southeast Asian Nations) countries. The leading driving force in their journey is the commitment to quality and prompt customer service, bringing excellence through continual improvement. These attributes are in the DNA of the ZChem and it has been implemented well in every business process and aspects.

* This case was developed by V. Jayalakshmi (Siva Sivani Institute of Management, Hyderabad), Shalmali Gadge (K. K. Wagh IEER, Nashik), Soumya Prakash B S (Adjunct Faculty, Centre for Educational and Social Studies, Bengaluru), Dr Ruchi Singh (Prin. L. N. Welingkar Institute of Management Development and Research, Bengaluru.), Swarup (Bhavan's Centre for Communication and Management, Bhubaneswar) and M. N. Viveka (D. J. Academy for Managerial Excellence, Coimbatore) during the Online Case Writing Workshop organized by the Association of Indian Management Schools (AIMS) from September 28– 30, 2020.

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ZChem Specialties has under its belt a range of NDT products in Magnetic Particle Inspection & Liquid Penetrant Inspection Techniques. With a unique technology, ZChem products are manufactured using world class manufacturing facility. With a vision to grow and commitment to offer to the valued customers, with over 50 years of management competence, they are the unique choice for their customers. ZChem possesses a strong professional team capable of developing and offering customized products and solutions for various industrial applications. All ZChem products are designed in a way to be at par with the standards and to meet the most stringent requirements of the industry norms across the globe.

Core Values

- Be a good and respectable Company.
- Deliver excellence by implementing 'Best-In-Class management practices.
- Give value to the Customers through quality products and top-class services.

Products manufactured by ZChem under the brand name ZChek

- **Magnetic Particle Inspection**

Dry Method – ZChek 9D Red

Wet Method – Non Fluorescent – ZChek 9E Black, ZChek WP White Contrast Paint

Wet Method – Fluorescent – ZChek F9 and ZChek F18 (Oil based) and ZChek F9W and F18W (waterbased), ZChek 801 Cart Oil and Water Conditioner.

ZC 9 AC Electromagnetic Yoke

UV LED lamp

- **Liquid Penetrant Inspection**

Visible Type: ZChek PT (penetrant, Solvent removable), ZChek PTW (Water washable), ZChek CR & ZChek CL (Solvent based cleaners) and ZChek DL (Solvent based Developer)

Fluorescent Type: ZChek FP1 & ZChek FP2 (water washable penetrant), ZChek FP12 (Solvent Removable/Post Emulsifiable), ZChek D90 (dry developer)

Customer Segments

ZChem caters to valued customers

Oil and Gas

ZChem is a key player in the Oil & Gas arena for Magnetic Particle Inspection & Liquid Penetrant Inspection solutions. The professionals trust ZChem for testing Tubular Goods, Pipes, Casings, Couplings, Rotary Shoulder connection, Button Role Assembly and more.

Valued Clients: ALMANSOORI, Integrated Petroleum Services, Ferrofab, Nash Engineering, etc.

Automotive

Magnetic Particle Inspection and Liquid Penetrant Inspection techniques have been in practice for checking defects during manufacture in various auto parts like Crank Shafts, Engine heads, Mono blocks, Axle beams, Valves, Springs, Steering, rocker arms, etc.

Valued Clients: Kalyani group, TVS group, MM Forgings, Ashok Leyland, etc

Engineering:

Critical process equipment such as Pressure vessels, Heat exchangers, Valves & Pipelines need to be inspected for defects during manufacturing using Magnetic Particle Inspection and Liquid Penetrant Inspection techniques.

Valued Clients: Fabtech, CAMTECH, Gulf Metal Foundry, Anugraha valves

Aerospace

Various aircraft related components need to be inspected for defects during initial manufacture and subsequently during periodic maintenance.

Valued Clients: GE Aviation, AEQUUS, Bharat Forge, Titan Aerospace, Mahindra Aerospace, etc

Exhibit 1: ZChem Products



Source: www.zchem.in

The Entrepreneurs

Sajeev Kale, Director

Sajeev established himself as an entrepreneur and corporate leader through his varied experience in diverse functions and levels in several reputed MNCs. With over 35 years of industrial experience, he had spent 24 years with ITW Magnaflux – a Fortune 200 company, in the areas of Technology and operations. He did his masters in chemical engineering from IIT Kharagpur and Management program from IIM Ahmedabad. His areas of Expertise include Start up Expertise, Strategic Management, Acquisitions, New Business launch, and International business, Operations and Supply Chain and Research etc. He is also a visiting faculty at IMT, Hyderabad.

Hari Prasad Varda, Director

Hari Prasad did his Mechanical Engineering from Vijayanagar Engineering College in the year 1990 and has 3 decades of experience in various fields like Manufacturing, Sales & Marketing and Team building. He has served both Indian and Multinational organizations at various levels and successfully introduced, nourished many product brands. He is an active member of Indian Society for Non-destructive testing and American Society for Non-destructive testing, enjoys being in this field. He is a firm believer of success through *'Trust and delivery on your promises'*.

The Early Challenges

The Company made a humble beginning with just two employees. The initial two to three years were real testing time for sustainability like “in Marriage” opined Sajeev on a humorous note. It was like trying to keep going with trust, faith to build the relationship. Rigorous persistence, patience, repeat frequent communications, convincing and proving the product gained through the years of experience helped in taking the brand slowly but steadily to the offshores. The Company encountered many challenges in the initial years. *“For any organization to survive and progress, Finance and Human Resources are the life lines”* recalled Sajeev. Hence, adequate finance and hiring talent with the right bent of mind-set were the most compelling challenges the company faced.

The other organizational challenges encountered were:

- Convincing clients abroad as the **Toddler** brand with no proven track record was competing with global leaders. *“It was easy to convince foreign clients, as they understood the language of quality and transparency. In fact, we faced rejections from Indian companies due to the fixed mind-set syndrome”*, recalled Hari and he could not control his emotions saying this. However, after the American, European, UAE, and South Asian counties responded favourably, the Indian companies started accepting the ZChem product solutions reluctantly. However, from the beginning, Sajeev and Hari were very clear in their strategy of positioning the products. *“The culture to build a strong and niche brand must start from the day one with no detouring allowed, Sajeev quipped. They targeted their products for “top of the pyramid” clientele, and the niche segment. So they competed with established global brands.*
- Attracting human capital / resources initially was a bigger challenge as reluctance to join a start-up was naturally high. *“We therefore decided to hire young people and train them to the job requirements”*, recollected Sajeev. Greater challenge was reposing confidence in the employees that the Company will take care of their necessities, as future was uncertain as the company started on a very demanding traverse. *“Ensure meals for employees today, tomorrow and the day after tomorrow”* were initial challenges, recalled Sajeev.
- Thinking out-of-the box, the company experimented (of course with some degree of risk) a new strategy with the suppliers and distributors. *Advance payments* from the distributors without any credit period was not a popular

practice in India (more so to the start-up companies), where few multinational companies also offered credit periods to the distributors. *Firm conviction and belief in ourselves and perseverance got us through this big hurdle. Today even our international distributors pay us in advance*", recollected Sajeev with a deep sense of delight and self-esteem.

Providentially, all their efforts have paid off when the Company experienced success in the Global markets much more in comparison to the Indian markets. This phenomenon is attributed to the typical mind-set as to how a new product of a Company which is just seven years old can be good. *"We were able to break this myth through our quality processes and systems in place"* shared Sajeev.

The Milestones

Exhibit 2: Milestones

2013	2014	2015	2017	2018	2019	2020
Company incorporation	Inauguration of the Factory	- Profits declared in the first year of operations	-In-house aerosolling commenced	- First Overseas distributor appointed	- More overseas distributors appointed	- More overseas distributors appointed
First employee	First Distributor appointed in India	-ISO Certification	-Additional Premises rented	- First employee placed outside India	- Own Premises Finalised	-Moving to own Premises
No of Employees: 1						No of Employees: 25

Source: Sajeev Kale, Director, ZChem

The Strategy

Leadership Strategy

The Directors have been demonstrating value based Leadership traits along with the growth of their organization while staying firmly focused on the long term goals and maintaining trust based relationship with the customers and distributors. They have successfully demonstrated that a start-up can dream big and realize it too. The instances discussed by them clearly indicate that they have lived and followed the

values to the maximum. As leaders, they have created an organizational culture with 80 percent professional culture and 20 percent family culture, which has made them maintain good relations with the employees. The performance appraisals and rewards decisions have been the job of the directors personally for all the employees thereby ensuring equitable recognition to all the employees. At ZChem, with 25 employees functioning at various levels, all the activities are monitored by the directors. The Directors plan to decentralize the delegation of authority in the long run.

Thumb rule of entrepreneurship in words of Sajeev, is the ability to take risk and never expect returns in the starting of the journey itself, which is one of the traits of a leader. One shall give time to their idea to evolve and grow instead of expecting results at the beginning itself. His hard work and experience into this industry paved the way to scale up his business from a small start-up to an international level business. His past experience with previous industries has given an advantage to the entrepreneurial journey and to cope up with the ups and downs in the business. He personally believes that, *clear vision / structured activities / ruthless execution with honesty and sincerity in the work* will take us to any greater heights” and is a firm believer of team work and is grateful to his partner director.

With regard to recruitment and training of employees, the Directors of ZChem have been recruiting people by examining their attitude and not just the educational qualification. The Organization does not always look for experienced professionals; they look for the attitude to learn. In fact, the first employee was a female who was 23 years old with no experience and now after 7 years in the firm, she now heads the operations and leads a team of 9 people. This speaks about mentoring and helping people grow in the organization. They have set clear expectations for the employees from the time they have started the firm and they throw challenges to them so that they learn from their own experience of handling the situations.

The Directors have expressed their discountenance to the classroom training and they believe hands-on experience can bring about a lots of learning than class room training. Sajeev and Hari feel there is no such exclusive training activities followed in his organisation. He says that enormous amount of knowledge transfer and effective experiences are created only through on-job training and they follow the same notion in their company. The employee also feels motivated because of the on-job training as they have a room to correct their mistakes then and there through persistent coaching and mentoring activities by the seniors. The sense of ownership is created in the minds of employees by this type of training and that their work affirms the organisational

growth altogether. The employees are treated with high dignity. Fourteen of their best performing employees were taken to Bangkok as a part of motivation and recognition.

Financial Strategy

From the very beginning, the Company did not believe in debt and borrowings, and hence focussed on ensuring positive cash flows and keeping the operational costs low. The Directors firmly believed that the heart of any organisation is financial discipline and micromanagement (during the incubation period), which is required to keep the heart healthy. This has been augmented by following US GAAP and strong MIS in place. Firm control over costs (they don't mind importing the inputs from China) and the culture of collecting payments in advance from the distributors has resulted in positive cash flow which helped the organisation to invest in new facility and other initiatives required for growth. The results therefore speak for themselves. The CAGR in revenues and PBT is consistently over 35% and 45%, respectively. The ROCE too has been over 60% - much higher than industry norm of over 25%.

Quality Strategy

The organization passionately believes that *“the best ad for any product is the product itself”*. Paramount importance is given to the product quality with the best in class systems put in place. Demonstration of this is ISO certification in the first year of incorporation itself. Both the directors are committed to this and spend a good amount of time in this area and have recently come up with a unique initiative that helps to measure the product quality consistency, a unique practice not heard elsewhere. A testimony to the quality of ZChem products is the product approvals from Industry giants like Saudi Aramco (Global leader in Energy industry), ADNOC, L&T to name a few. The long term objective is to obtain product approvals from top three customers of each segment globally including the toughest of all – Department of Defence, USA.

The organization works closely with customers and believes that customer's problem is an opportunity for us and with the same philosophy, they have recently finalised a big contract with an automobile giant in the country.

Marketing Strategy

ZChem Specialties has a professional team to work closely with their clients with the faith that 'YBWC – CWBY: *You Be with Customer & Customer Will Buy from You*. This gave them a cutting edge to identify the customer needs and requirements in a more

organised and better way and eventually satisfy their needs. They have priced their products slightly higher to their competitors in the Indian market by which they could stay back in the minds of customers that they are delivering a quality product. They have also priced slightly lesser to their competitors in the global market so that they could pull customers in this market also. They have tasted the success buds following this pricing tactics as they have increased their customer base out of it.



ZChem Specialities quickly found out that their products will be comparatively more relevant to Middle East countries where the market size in the domains of Oil & Gas, Marine, Infrastructure and Engineering industries is big. Initially that was hard for them to convince the potential clients, who were of a feel that Indian products will never meet their expectations. With a unique door to door marketing campaign and demonstrating the quality of products helped them to expand their wings in this market.

They have started to implement some improvements in their product features which increased the overall product performance and the quantity of product was also higher compared with their customers. This gave them a leverage to expand quickly in the global market than the time they took to expand in the Indian market. That is how they have created a respectable Indian brand in the foreign market.

Additionally Sajeev mentioned that all the modern marketing tools such as website (www.zchem.in), LinkedIn ZChem page (as of now more than 500 followers), brochures, exhibitions, delivering lectures at trade associations, and direct mailers were put in place. It is not out of place to mention that they have won the award at

NDE 2019 (trade show) at Bangalore for using Innovative Technology in the field of NDT.

The organization believes that if they can work closely with customers, delivering value price is not a barrier. As the product is positioned to be among the top three brands in the world, there is an enormous amount of responsibility the marketing team carries to maintain the niche positioning.

Another testimony to this is the company's investment to book space in WCNDT Exhibition (biggest exhibition in this domain) to be held in South Korea in May 2021 – typically meant for established global giants.

The Sustenance

The Organisation has a clear blue print in place to ensure that it sustains for the long term. The current Sales force, distribution network, the operation processes and systems will be further strengthened to make sure that the organisation can handle the planned growth seamlessly. The directors prefer to delegate day to day management responsibility to the core team and ensure they have a strong core team.

The Organization has survived the COVID Impact for over the past 6 months and there has been no layoffs. Even during the lockdown period, when the manufacturing was shut down, the employees were paid 80 percent of the salaries and time off. In fact, the Directors have not taken their remuneration for the past 4 months and have lived up to the values by raising up in the pandemic situation. The Organization has also promised the employees that the remaining 20 percent of the salaries, which was unpaid during the lockdown, will also be paid in the future.

The Success mantra

Sajeev Kale and Hari Prasad Varda are both, strong propounders of trust and faith in organisations and opine that the role of trust and faith is crucial in success of their organisation. Hari mentioned that he along with co-director, has seen various ups and downs in their entrepreneurial journey, but never failed on 'Delivery on promise' and following business ethics. Sajeev mentioned that entrepreneurship comes with an ability to take risks and age is not a factor for it. On a humorous note he also said, as an entrepreneur, one should not carry extra baggage along the journey which is always a trouble and an entrepreneur must be focussed in choosing the right bag which he carries in his journey.

The Way Forward

ZChem has a clear roadmap ahead in place and the organization as a team is working towards achieving it. The Directors dream to make “ZChem” a Global brand and at the same time wish to retain its local flavour. Currently, the Organization is in a rented infrastructure and the expansion plan is on. In order to meet the objective of expansion plan, a plot has been purchased and construction of building is going on. They are also planning to spread their wings in Saudi Arabia by assigning a competent person to take care of Saudi Arabia operations. The Organization has good sustainability and expansion plans to survive in this niche market and prove itself.

Can ZChem’s strategy be applied to other start-ups? Will ZChem be able to compete with the International brands in the long run? Will ZChem retain its value based leadership strategies even after expansion? With the current strategies, will this organization reach the top of the pyramid in the coming years?

Teaching Note

ZChem Specialties: Positioning Indian Brand in Global Markets

The case was developed from the material gathered during the interview with the Directors of the company. The case has approval of the organization for publication in original name.

The synopsis

ZChem case is the success story of an Indian Start-up Company that was motivated by the *Make-in-India* initiative of the Government of India. The ZChem Case is a lucid success story which conveys situations, events and practices leading to the success of the enterprise. It focuses on Leadership, Marketing, Quality and Financial Strategies which has taken the company to global shores within a span of 7 years. With a humble beginning of just two entrepreneurs, the company has grown to a capacity of twenty five by 2020. The Company proved its credentials through quality product, quality service, and quality systems and processes meeting global standards. With no typical hierarchy system, the Company believes in working together and growing together. The systems for evaluation and assessments meet all global standards. The company has a strong ethical framework grounded with core value system of making the company a good and respectable in the eyes of all stakeholders namely the customers, employees, suppliers, competitors and the general public.

The target learning group

This case can be taught at multiple levels, with focus on different functional areas varying in depth, depending on the learning outcomes and objectives defined by the Teacher. This is a Strategy Management Case with Marketing, Human Resource, Financial Management, Leadership, and Operations perspectives. The case can be taught at the Undergraduate level as well as the Post Graduate Level and also to the Corporate Executives. The focus of the issues and depth of enquiry can be moderated depending on the qualifications and caliber of the attendees.

The learning/teaching objectives

The Objective of this case is to ignite the spirit of global competitiveness amongst the students and break the **fixed mindset syndrome** and instill the **growth mindset thinking** that Indians can also make products that can compete with global brand.

Indian companies can also produce products that can match or be better than global established brands. With this background and belief and self-esteem, the students can be encouraged to aspire to be global managers and entrepreneurs. The objective of the case can be summarized as follows:

After the completion of the Case Study, the student shall be able to

- i. Understand how Indian brands can be positioned in foreign markets.
- ii. Nurture talent and imbibe leadership traits by inculcating core humane values.
- iii. Develop relationships with all stakeholders for seamless performance.
- iv. Understand various strategies employed by start-ups.

The teaching strategy

Based on the targeted audience and suggested objectives, the following four main strategies can be adapted for teaching the case. These strategies could be used separately or in combination depending on the session (level, depth) and the learning objectives and outcomes that the teacher would like to convey and achieve.

- i. Leadership Strategy
- ii. Financial Strategy
- iii. Quality Strategy
- iv. Marketing Strategy

Leadership strategy

Discussion

ZChem case closely relates to the Transformational Leadership Theory which was developed by James McGregor. According to this theory, if we want our people to achieve their goals, they need to look up to their leaders as a model of Integrity and Fairness. This theory guides the leaders to set clear goals, high expectations, encourage the followers and stirs the emotions. The theory also mentions that the leader has to provide support and recognition to his subordinates and get them to look beyond their self-interest, thereby inspiring the people to reach for the improbable. The Directors of ZChem throw challenges at the employees to make them learn from their own personal experiences instead of classroom training. They act with high morale and integrity so that it is mirrored in the employees' behavior as well. The organization

also has made sure that they get the things done from the employees effectively by setting high expectations and clear goals.

Question

1. Do you think, throwing challenges to employees as a part of learning on the job is the right way of leadership? Do you think it is risky in business?

Financial strategy

Discussion

Finance is the lifeline for any organization. ZChem had a very clear financial strategy and approach. From the inception and in the initial years, the Company did not believe in debt and borrowings. The company focused on ensuring positive cash flows and keeping the operational costs low. This was a winning strategy, leveraging through firm control on costs. This was further augmented by well positioned accounting and reporting systems in place based on the US GAAP, for uniformity in accounting and reporting, as the company had international presence. Additionally with a strong MIS in place, the company reflected transparency in its operations. The firm was financially leveraged through an innovative cash flow model. The Firm had strong control over costs as majority of their imports were from China, which was a cost effective strategy.

Secondly, by establishing themselves as a brand in terms of quality and service, they could introduce a culture of collecting *payments in advance* from the distributors, which had resulted in *positive cash flows*. This in turn had helped the organization to invest in new facility and other initiatives required for growth. This in fact is a very innovative model of financial leverage fueled by positive cash flows that ensured good working capital management strategy with enhanced earnings on capital employed. Thus, the firm had experienced a Compound Annual Growth Rate (CAGR) in revenues and Profit Before Tax (PBT) at over 35% and 45% and ROCE at 60%, much higher than industry norm of over 25%. These results are testimony of their successful strategies adapted. Truly, the company has been able to foster the maxim of wealth maximization, instead of narrowing on profit maximization, creating value to all stakeholders.

Financial leverage refers to the use of debt by a company in proportion to equity. This is also known as leverage, or trading on equity. The leverage ratio explains the source used to finance assets of the firm. In particular the amount of debts used to acquire assets of the firm. It clearly explains the proportion of total assets financed by debt

and equity. Ideally a firm stands to gain when it is able to use proportionately higher debt finance to acquire its assets than equity as that will amplify the owner's return on the cash investments.

The **formula for calculating financial leverage** is as follows:

Leverage = total company debt/shareholder's equity.

Total debt = short-term debt plus long-term debt.

Total shareholder equity (i.e., multiplying the number of outstanding company shares by the company's stock price.)

Generally, firms use financial leverage to acquire assets, rather than financing through equity capital, as this may otherwise reduce the EPS of existing shareholders.

For example, a debt ratio of 1 explains that for every Re.1 of asset, the company has Re.1 of liabilities. In other words 100% of the company's assets were funded by debt and the company is VERY highly leveraged and it reflects that the company is on the verge or border of *technical insolvency*. If the debt ratio is *greater* than 1, it would indicate that for every Re.1 of asset, the company has more than Re.1 of liabilities. This is not a good situation and the company would be described as being "*technically insolvent*". A debt ratio *below* one means that for every Re.1 of assets, the company has less than Re.1 of liabilities, hence being "*technically solvent*". Debt ratios less than 1 also reflect that the remaining amount required to purchase company's assets are financed by the owners. As far as ZChem Company is concerned, it is indeed in a very good position. The company has leveraged not on debt but through a very innovative cash flows model.

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. ROE is expressed as a percentage and can be calculated for any company if net income and equity are both positive numbers. Net income is calculated before dividends paid to common shareholders and after dividends to preferred shareholders and interest to lenders.

Return on Equity = {Net Income / {Average Shareholders' Equity}}

ROCE is a financial ratio that determines a company's profitability and the efficiency the capital is applied. A higher **ROCE** implies a more economical use of capital; the

ROCE should be higher than the capital cost. This ratio helps in assessing a company's profitability and capital efficiency. In other words, the ratio can help to understand how well a company is generating profits from its capital. The difference between the two ratios is that while **ROE** considers profits generated on shareholders' equity, **ROCE** is the primary measure of how efficiently a company utilizes all available capital to generate additional profits. It can be more closely analyzed with **ROE** by substituting net income for EBIT **in the** calculation for **ROCE**.

$$\{\mathbf{ROCE}\} = \{\mathbf{Earnings\ Before\ Interest\ and\ Tax\ (EBIT)}\} \div \{\mathbf{Capital\ Employed}\}$$

Questions

1. Is ZChem Company financially leveraged?
2. Do you think that the financial strategy of ZChem is yielding desired results?

Quality strategy

Quality is a strategy when the business strives to ensure product quality. This is achieved only when the employees and management together work hard towards it. ZChem specialties have an exemplary quality strategy as they have achieved the ISO certification in the first year of operation itself. They are also recognized by the world's largest energy producing leader "Saudi Aramco" as one in the top three brands producing quality products in this segment. This recognition has gained them a good number of customers globally.

Questions

Will ZChem be able to achieve the same product quality consistency in the long run even after expansion?

Marketing strategies

ZChem specialties have rightly used the 4P's of marketing mix model as their strategy to chase their marketing objectives. The first 'P' being the product they have an expert team to work with their clients to closely look at the internal requirements in the manufacturing and the functional techniques to satisfy the customer with a quality product consistently which reduced the operating costs and also prevented the gap in the production. They also have a good range of product mix catering to industries like automotive, aerospace, engineering, oil & gas.

The second 'P' in the marketing mix is price and ZChem has followed a competitive pricing strategy to create an impact on the purchase behaviour of the customer. For the Indian market they have set a price little higher than the competitors which created an image that they are selling a good quality product at par with the foreign products and they worked hard in the quality improvements to give a good product performance. For the global market they have set a price little lesser than the competitors and tried a volume game which was also achieved by them.

The third 'P' denotes the place and the product portfolio in the ZChem caters to a very niche market they have extended their wings to Arab countries where their market is big in size which is a location decision strategy. The fourth 'P' is the promotion and they have promoted their products by giving their products for free to the target segment through a door to door campaign and asked them to test it in their operations which has actually increased the customer base and this gave them a mileage to gain good word of mouth reference from the potential customers.

ZChem specialties followed a benefit positioning strategy approach for its brand, apart from the quality and pricing features they followed in the marketing mix. They were able to offer 'X+' quantity to their customers for a price to position their brand where their competitors were only able to offer 'X' quantity for the same price. This gave them distinctiveness in the minds of the customers when compared to their competitors.

ZChem specialties cater to the niche market and so they follow a direct marketing approach to promote its products. Direct marketing is an approach where the marketer directly interacts with the target segment to convey their messages clearly to them. Direct marketing happens through strategies like: 360 degree approach, segmenting the target market, Personalized messages, Increasing customer loyalty, Testing products and sales performance, Harnessing the power of the internet, Call to action marketing. In ZChem they follow a 360 degree approach where they use all kinds of available promotional tools to directly campaign with their target segment like running trade fairs, exhibitions, delivering pamphlets, brochures and direct mailers. They also follow the Increasing customer loyalty & testing products & sales performance, as they have an expert team to work closely with clients to meet requirements the loyalty increases and also they give products for free testing in the door to door campaign which increases the sales.

ZChem has also used the power of the internet to promote as they have exclusive website and LinkedIn pages to display products and handle queries. They also send

direct mails to target segments which use the internet and this can be possible only if they segment their targets which is another strategy in direct marketing.

Questions

1. Was ZChem Specialties right in the marketing mix adopted? Do you think they need any improvisations to their strategy?
2. To position a brand globally, following the benefit positioning strategy, will it sustain for a longer time, this being a niche market?
3. Comment on their direct marketing strategies adopted.

Analysis of the data

Porter's Five Forces Analysis, which is an important tool for understanding the forces that shape competition within an Industry involving Competitive Rivalry, Supplier Power, Buyer Power, Threat of Substitution and Threat of New Entry. The case also paves way to analyze from the point of view of "Value chain analysis" and any other appropriate qualitative techniques can also be used. With regard to the strategies of ZChem, SWORT analysis can be used to analyze the case.

Background reading

1. Jim Collins, *Good to Great: Why Some Companies Make the Leap... and Others Don't*, Publisher Harper Business (2001).
2. *The 7 Habits of Highly Effective People: Powerful Lessons in Personal Change*, by Stephen R. Covey & Jim Collins, Publisher Free Press (1989).
3. *Leadership and Performance Beyond Expectations*, James McGregor (1978).
4. <https://www.feedough.com/direct-marketing-definition-types-strategies-examples>.

Case Study 05

A Contented Entrepreneur*

Ashok Ajmera was born in 1961 into a lower middle class family of Chittorgarh, a city in Rajasthan, India. His father worked in Life Insurance Corporation of India - a government of India owned company and his mother was a homemaker. He was the eldest of three children. Ajmera had a passion for sports and was good in studies. In spite of securing very good marks, he could not get admission into undergraduate engineering. He managed to secure admission into a Mechanical Engineering Diploma course at Ajmer Polytechnic College.

Ashok Ajmera's father could afford the college fees but not the mess fees. Ajmera chose to walk 4 km to his relative's house for his meals, which means he would walk 16 km in a day. He was very active in college life, participating in sports and other co-curricular activities. He was awarded 'Best player in Cricket' in the Inter Polytechnic Tournament. He represented the state in Badminton competitions. His achievements in sports got him closer to his colleagues and seniors. In the final year of engineering, he contested in elections and became the Vice President of students' body. Once he had to go out of his way to rescue and help some students who were injured in caste based clashes at the hostel. He immediately took them to the hospital and stayed there till the families of those students arrived and were consoled. Even though having insufficient pocket money, he could meaningfully enjoy college life. He graduated in 1981 with 72% marks.

Since there were no campus placements in those days, Ajmera applied for jobs at various organizations. Finally, in 1982, he got a temporary job to supervise road construction as a Junior Engineer with the Public Works Department (PWD). In September 1982, he got a job as Junior Engineer with Birla Cements Works (BCW) at Chittorgarh with a salary of Rs.750/- per month. Initially he was assigned to different shifts, but soon was given independent charge of one shift. One day there was a breakdown in Bucket elevator, to rectify it he had worked continuously for 48 hours.

* This case was developed by H. Amrutha (K.K. Wagh Institute of Engineering Education and Research), J. Parvathi (IFIM Business School), and K. Pradeep (Dhruva College of Management) in the 3-day Online Case Writing Workshop organized by the Association of Indian Management Schools (AIMS) from September 28-30, 2020

He stood by the challenges during the tough times of the company and learnt each and every detail of the work, out of his interest and passion towards work.

In 1984, he got married and with the support of his wife, he continued his passion for work. He is blessed with two sons who are engineers from the National Institute of Technology and did their postgraduation in Business Administration (Finance). Both his sons are certified Chartered Financial Analysts and are working in reputed firms in India.

Embarking a Journey in the Insurance Industry

One day, Ashok Ajmera was surprised by his friend driving a car. Upon enquiry, his friend told him that he could buy the car because his work as an insurance surveyor provides good money. Motivated by the idea of buying a car, Ajmera applied for a license to the Controller of Insurance, Ministry of Finance, Delhi, India. In those days, to obtain the license as a Surveyor & Loss Assessor, an individual had to submit the particulars required such as the qualification, experience certificate along with a nominal amount of Rs. 250/-. Awaiting the reply after applying for the license in September 1986 from the Controller of Insurance, he decided to visit the Delhi office in mid-February out of curiosity to know the status of licence as Surveyor.

To his surprise, he was approved as Surveyor & Loss Assessor but the Original Licence was not dispatched. He requested for a xerox copy of the Original Licence and then took empanelment from the concerned Regional office at Delhi and was ready to begin his work as a Surveyor. Ajmera had no prior idea on the field of Insurance; he had procured books on Insurance to learn more about the field. He constantly believed that it would be difficult to understand the fundamentals of assessing the loss without getting down to the field. He then began to assist every senior Surveyor to gain knowledge and experience in this field. Some of the caselets represented below illustrate Ajmera's growth as a Surveyor and Loss Assessor and ultimately to a contented entrepreneur.

Cattle investigation: In 1987, he got his first assignment where he was asked to investigate the Cattle Claims regarding the death of cattles amidst the Bijaiपुर ghat area near Chittorgarh. His fees was Rs 150/- per case. He travelled using his motorcycle all over these mountain passes (ghats) and identified through his field work that there were several old cases where animals had died 2 or 3 years ago and the cattle insurance was continued by the Bank Manager. The Cattle claim was not lodged when the cattle died; only 5 cattle cases were considered payable under the then current Insurance

Policy. Nearly 55 such cattle cases were reported by the Bank Manager to the insurance company. Since then, the income of Ajmera from the Insurance Companies reached Rs.10,000/- to Rs.12,000/-, against the monthly salary of Rs. 2,250/month. This motivated him to continue in this field, despite the hurdles faced such as long travels on his motorcycle within the ghat area of Chittorgarh.

Motor Surveys/Claims: He then assessed claims pertaining to Truck losses. At that time, he was not aware of where the engine number or chassis number of the Truck were located. Within the next one year, he learnt from other surveyors by assisting them to understand the nitty gritty of the Insurance Surveyor field. To expand the experience with the Motor Claims, he used to travel to cities such as Neemuch, Mandsaur, Ratlam in Madhya Pradesh on his motorcycle. Travelling long distances became a part of his life for the work of Insurance Surveys.

Claims for Aditya Cement and Vikram Cement: In 1988, he started working for the claims of Aditya Cement and Vikram Cement which was 12 km and 40 km from Chittorgarh, respectively. It was a practice in these companies to get Surveyors from the reputed Insurance Company - The New India Assurance Co. Ltd., Mumbai. Ajmera looked out for other claims with better pay and felt the Cement Industry would provide him the same. He began understanding the nuances of surveying the claims by developing preliminary reports which were later appreciated by underwriters of Insurance Companies, giving him the confidence to work on higher claims.

Marine Cargo Claims of Caustic Soda Lye: He then expanded his forte to Marine Cargo claims. Once, he received a Marine claim information of a tanker filled with Caustic Soda Lye (CSL) being overturned. Further, three similar claims were assigned to him for investigation. After investigation, Ajmera found that frequently the material was stolen and sold to some other customers. The transporter/truck owner claimed losses in the pretext of water seeping into the tanker, or the tyre of the tanker getting burst or an accident of the tanker. The police also refrained from giving their statement to him but he took aid from the villagers who stated that the drivers sold a major part of CSL and filled up the tanker with water. To test the same, Ajmera took a sample and tested for purity of CSL and confirmed the presence of water in it. During such investigations, he made sure to check the quantum of CSL spilled on the ground and identified that approximately only 10 feet of ground soil contained traces of CSL which is highly unlikely indicating some sort of malpractice in the accident of the tanker. Whenever he gets the opportunity to work on any such claims, he makes sure to reach the spot at the earliest of the accident being reported and ensures to open the seal of

top main holes and outlet valve in his presence and would not leave the area till the transfer of CSL in another tanker, later on recovered CSL is weighed. He was allotted many more marine claims of CSL by the Insurers to him in the areas covering nearby states like Gujarat, Madhya Pradesh, Maharashtra and Uttar Pradesh which are the surrounding states of India.

Engineering Claim: Ajmera also tried his hand on Engineering Claims in 1994; one such survey that changed his fortune was the preliminary survey of Engineering Claim at Aditya Cement, Shambhupura, Chittorgarh. Ashok Chopra was appointed as Final Surveyor from Mumbai to carry out the survey of said Engineering Claim at Aditya Cement. Ashok Chopra was a well-known surveyor in India. Ajmera did a preliminary survey of the claim and investigated mechanical failure of equipment due to design defects. Highlighting the defects would result in delay of production at Aditya Cement. He requested the Insurers to be informed when Chopra comes to the Aditya Cement for the final survey.

During the Holi celebrations that year, he was called by Chopra for a meeting. Ajmera gave the true information regarding the damaged Bucket Elevator, which was not informed to Chopra for the survey by the officials of the Aditya Cement. Ajmera's eye for detail and diligence impressed Chopra and forged a professional partnership between the two surveyors. Ajmera was invited to Mumbai to associate with Chopra for the Claims that were appointed to M/s Ashok Chopra & Company (ACC) and in return Ajmera would get share of survey Fee as per skill and time devoted for the claim which was mutually agreed by both. Ajmera grabbed the opportunity and started working with ACC.

Cyclone Claim: In 1998 due to a major Cyclone in Gujarat, the Jamnagar Chougule Salt Plant was badly affected. All the machinery and equipments of the plant got immersed in sea water during the cyclone and started rusting. The machinery and equipment (machinery, trucks & heavy earth movers) were claimed. ACC was appointed for the survey and Ajmera from the ACC visited for the survey of said Claim. Representatives of Chougule & Ajmera tried to reach the site but could not reach due to excess mud due to rainfalls. Next day they attempted to visit the site using an alternate route but the bridge over a creek was damaged. They then crossed the creek by placing a wooden plank on the drum, using it as a transportation vehicle.

During the survey he suggested greasing the parts of the machinery and equipment to prevent any further deterioration, Chougule had claimed a loss of around Rs.2 Crore but according to the policy the loss that was assessed was approximated to Rs.

38 lakhs. Ajmera collected the salvage offer for damaged machinery and equipment for Rs.14/kg at the affected site. Chopra and Ajmera visited the insured's Panji, Goa office and during discussions they discussed their salvage offer, looking into the offer the Director of Jamnagar Chougule Salt Plant was surprised as till then they had received the best salvage offer at Rs 5/kg. On hearing the Salvage offer from Ajmera, Chougule forgot this Claim amount and agreed for a Claim Amount of Rs 38 lakh. Here a win-win situation was created by Ajmera where the Insurers & Insurance Company benefited.

Fire Claim: In February 2000, ACC was appointed to assess a major fire which broke out at HDFC Bank, Ahmedabad which destroyed the office equipment, furniture and computers at their Navrangpura, Ahmedabad branch which resulted in a claim of Rs.1.25 crores. The fire claims are difficult to identify from the burnt debris as it requires skilful efforts to arrive at the quantum of loss.

Other Claims: He continued his work with many cases during the extremely difficult times such as 2001 Earthquake in Gujarat. In 2002, Ajmera established his own firm AK Ajmera & Co at Ahmedabad, Gujarat where he focused on developing a venture to handle surveys and loss assessment of insurance claims. In 2005, Mumbai flood was added to his list of cases and he spent 6 months there to carry out surveys appointed to the ACC. He also handled various major claims during floods at Surat (2006), and Hudhud Cyclone at Vizag (2014) under ACC. The above cases discussed are the experiences Ajmera contributed to creating his own brand by generating value in every case which he was appointed to survey and generating qualitative and informative reports by doing in depth investigation and hard work under guidance and direction of Mr Chopra. He was happy with each case he solved and investigated with full enthusiasm.

Conclusion

Ashok Ajmera extensively travelled across the length and breadth of India right from Kashmir in the north to Pondicherry in the South and from the Pakistan border in the west to Kolkata in the east. His work required him to spend more than 12-15 days in a month outside home which started taking a toll on his health. In 2014, he decided that he shall focus only on claims that came from Gujarat allowing him time to take care of his health and family. He continued supporting Ashok Chopra on the claims that he received within the state of Gujarat and also helped Ashok Chopra on claims greater than 2 crores under ACC. In the meantime, he also concentrated all his efforts to develop his own firm using his independent license.

The turnover of A K Ajmera & Co. was approximately around Rs.35 lakhs/annum. He focused on minor claims that were less than Rs.2 crores which primarily concentrated on motor claims. He has approximately addressed 103 motor claims in a year but does not have a total count on the claims filed giving a close approximation of over 200 Claims every year. His sons are not interested in taking his venture forward, expressing their concerns on not wanting to spend their lives like their father without giving time for family. However, A. K. Ajmera & Co is currently running with 5 employees of which 3 of them have their independent licences.

Questions

1. Was Ashok Ajmera an entrepreneur in the first place? What are the qualities/ characteristics of an entrepreneur does Ajmera exhibit or not exhibit in this case?
2. Did creating a brand or a reputation for himself help Ashok Ajmera to flourish as a contented entrepreneur? If yes, how did he do so?
3. Was the collaboration with Ashok Chopra a turning point for Ajmera or did he lose out on establishing his own firm?
4. What according to you would be the future for A K Ajmera & Co? Is this a scalable model of entrepreneurship?

Teaching Note

A Contented Entrepreneur

Synopsis

The case highlights the challenges faced by an ordinary man who was not willing to settle down for something mediocre. The situations described herein demonstrate the various entrepreneurial qualities of the protagonist, like risk taking, flexibility, networking, meticulousness, passion and hard work. The case further delves on the importance of a mentor in early stages of entrepreneurship to develop self-efficacy in the entrepreneur. Furthermore, the case questions the scalability of a venture which is curated as a brain child of the protagonist and delves into a discussion whether the protagonist is an entrepreneur in the first place.

Target learning group

The target learning group for this case study are undergraduates and postgraduates who are pursuing courses on management or entrepreneurship.

The learning/teaching objectives and key issues

The case aims to develop an image of a self-made man who chose entrepreneurship as the path to success.

The readers would also learn:-

1. How to establish a reputation for one's work, and brand building helps in growing a business.
2. The role of a mentor in developing self-efficacy in the entrepreneur.

Teaching strategy

The case can be used in the introductory classes of entrepreneurship to help motivate students and appreciate the idea of a common man to create a brand/reputation for himself in a field where he was a novice. The sheer qualities such as hard worker, an eye for detail, a multi tasker and a resilient person helped him carve a name of his own as a surveyor and a loss assessor.

The triggering questions in the case could be:

1. Who was Ashok Ajmera? How did his background help him in his feat?
2. What were the qualities he exhibited at an early age that he carried along to develop his own company Ajmera & Co.?
3. Who among Ajmera or Chopra would have benefited more by the friendship or association?

Several inferences can be drawn from the case, like:

1. Becoming a surveyor without possessing knowledge about insurance business.
2. Risk taking ability.
3. Approaching every new task as a learning opportunity, whether it is about cattle or damage due to fire
4. Learning from fellow workers, colleagues, and other surveyors and seniors, like motor insurance.
5. Studying a situation from every possible angle, and uncovering something that other surveyor would have overlooked, like design defects in bucket elevators, salvage value of equipment.
6. Obtain complete details to get the root cause of problems, like the overturning of trucks carrying caustic soda.

The learnings can be consolidated in the form of highlighting the qualities of an entrepreneur, converting every situation as an opportunity to prove oneself and thereby created a reputation/brand for himself. Though there was a quest to solve more and more cases to get the expertise in the field, Ajmera was satisfied with every case he deciphered and this enumerated his entrepreneur skills. This attitude is found rarely in entrepreneurs in today's environment. Finally, emphasising the role of a mentor in the life of an entrepreneur and questioning if the firm Ajmera & Co. would see light after the tenure of Ashok Ajmera.

Questions for discussion

1. Was Ashok Ajmera an entrepreneur in the first place? What qualities of an entrepreneur did Ajmera demonstrate through different incidents of his life recounted in the case?

2. Did he create a brand for himself or a reputation for his work? How did he do so?
3. What did Chopra gain from Ajmera and what did Ajmera gain from Chopra In what ways did the mentor influence the entrepreneur?
4. Is this a scalable model of entrepreneurship? What future holds for Ajmera & Co?
5. Did any of his early life incidents influence progress in his entrepreneurship career?

Analysis of data: Concept Map, SWORT (Strengths, Weaknesses, Opportunities, Risks and Threats) Analysis

Background reading

Books

1. Start a Business, Grow a Business, Sell a Business by Stephen Hawley Martin
2. The \$100 Startup: Reinvent the Way You Make a Living, Do What You Love, and Create a New Future by Chris Guillebeau
3. The Entrepreneur Mind: 100 Essential Beliefs, Characteristics, and Habits of Elite Entrepreneurs by Kevin D Johnson **Fundamentals of Insurance Business:**

1. <https://www.irdai.gov.in/>
2. <https://economictimes.indiatimes.com/topic/India-insurance-sector> **Role of Surveyors in Insurance business**
3. <https://www.morganclark.co.uk/about-us/blog/the-role-of-the-surveyor-in-an-insuranceclaim/>
4. <http://www.legalserviceindia.com/article/I21-Role-of-Surveyor-in-Insurance-claim.html>

Case Study 06

Turning the Wheels of Fortune at GFCL*

In the head office at Guwahati of the Golden Fiber Corporation Limited (GFCL), a 40-year-old Central Public Sector Undertaking (PSU), under the Ministry of Textiles, there was an expectant silence among the employees as Vikal took over as the new Chairman and Managing Director (CMD) of the corporation. The fortunes of the corporation were steadily declining and the staff strength reduced from a peak of 3000 employees to the current 400, due to natural attrition of retirements and also because of the ban on recruitment. There were currently around 120 employees at the headquarters and 350 in the field. Against this backdrop, the employees were expecting a lot from the new CMD to redress their long pending grievances especially the pay revision.

During Vikal's conversation with the Union Textile Secretary upon assuming charge, the Secretary dropped several hints that the federal government expected all PSU's to turn in profits for their long-term survival and the government is mulling closing down loss-making PSU's. This led Vikal to doubt his decision to accept this new assignment at the end of an illustrious career as a civil servant from his parent surface transport department. Drawing inspiration from the Buddha who said that "There are only two mistakes in life; not going all the way and not starting the journey." Vikal sat down to work to understand the organization and its activities. Subramanian, the finance director handed him the report by Price Waterhouse Coopers (PwC), commissioned to look into the restructuring of the organization. A particular paragraph caught the attention of Vikal.

"There is hardly any hope for this organization; what with the quality of the fiber produced in India being inferior to that produced in neighboring Bangladesh, even though India was the largest producer of the fiber in the world. Also, the report stated that China was producing a cheaper artificial fiber because the demand was not being met. India exported only 5-7% of its total production of the raw fiber."

* This case was developed by Neela Gollapudi (Kasturba Gandhi College for Women, Secunderabad), M.A.Lahori (Anekant Institute of Management Studies, Baramati), TR.Kalai Lakshmi (Sathyabama Institute of Science and Technology, Chennai), Bindiya Rangwani (Sadhu Vaswani Institute of Management Studies for Girls, Pune), and Pinaki Ranjan Bhattacharya, (Calcutta Business School, Kolkata) during the Online Case Writing Workshop organized by the Association of Indian Management Schools (AIMS) from September 28-30, 2020.

Next, he turned his attention to the vision statement written some 35 years ago and found that profitability was not part of it. He thought to himself about the changed philosophy of the government expecting the PSU's to compete with private corporations and was tasked to turn in profits and at the same time staying true to the social responsibility for which they were set up. Vikal was determined to turnaround this corporation and set about the task of turning the fortunes of the company with fortitude, determination and a spirit of adventure; and motivating himself by thinking that 'tough times don't last only tough people do' and began his journey to understand the role GFCL played in the fiber sector. He drew a flow chart to gain clarity of the working of the sector.

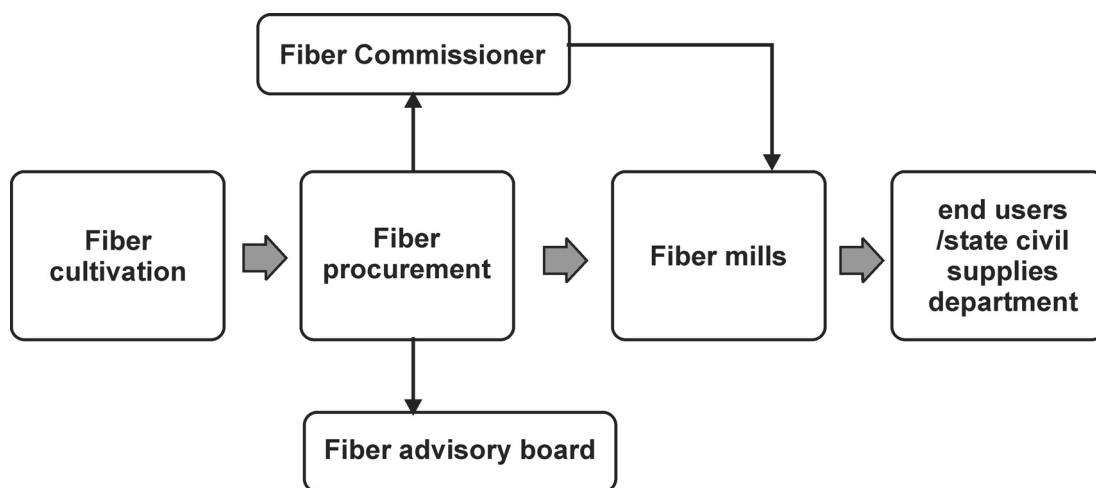


Figure 1: Flow chart of the process of jute production

To have first-hand knowledge, Vikal travelled to the farms and met the farmers to understand their issues. The fibre is an intermediary cash crop mainly grown in the East and North-Eastern Part of India. Fibre growing and processing is both labour and water intensive. Unlike other crops, some value addition is done by the farmer through retting and drying of the fibre stalks to extract the fibre and transforming the harvested fibre into a semi-finished product thereby becoming an entrepreneur of sorts. The retting process done in the farm ponds is very tedious because of lack of flowing water and they are also disease prone due to the muck in the pond.

Given this situation, of shortage of labour, and expense to hire them to work in the fields many farmers who were mainly small and marginal were forced to give up the fiber cultivation as they didn't find it remunerative. Upon knowing this Vikal initiated

the process of distributing the retting powder from the procurement centers to the farmers to clean their ponds. He also built ponds near the procurement centers to help the farmers with the retting and drying of their produce to encourage them to cultivate the fiber.

In addition to these difficulties, the supply of seeds was erratic. The seeds were mostly procured from Andhra Pradesh and Maharashtra. These seeds were bought by GFCL and given to farmers at a subsidy of 50%. The quality and quantity of the seeds is uneven as there was no formal seed quality certification and there was either an excess supply or limited supply of seeds leading to too much or too little cultivation. The amount of fiber to be grown was determined by The Fiber Advisory Board consisting of representatives from the GFCL, fiber millers and fiber balers association. Some members have vested interest in the growing of the crop to drive down the prices. Fiber produce varied between 80 and 120 lakh bales annually when most of the time only 90 lakh bales were consumed. To overcome the asymmetry in demand forecasting, Vikal contacted the Indian Remote Sensing agency to help in geo-mapping. However, the farmers' predictions about the quantity was sometimes more accurate than that of IRSA and there is still over production or under production.

Role of GFCL

The farmers bring the baled fiber to the 500 mukams or mandis to sell their produce. GFCL has around 140 procurement centers at these mukams to buy the fiber directly from the farmers by paying the minimum support price (MSP). The MSP is usually determined by GFCL and communicated to the agriculture ministry via the fiber commissioner, its representative. The committee in the Agriculture Ministry usually accepts the MSP proposed by the GFCL. Cost plus method is used by GFCL to arrive at the MSP. The price is valid for a year. There is a cap on how much can be procured under MSP. However, GFCL could make commercial procurement at a price greater than the MSP or market price but with a risk of this not being sold. The produce brought in by the farmer is sorted into five grades TDN1 (highest quality) and TDN 5 (lowest quality). Payment to the farmer is based on the quantity of the various grades.

The procurement centers were managed by a supervisor with 6 to 7 employees to assist in grading, weighing and accounting. This sorting and grading requires a lot of expertise and the staff manning the PC's were not adequately trained for the job. Due to the dwindling number of employees and the nature of work being seasonal, Vikal introduced the outsourcing model and contractual form of hiring employees. This move met with a lot of resistance from the unions.

Payments to the farmers

The farmers would bring the semi-finished produce of the fiber to the designated PC, where it is weighed and graded and the farmers got a receipt for their produce based not only on the quantity but also the quality of the fiber. The farmer then received a cheque and it took a month for the farmers to receive the amount from the bank for the fiber given to GFCL. Due to this delay the farmers were exploited as the middlemen collected the cheques from the farmers and gave them a meager amount from the total cheque received from GFCL. The farmers sometimes depended on the middle men to bring their produce to the PC's because the PC's operated only on specified days and the farmer could not come to the centers. The middle men exploited this situation too to their advantage.

To stop this exploitation, Vikal introduced an app called GMAP that reduced the payment time as the app would send the information in real time to headquarters and payments could be processed faster. Vikal gave smart phones to the GFCL workers in the PC's and also installed computers at the centers to capture and record the data. After the introduction of the GMAP 100% direct benefit transfer was achieved, reducing the exploitation of farmers by the middlemen and agents. Prior to the introduction of the app only 30% online payments were made. Vikal introduced another innovative initiative; a smart card system for the farmers through which records of 30,000 farmers were entered into the main server at headquarter.

To improve the quality of the fiber procured, Vikal introduced differential pricing system with a Rs.500 difference in price of the MSP between the various grades. The loose fiber received from the farmers is then converted into a bale of 50 kg using a hand pressed machine. Higher the compression better the benefit to the corporation while transporting. The annual turnover of the fiber industry is anywhere between 10,000-12,000 crore rupees. Out of this only 300 crores are allocated to farm sector while 6000 crore rupees was spent on subsidy to the millers.

The shelf life of the fiber being 1 year, the loose fiber had to be stored in a warehouse for further distribution to the fiber mills. All the procurement centers had warehouses attached to them. Out of the 140 PC's from where the operations were being carried out, GFCL owned around 54 PC's with its own warehouses and rented another 80 warehouses. Some of the owners of these 80 warehouses were pressurizing GFCL to either vacate the premises or increase the rent. Increasing the rent would put a burden on the finances of the GFCL as it would not be compensated by the government. So, Vikal proposed to the board and received approval to construct 70 new warehouses

under the mini mission scheme. Vikal rationalized the warehousing operations by closing down the rented warehouses that were not being used and rented out the warehouses owned by the corporation during the off season. The fiber stored in the warehouses is then transported to the fiber mills spread across various states.

Fiber mills

The 95-100 Fiber mills situated in different states bought the fiber bales by raising indents to GFCL. The fiber commissioner allocated the quantities to be supplied to the fiber mills based on the indent raised every month and GFCL supplied the required bales to the respective fiber mills. The usual season being October to March, GFCL supplied the fiber bales through contract carriers which was cheaper than other modes of transportation. The travel time varied between a minimum of 18hrs to a maximum of 4 days. Additionally, there was a waiting time at the mill as the mill owners tried to drive down the prices claiming inferior quality of the fiber.

A three-member assessment team including a finance officer and fiber expert are then sent to verify the claims. The millers give a Letter of Credit (LC) to GFCL on receipt of the bales. GFCL cashed the LC's and used it as working capital to pay MSP to the farmers. Since there was a delay in receiving payments GFCL sometimes had to borrow money from commercial banks to run its operations since NABARD did not involve itself in the fiber industry. This borrowing from commercial banks showing the fiber as collateral strained the financial position of the corporation.

The mills then manufactured the fiber bags mainly for government consumption. 80% of the fiber bags were bought back by the government based on the rule passed in 1985 that 90% food grains and 20% of sugar should use fiber bags, ensuring a guaranteed market for the mills.

The Versatile Fiber

Though the fiber is expensive it is very versatile and can be put to many uses. During one of his visits to the village Vikal found that the tender leaves of the fiber were not only edible but also had medicinal properties. Because of its porosity and strength, it can be used to lay roads especially in the rural areas. Being bio-degradable fiber bags were an alternative to polythene and plastic bags. The fiber is more eco-friendly than paper because paper is usually made from trees. He also understood from a Korean Digital chip maker delegation that Activated carbon extracted from the fiber sticks could be used for low cost water purification purposes.

Having developed a deeper understanding of the multiple uses of the 'golden fiber' Vikal tried to expand into other businesses. However, he failed to convince the state governments to use the fiber to build rural roads under the 'Grameen sadak yojana' scheme. Equally, he could not persuade the authorities of one of the largest temples in India to use fiber bags to distribute 'prasad' to the devotees. Vikal's forays into the retail sector too did not yield good results. Vikal felt that there were endless possibilities for market expansion if proper research was conducted about the fiber and its various uses. In such a scenario, the farmers would not require any Minimum Support Price (MSP) from the government as this would become a cash crop.

Transforming GFCL

It was far easier for Vikal to change the vision statement of the organization than implementing it. He found that many officers in the finance and human resources department being new to their jobs were unable to perform effectively while the marketing and operations managers did not understand modern management practices and were unwilling to take risks. Even senior managers of the organization always looked to the board members for directions, while the lower level staff and field employees were semi-skilled but were paid high salaries for their job, were not motivated to improve their productivity. The annual confidential reports too were not maintained properly due to which promotions were delayed.

Vikal had to change the prevailing laid back organizational culture to a more dynamic and responsive one. He felt that changing this kind of organizational culture required being benevolent and sympathetic toward the workforce's problems. To infuse energy and enthusiasm into the workforce, Vikal conducted frequent meetings with them as he felt that a leader is one who takes all people together. He also believed that if your point is right everyone will be convinced. Vikal had to change the organizational mindset from one of dependency to independent and confident decision-makers. He delegated a lot of tasks and empowered them to take ownership of their mistakes and successes. He ensured that the pay revision commission recommendations were implemented within a year unlike in the past when employees waited for 9 years for it to be implemented. Vikal received a lot of support from the board members who gave him autonomy in operations and Vikal did not belie their trust.

Conclusion

In April 2019, a few months before his superannuation, Vikal summoned the company's auditors to take stock of the firm's financial position. The auditors presented that the

firm was returning a profit over the last three years under his leadership. In the three-year period that Vikal was the CMD the YoY profits were Rs.31 crore, 73 crores and 193 crores respectively. Vikal was greatly relieved and satisfied with the information and told the company secretary to convene a board of directors' meeting, with the main agenda to discuss paying dividend to the Government of India, a record of sorts in the history of the four-decade old company.

Questions for discussion

1. What kind of leadership style did Vikal use? Do you think this is an appropriate style for all situations?
2. What strategies would you suggest for the long-term survival of the corporation if the government support for buying the fiber bags is withdrawn?
3. Suggest a business development strategy for the fiber sector.
4. What are the challenges of running a PSU as opposed to a private organization?
5. What kind of competition can the fiber encounter in the green marketing space?

Teaching Note

Turning the Wheels of Fortune at GFCL

Case synopsis

One of the definitions of Strategy denotes it as a match that an organization creates between its internal skills and resources and opportunities and risks outside the organization. This case details this definition by helping us understand how the CMD Vikal Gupta turned the tables around for Golden Fiber Corporation. A Public Sector Unit faces its own unique set of challenges and in opposition to the misconception of these units being funded by Government; they have to earn their own profits. He takes major decision to revive fiber (jute) corporation and focuses on the issues of recruitment of employees, designing novel schemes in empowering farmers, increasing productivity and give value addition to the products, operational cost cuts, using new technologies, improvement in the supply chain management process of jute and expansion of the market base of jute both domestic and international with limited success. Vikal Gupta's initiatives help the fiber corporation and he pays dividend to the Ministry of Textiles for the first time in its 40-year existence.

Target learning group

Post Graduate Management students, Practicing Managers of Government and Private Companies

Learning and teaching objective and key issues

1. To acquire knowledge on the need for strategic decision making skills required for a leader.
2. To analyze the types of leadership styles implemented in the business organizations.
3. To identify the business strategies implemented to solve key issues.
4. To identify the key role of business strategies in solving organizational challenges .

Teaching strategy

A. **Trigger question** that can be asked to open the case:

- Are Public Sector Units/Government run organizations accountable for profits

B. Group Task

- Divide the class into groups and give each group a task of applying a specific leadership style such as autocratic, participative, laissez faire and discuss what kind of outcomes are possible under each type of leadership style.

C. Debate and discussion

- Debate the turnaround strategy implemented in the above case to an analogous situation like Air India and discuss if the strategy would yield similar results.
- Discuss the potential for eco-friendly products in general and the fiber (jute) in particular.

Questions for discussion

1. Elucidate a SWORC analysis for Jute Corporation based on the information given in the case.
2. Enumerate the business strategies implemented by Vikal in various facets of his Operations as a CMD in Jute Corporation.
3. As a CMD of this Corporation, what strategies you would have implemented in fiber Corporation to make it more profitable?

Background reading

1. Concepts of The Resource based view, Implementing strategies, Value Chain Analysis, Comprehensive Strategy-Formulation Framework, the SWOT Matrix
 2. David, F. (2009). Strategic Management: Concepts and Cases
 3. Concepts of Firm's External Environment, BCG Growth-Share Matrix
 4. Pearce II, J., Robinson Jr, R., & Mital, A. (2008 edition). Strategic Management: Formulation, Implementation and Control
- Indian Mirror. Indian Jute Industry. <https://www.indianmirror.com/indian-industries/jute.html>
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Case Study 07

What Next After AREDA? *

Background

Techno Software (P) Ltd was established as a small business by Anand Prasad Sukhdev and Arundhati Naidu to offer computer services to local customers in Visakhapatnam, in the year 1991. On 7th November 2001, it was incorporated as a Private Limited Company with a Paid-up capital of Rs.3,25,000 and an Authorized capital of Rs.12,50,000. Started as an EDP service provider, the company diversified into ITES (for KPOs and BPOs), Management Advisory services/and Software Development. The company offered end to end solutions that helped to bring about organizational transformation in terms of improving internal processes, purpose, and outlook of their client organizations. The Company developed generic IT solutions to be used by a large class of business units rather than customizing its products for individual clients.

Management of the Company: Two friends, Anand Prasad Sukhdev, the present CEO and MD graduated from Indian Institute of Management Ahmedabad having specialized in Development and Sustainability Studies and Arundhati Naidu the present Director who was M.A (Economics) with P.G Diploma in Computer Applications were the Founder Members of the Company. The two Founders worked relentlessly for the growth and success of the organization. Later, Pradeep Kumar Reddy joined as Director in November 2016.

Mission of the Company: Offering World-class Management Consulting, Software Development and IT enabled Services.

* This case was developed by B H Nanwani (Sadhu Vaswani Institute of Management Studies, Pune), Suraj Chandrakant Kamble (DES's Institute of Management Development & Research, Pune), M. Sailaja (AMS School of Informatics, Hyderabad), Suvarna Hiremath (KES's Institute of Excellence in Management Science, Hubli), and Sushree Sangita Mohanty (Bhavan's Centre for Communication and Management, Bhubaneswar) during Online Case Writing Workshop organized by the Association of Indian Management Schools (AIMS) from September 28-30, 2020.

Financial Performance of Techno Software (P) Ltd. (Turnover from 2013-14 to 2019-20)

Financial Year	Turnover in Crore Rupees	Year-wise Changes in Rupees
2013-14	397.95	-
2014-15	2092.35	1694.4
2015-16	2010.9	(81.45)
2016-17	1612.8	(397.5)
2017-18	2730.9	1117.5
2018-19	2953.95	223.5
2019-20	2907.45	(46.95)

Business Segments: 60% of the business of Techno Software (P) Ltd. was from overseas /clients and 40% was from Public Sector Units [Small Public Sector Units-executing programs of the Government. It offered services for businesses in the fields of Energy, Governance, Agriculture, Drinking Water and Sanitation, ERP, Language Conversion, Revenue Management, Billing Processes, Stake-holder Engagement and Assets Management.

Techno Software (P) Ltd. - Journey to Fame and Business Success

The timeline showing organizational and product evolution of Techno Software (P) Ltd. is given below:

In **1991**, when it was conceived, it started with providing EDP and computer services.

In **2005**, given that many companies had entered the field of software development, Techno Software (P) Ltd. moved to Management Consultancy and Research and Development and took up businesses with event agencies and social sector units.

In **2013**, it took up Project Management for Aadhar Card enrolment. It worked for states such as Andhra Pradesh, Maharashtra and Karnataka.

In **2014**, they found an opportunity in working for units/projects connected with renewable energy. Renewable Energy is an important Sustainable Development Goal. This opened avenues for working closely with the government and public sector units.

They developed solutions for Public Sector Units like State Transport Corporation. They also entered into healthcare, sanitation, agriculture and forestry.

In 2016, the thrust on working with units/projects connected with Renewable Energy continued during the year, the Company bagged a contract from Andhra Pradesh Renewable Energy Development Agency [AREDA].

AREDA, a state-owned Public-Sector Undertaking was established in the year 1984 primarily to popularize applications of renewable energy among people. The project provided thousands of public utility facilities using renewable energy especially for the benefit of the disadvantaged and unserved communities found in the remotest of locations. The project provided for custodians of the installation and service suppliers of the installation. The two agencies were left to communicate with each other for service requests after some breakdown. Such systems were under a service warranty for a period of 5 years.

The project, although novel, failed to generate benefits for the beneficiaries. There was public dissatisfaction with the utility facilities as they did not work, and people viewed renewable energy negatively and lost faith in it as a viable alternative source of energy. Poor services by the suppliers resulted in the installation being underutilized or not being used for its complete economic life. There was a disconnect between the users, installation custodians, suppliers of service and the Government.

Techno Software [P] Ltd. was then brought in to design a system and software to improve Asset Sustainability, Reduction in e-waste, better Stakeholder Engagement and Satisfaction and renewal and restoration of people's faith in the use of renewable energy. Techno Software (P) Ltd. designed TECHSOLVE, as an end to end solution for problems faced by AREDA. It had the following modules:

- Service Management
- Service Performance Monitoring
- Asset Performance Monitoring
- Customer Support
- Report / MIS / Data Analytics

The company took four years to perfect the product.

2016: Existing systems were studied; projects were taken up on pilot basis with an effort to design a new one.

2017: End to end process computerization and mobility was brought in to improve data quality and communication.

2018: Systems and process were perfected, and asset database was built.

2019: Service standards and guidelines were issued. Certain regimes were introduced.

2020: Systems established and matured. Techno Software (P) Ltd. was ready for additional services.

The project had a team of 100 dedicated people and a turnover of Rs.5000 crores. The performance of TECHSOLVE was assessed in terms of Asset Performance, Service Performance and User Satisfaction is captured in the table given below:

Performance Criteria	2016	2020
<i>Asset Performance</i> Average Number of days an asset worked in a year	88	109
<i>Service Performance</i> The number of days a vendor took to close a complaint	222	21
<i>User Satisfaction</i> The number of users (Users/1000) who were highly satisfied with the asset/service performance	33	440
Renewable Energy Proliferation	The number of assets has shown an average growth of 20% every year	

Additionally, CO2 Reduction brought about by the project may be considered as an important success parameter. In 2020, 44780 tonnes of carbon consumption reduced owing to migration of fuel from thermal to solar energy

TECHSOLVE brought a non-descript Public Sector Unit to limelight and led the Government of India to adopt the best practices of Techno Software (P) Ltd namely engaging stakeholders in its schemes and driving satisfaction. The model attracted attention within India and academic interest was seen among researchers from Harvard, University of Manchester, and Kellogg School of Management. It may be

mentioned here that Sukhdev hailed from a family having some noteworthy politicians and firmly held the belief that the common man must get benefits under various Government initiatives. The Managing Director out of personal and business interest had visited and met people in remote areas to understand their needs, their perceptions and was committed to offering solutions that would help bridge the gap between Government intentions and peoples' expectations and perceptions. The underlying philosophy was to consider beneficiaries as customers and ensure that the benefits under Government schemes reached them in the manner and mode, they wanted it and the quantity and quality they desired.

Business Model

The business model adopted by Techno Software (P) Ltd. was partnering with the client, educating the business leaders [especially Departmental Heads in the Government sector] researching into the problems of the client and giving innovative end to end solutions that were IT based but embedded in management principles, practices and wisdom. It adopted a sustainability tactic of translating government's internal processes that improved their efficiency and outcomes.

The Company adopted an approach whereby it offered process changes and helped leaders and decision makers to overcome their lack of project management skills. The company believed that in suggesting small changes innocuously especially to Government clients would give them success in overcoming resistance to change and cajoling them into giving up archaic business processes paving way for positive transformation. The Company ensured that it had its objectives and strategies, processes and responsibilities all well laid out and clearly defined to execute the project. Further, it maintained agility to develop along with their Government client.

Government clients spell big business and visibility, especially if projects are executed successfully. The Company has had no problems of delayed payments by Government. It classifies Government to be a bankable, long term customer. Government designs welfare schemes and these are executed by various departments and agencies. The Government faces a disconnect with beneficiaries and generally lacks project management skills at the ground level. The skills of implementing these schemes are missing and it is agencies and companies like Techno Software (P) Ltd. that are needed to fill in the gap.

The AREDA contract technically would end in 2022. Reflecting on the success of AREDA, Sukhdev was contemplating whether AREDA model could be replicated

with success in other States of India and some other so-called backward economies in the world, where it is critical that benefits reach the poor masses? Should the company leverage its success to proliferate in other States of India?

Techno Software (P) Ltd has so far achieved success in facilitating business in Government to Customers segment. Should the Company help AREDA to bring about mass adoption of renewable energy by working on the C2C market?

The company had faced challenges of Leadership changes, bringing in better employee engagement, sensitizing them to dangers of organizational irrelevance and overcoming their poor understanding of Sustainable Development Goals.

Questions

1. Draw up a PESTLE analysis for Techno Software (P) Ltd. given that its customers are Government and business units both in India and overseas.
2. Draw up a SWORT for the given company.
3. Would you suggest any other tool/ Strategy to help Sukhdev decide about expansion of business?
4. If you were Sukhdev:
 - a. Would you ride on the success of AREDA and seek businesses with other State Governments in India? What could be the limiting factors?
 - b. Would you rather continue with AREDA and enter C2C segments? What could be the issues in HR, Finance and Marketing upon entering such a segment?
 - c. What strategies would you deploy for entering into the International arena in the G2C segments?

Teaching Note

What Next After AREDA?

1. Synopsis of the case

Anand Prasad Sukhdev with his friend Arundhati Naidu started a small business in the year 1991. The Business kept growing and in the year 2001, it was incorporated as a Private Limited Company. It offered services in ITES, Management Consulting and Software Development. The year 2016, marked an important turning point in the journey of Techno Software (P) Ltd. It partnered with Andhra Pradesh Renewable Energy Development Agency [AREDA] and offered it a software that helped to bring about user satisfaction and use of renewable energy by the Government in the supply of public utilities and facilities. The Project achieved notable success and attracted attention within and outside the country. The Company now wishes to consider several growth and expansion options.

2. The target learning group

Graduate and Postgraduate students studying Entrepreneurship and Strategic Management, Managers, Entrepreneurs and Businessmen.

3. The learning/teaching objectives and key issues

- To apply PESTLE and SWORT tools to devise strategies for expansion-diversification-product differentiation.
- To identify parameters determining success/business lessons of projects like AREDA
- To study the innovative Business Model adopted by Techno Software and analyse whether it can be replicated elsewhere.

4. The teaching strategy

- Students should be shown how to do a PESTLE and SWORT using a simple example.
- Divide the class into groups of four to six students and allow them to do PESTLE and SWORT for Techno Software (P) Ltd.

- Use trigger questions to help students brainstorm and arrive at decisions about expansion/diversification.

5. Analysis of data

The case does not offer data for quantitative analysis. However, there is sufficient data for Qualitative analysis and for using the tools and technique like PESTLE and SWORT to take decision on expansion and future opportunities for Techno Software (P) Ltd.

6. Background reading

A. Reference Books

1. Strategic Management (2nd Edition): Alex Miller and Gregory G. Dess (McGraw-Hill Publications)
2. Strategic Management: Competitiveness and Globalization: Concept and Cases by Michael Hitt, R. Duane Ireland and Robert E. Hoskisson
3. Entrepreneurship New Venture Creation: David H. Hott by PHI
4. Cases in Entrepreneurship: Morse. E. A., Mitchell. R. K, Sage Publication

B. Website Resources

<https://pspl.ind.in/OREDA/>

<http://OREDAodisha.com/>

<http://rts.odisha.gov.in/>

<https://pestleanalysis.com/what-is-pestleanalysis/>

<https://www.smartinsights.com/marketing-planning/marketing-models/pestle-analysis-model>

7. Experience of using the case

This is a new case. However, the experience of using tools like PESTLE, SWORT and others in assessing business scenarios is a tried and tested method of arriving at accurate decisions.

Book Review

Indian Management

(*Author:* Subhash Sharma. New Delhi: New Age International Publishers, Year of publication: 2020, ISBN 978-93-89802-41-2).

Pages: 176, Price: Rs.280

*Mohan Lal Agarwal**

Anthologies by format carry double-edged risk of mixed bags for the artists. The collections may turn off some as a déjà vu especially those who had earlier enjoyed the work but sporadically. However, it is a damned piece of good fortune for the ardent followers - a full service showcase of all rare gems collected at one place. They can access and marvel at the masterly collection at a single location without having to move place to place.

I belong to the second set of readers - an army of ardent followers of Dr. Subhash Sharma - right from my first interaction at IIM Lucknow some twenty five years ago. The fact that we hail from the same home town hasn't dented my awe and curiosity at what he produces so frequently and so effortlessly. He makes us sit up and think afresh on our outlook of the established and emerging theories, theorists and practices of management.

Dr. Sharma is an enigmatic output of eastern and western education. He trained at the Indian Institute of Management (IIM), Ahmedabad for his masters in business management and later left the Indian shores to train and earn his doctorate from an equally venerated University of Southern California (USC), Los Angeles, USA. Such scholastic and career training usually leads to a predictable path of publications and research papers in the chosen domain, full of smart frameworks and laden with Lisrel stats modelling and /or meta-analysis. While some of them do break paths for themselves and fellow researchers for further research, most just go and join the lengthening bibliographies and egoistically ranked citations.

Not Dr. Subhash Sharma. He dove into the blue ocean of reviewing and comparing the eastern body of knowledge and perspectives he originated from and confronted the global

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power of western thoughts. The result was a healthy lineup of books and essays on Indian management. They included *Management in New Age: Western Windows Eastern Doors*, *Quantum Rope: Science, Mysticism and Management*, *New Mantras in Corporate Corridors*, *New Earth Sastra* and *New Ideas in Strategic Thinking & Management*. Each and every book and published article kept on reevaluating the western management thoughts and placed them alongside the mesmeric ideas of Indian management that Dr. Subhash Sharma had mined.

So ladies and gentlemen, we are not reviewing a regular book here. We are attempting to profile a management artist that Dr. Subhash Sharma certainly is and his new book “*Indian Management - New Frontiers and New Mantras*” published this year. The book puts together his previously published articles and other writings. The book is divided into four parts. Part I deals with the idea of India, Indianism and Indian Management based on India as a Matrix society. Part II traces the evolution of the idea of Indian Management. Part III deals with Indian models of Management & Leadership. These models include Theory K of Management and Leadership, OSHA model of Human Behavior, ‘MBA’ model of Decision Making and Corporate Rishi model of Enlightened Leadership. This part also presents his idea of Human Quality Development (HQD) and HQD models in corporate management context. Finally, the Part IV deals with the ideas of Harmonic Globalization, New Corporate model and New Earth Shastra as foundations for future of Indian Management. He has thus picked fifteen papers and presented them as fifteen chapters in about 200+ pages. As it should be, Dr. Sharma has revisited and updated each thought paper or chapter and then only wove together another pleasing pattern of perspectives in Indian management.

Any path-breaking proposition is subject to three questions- What, Why and So What? The book of Dr. Sharma also faces the same three questions:

- What is Indian management?
- Why is it important for us to know it in a global economy?
- How do his proposals move the needle?

Indian Management as the body of Indian ethos, values and practices references the culture of India (Bharatheeya Sanskriti) that contributes to the service, leadership and management harmoniously (Wikipedia). These ethos, values and practices are rooted in the Sanathana Dharma (the eternal essence), and influenced by multiple strands of Indian philosophy” (Muniapan, 2011; Nandram *et.al.* 2016; and, Chendroyaperumal *et.al.* 2018). For example, *Indian managerial ethos value the concept of work in the following four ways* (Hawley, 1995):

- Paropakaraartham Idam Shareeram – to mean the body is for serving others and for the higher common good.
- Atmanomokshartham Jagat Hitayacha – to consider the well-being of the world too, while considering the (spiritual) well-being of oneself.
- Trikaranasuddhi - To consider work as a means to grow oneself in 'Purity and Unity of Thought, Word and Deed' (Sankar, 2016).
- Yagnaya charatha: karma - To engage in work as a sacred offering.

Dr. Sharma too attempts to define Indian management throughout the book in many different ways. To begin with, he describes India metaphorically as "INfinity & Diversity In Absolute. The essence of Indian ethos lies in integration, synthesis and blending of new ideas and experiences".

Resultantly, India is a 'Matrix' for Dr. Sharma – an outgrowth of a multi-structured multi-layered society with several layers of historical experiences. The matrix analysis can also be used to analyze the past and the present and predict the changes for future. The relative importance of various cells could help us in such an analysis. Indeed the unpredictability of many social events can be traced to the matrix nature of Indian society, Dr. Sharma expands.

On to the second question, why learning Indian management is important in a global economy, Dr. Sharma insists that the conceptualization of Indian society as a matrix society has serious implications not only for the social analysts and social scientists but also for the managers working locally or globally. Thus, India is a home of the millions of the mom & pop, dad & son and the brother & brother entrepreneurs, educated and technically competent employees and an egregious network of informally and formally structured vendors seeking to satisfy 1.4 billion people. The market mosaic requires empathetic, efficient and effective envisioning and managing. The current invocation of India as 'Atma Nirbhar Bharat' (self-reliant India) by the present Prime Minister poses a new challenge to the Indian managers to manage in and for India.

For global conglomerates too who are eyeing India as a 'to and fro economy' (Selling their goods & services to India and buying and outsourcing from India), implications are equally urgent and important. India is one of the top three attractive global markets based on the Purchase Power Parity and an equally formidable source to recruit talent, managers, partners and leaders. How their Indianness, values and managerial ethos will co-exist and co-evolve with their western employers, their collaborations, business mission and vision, is an interesting story-in-the-making. Even the western leaders and entrepreneurs

have referenced Indian ethos in framing their own managerial styles and leadership (Steve Jobs's Secret to Greatness: Yogananda". 21 June 2015).

The final test question is this, what new is brought to the food for thought table by Dr. Sharma in his new creation under review! Actually many. First, his unique Indian dishes are elegantly served as a rich and eclectic Indian buffet. Second, the fragrance of his ideas, interpretations, reinterpretations and affluence of acronyms – some of them no doubt were dismissed in the past as too abstract and or swanta sukhay (primarily for self-pleasure) for the authors and their loyal base, are increasingly pertinent for the new big, bad world of 'protectionist globalism". To conclude, actually the book teleports us from the 'Mind colonization to Mind extension'.

Each and every chapter of the book, nay the strand of Indian management ethos explained in the book liberates us from and reconnects us simultaneously to who we are in India as a nation and what it takes to manage her. My personal favorite though is the chapter on the "Management and Leadership Mantras from *Subhashini*". So, Buy the book, Read the book and Gift the book. You are worth it.

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Edited and Published by Prof (Dr) Upinder Dhar
on behalf of The Association of Indian Management Schools (AIMS)
Typeset and Printed by Balaram Graphics, Hyderabad

ISSN 2395-6852