



Vol. 39 • No. 3
Oct. - Dec., 2011



Journal of the Management Training Institute, SAIL, Ranchi

AN ISO 9001 - 2008 Institute

Contents

Few Thoughts

Feature Articles

Uncovering the underlying constructs and classifying 'Innovations' using the repertory grid analysis

Financial Derivatives: Innovations Circumvent Regulations

Quality of Work Life Initiatives: Implications of Industrial Relations System

India vs China : The Crouching Tiger & The Hidden Dragon

Role of HR in changing scenario

Greening of Supply Chain

Reflecting on Management Situation: The Craft of Case-Writing

Reader's Forum

Job Design and Factors Affecting IT

Case Study

Delivery of Plates at Pioneer Steel Company

Book Review

The knowing doing gap: How smart companies turn knowledge into action

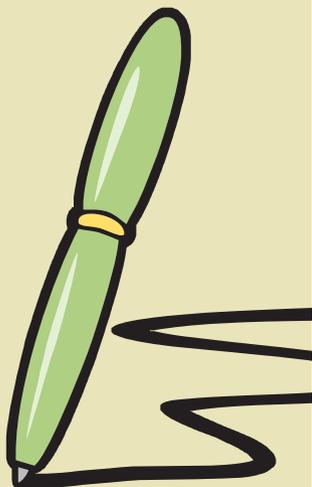
Article Digest

"Doing Well by Doing Good": The Grand Illusion

Get Ready for Your Next Assignment – Three steps for making the most of an internal move

हिन्दी लेख

प्रबंधकीय सफलता के बुनियादी तत्व





G R O W T H

Contents

Few Thoughts

Feature Articles

- | | | |
|---|--|----|
| 1. Uncovering the underlying constructs and classifying 'Innovations' using the repertory grid analysis | <i>Dr M J Xavier, Prof. S Sriram and Arun Thamizhvanan</i> | 01 |
| 2. Financial Derivatives: Innovations Circumvent Regulations | <i>Vinod Dikshit and P S Tripathi</i> | 08 |
| 3. Quality of Work Life Initiatives: Implications of Industrial Relations System | <i>Dr Chandan Kumar Sahu and Bijaya Kumar Sundaray</i> | 14 |
| 4. India vs China : The Crouching Tiger & The Hidden Dragon | <i>Sanjoy Chakraborty</i> | 23 |
| 5. Role of HR in changing scenario | <i>Dr P K Banerjee and Ravi Pratap Singh</i> | 29 |
| 6. Greening of Supply Chain | <i>Digvijay Singh and V K Mathur</i> | 33 |
| 7. Reflecting on Management Situation: The Craft of Case-Writing | <i>Bishwajit Chowdhury</i> | 38 |

Readers' Forum

- | | | |
|--|---------------------|----|
| 8. Job Design and Factors Affecting IT | <i>Dr R S Singh</i> | 42 |
|--|---------------------|----|

Case Study

- | | | |
|--|-----------------------------------|----|
| 9. Delivery of Plates at Pioneer Steel Company | <i>Alok Sahay and M Y Hussain</i> | 46 |
|--|-----------------------------------|----|

Book Review

- | | | |
|---|--|----|
| 10. The knowing doing gap: How smart companies turn knowledge into action | <i>Jeffrey Pfeffer and Robert I. Sutton.</i> | 49 |
|---|--|----|

Article Digest

- | | | |
|--|---|----|
| 11. "Doing Well by Doing Good": The Grand Illusion | <i>Aneel Karnani</i> | 52 |
| 12. Get Ready for Your Next Assignment – Three steps for making the most of an internal move | <i>Katie Smith Milway, Ann Goggins Gregory, Jenny Davis-Peccoud and Kathleen Yazbak</i> | 55 |

हिन्दी लेख

- | | | |
|--------------------------------------|----------------------|----|
| 13. प्रबंधकीय सफलता के बुनियादी तत्व | <i>ललन चतुर्वेदी</i> | 57 |
|--------------------------------------|----------------------|----|

Few Thoughts



Welcome to 2012

After a roller coaster and tumultuous 2011, managers have uncharted economic water this year too. They need new weapons to fight in a treacherous terrain. Are they sufficiently prepared for the future? From my experience as a training manager, there is no shortage of ideas or strategic planning; what they need is to become more flexible to their thinking and nimble in their execution.

Some of the skills that needed recalibration are: developing good people skills and effective communication in order to inculcate a culture of creativity and innovation. Creativity requires an innate ability to reflect and evaluate issues deeply. Managers need to look honestly at themselves not only as managers but as leaders of their own spheres of influence. The time spent on such reflection is not a luxury as popularly perceived, but a necessity in turbulent times.

Therefore, it is imperative to take out at least an hour each week to sit down, look back and reflect on the experiences of the previous week. Each manager needs to take this opportunity to creatively gather the experiences and learnings from the action, interactions and outcomes of the week that has gone by. Not to brood over the past, but to make use of the past experience to create better future.

This hour of reflection will be invaluable, when done with complete dedication with heart and head fully available like light and mirror for a proper and clear reflection. The process also calls for absolute focus on each of the aspects like the task, the team, the people and the outcome. I suggest that leaders should make a meeting with themselves a regular practice and should perceive it as important as managing work/life balance. This process of reflection on their own successes and failures will build their confidence and give them the strength and resilience to carry on and perhaps even inspire them during tough times ahead.

I strongly believe, if followed with dedication and sincerity these little spans of reflections can bring in truly valuable transformation to ourselves and our organizations.

With best wishes,

A handwritten signature in blue ink, appearing to read 'Manas R Panda'.

(Manas R Panda)
Executive Director (HRD)

Articles invited for "Growth"

Aim and Scope

Growth is the Quarterly in house journal of Management Training Institute, Steel Authority of India Limited, Ranchi. The magazine seeks to enrich and disseminate management knowledge through its publication and is circulated to senior executives of SAIL, eminent management practitioners and leading business institutes of the country. It provides learning opportunities, stimulates discussion on achieving performance excellence and delivers the means by which individuals, organizations and society can improve.

Growth publishes Feature Articles, Readers' Forum, Case Studies, Book Reviews and Article Digests on different areas of business management.

Manuscript Review Process

Submitted articles undergo a review by the Editorial Board. The reviewers decide whether Growth should publish submitted manuscript and may ask authors for revisions. Editorial Board may also edit the articles wherever required, for publication. Accepted articles are generally published in the order in which they are submitted.

Reviewers base their decision to accept a manuscript on criteria such as content, originality, readability, presentation and, most importantly, contribution to the quality body of knowledge and professional development of the reader. Figures, Tables and Graphs are encouraged and appropriate references and citations are important and are expected as part of the text.

Please note that Growth will not publish an article that serves primarily to promote an organization's or individual's products or services. In addition, it will not consider an article that is being submitted simultaneously to another publication or use a previously published article without substantial revisions.

Manuscript Submission

The following guidelines must be followed when submitting a manuscript. Growth reserves the right to return to authors any manuscript submitted that is not in accordance with the following guidelines.

- Please submit your manuscript in Microsoft Word format.
- Use a standard 12-point font (Times New Roman) and one-inch margins.
- Line spacing should be set at 1.5
- Format text in a single column. Please do not use multiple columns.
- Include your name, address, daytime phone number, fax number and e-mail address on a separate page at the beginning of the document
- Please do not use hand-drawn artwork.
- Please give number and group reference at the end of the manuscript. Growth generally follows the style of Harvard reference System. Do not use Word's automatic reference or footnote option.
- Include a brief author biography on a separate page. Include current occupation, highest academic degree and where earned, and areas of interest.
- Please follow these word count limits: Feature Articles: 3000 words approx. Readers' Forum: 1000 words approx. Case Studies: 2000 words approx.
Book Reviews and Article Digests: 1000 words approx.
- Please send your article to:
Editorial Board, Growth,
Management Training Institute,
Steel Authority of India Limited,
P.O. - Doranda, Ranchi - 834002.
E-mail: mtisail@dataone.in
Phones: 0651-2411212, 2411057, 2411218 and 2411215

e-mail is preferable, but if you do not have access to e-mail, send a hard copy and a computer disk to the Editorial Board.

ग्रोथ GROWTH

Vol. 39 • No. 3
October - December, 2011

Chief Editor

Shri Manas R. Panda
Executive Director (HRD)

Editorial Board

Dr. Hari Haran
General Manager (HRD)

Dr. P. K. Banerjee
Dy General Manager (P & A)

Dr. Sumit Datta
Dy General Manager (Acad) & Sr FM

Dr. Satyajit Jena
Asstt. General Manager (Acad) & Sr FM

For internal circulation only

The views expressed by the authors are their own
and do not reflect those of the management

"..... innovation as applied creativity that brings about tangible improvements in product, service or a process."

Uncovering the underlying constructs and classifying 'Indovations' using the repertory grid analysis

Dr. M J Xavier*, Prof. S Sriram** and Arun Thamizhvanan***

ABSTRACT

Innovations in India are attracting global attention and are also getting replicated in other parts of the world. We define the term Indovation to mean Indian Innovations that have positive social and economic impact on large masses of people and have implications for similar markets in the rest of the world. This article uses the repertory grid analysis to uncover the constructs that underlie the Indovations. The ratings given for the cases by the experts were used to group Indovations into four distinct clusters, namely (1) Health and Quality of Life Cluster, (2) Reach and Connectivity Cluster, (3) Economic Ecosystem Cluster, and (4) Cost and Affordability Cluster.

Introduction

According to Luecke and Katz (2003), Innovation is the successful introduction of a new thing or method and it is the embodiment, combination or synthesis of knowledge in original, relevant, valued new products, processes, or services. Innovation has been studied in a variety of contexts, including in relation to technology, commerce, social systems, economic development, and policy construction. There are, therefore, naturally a wide range of approaches to conceptualizing innovation in the scholarly literature (Fagerberg et al, 2004). We look at innovation as applied creativity that brings about tangible improvements in product, service or a process.

As the vocabulary in innovation has been consistently growing and evolving, there has been generation of multiple taxonomies which are at times overlapping, redundant, or divergent. A recent review of literature in new product development found that in just 21 empirical studies, 15 different constructs for describing various aspects of innovation has been developed by researchers (Garcia & Calantone, 2002). Previously cited distinctions include process vs. product innovation (Utterback & Abernathy, 1975), incremental vs. radical innovation (Henderson & Clark, 1990), and evolutionary vs. revolutionary innovation (Utterback, 1996).

There are widely varied and unique methods by which innovation is classified in the business scholastic literature. Geoffrey Moore's broad taxonomy of innovation lists the following types: disruptive, application, product, process, experiential, marketing, business model and structural innovation. Another simple taxonomy of

*Director, IIM Ranchi

**Executive Director, Great Lakes Institute of Management Chennai

***Asstt Professor, Great Lakes Institute of Management Chennai

innovation was provided by Clayton Christensen and Michael Raynor (2003) which brought out the distinction between sustaining and disruptive innovation. From a practical point of view, innovations can be classified in multiple ways, such as technology innovations (email, internet, digital camera etc.), product innovations (iPhone, Toyota Prius, Viagra etc.), service innovations (PayPal, Rent-A-Car etc.), process Innovation (Wal-Mart's supply chain, FedEx's hub and spokes method etc.), cost innovation (manufacturing units in China), experience Innovations (casinos in Las Vegas, Star Bucks coffee, Harley Davidson bikes etc.), management tools innovation (TQM, six sigma etc.), Business model innovation (IKEA, eBay, Dell etc.) and so on. In this paper we introduce the concept of Indovations (Indian innovations) and have attempted to classify them using the repertory grid method.

Innovation in India

The latest Global Innovation Index published in March 2009 gives Rank 15 to India. Given the fact that the Indian economy is growing at 6-8% per year, while exports are growing at 30% Cumulative Annual Growth Rate (CAGR), and many Indian firms are successfully competing against international firms and brands, Innovation is emerging as a key driver. While India is increasingly becoming a top global innovator for high-tech products and services, it is getting noticed for its inclusive innovation - by promoting more formal R&D efforts for poor people and more creative grassroots efforts by them, and by improving the ability of informal enterprises to exploit existing knowledge (Dutz, 2007). The Council of Scientific and Industrial Research has developed technology applications for rural India, and university and formal private initiatives (such as e-Choupal and Amida's Simputer) have delivered benefits. The National Innovation Foundation has a repository of more than 50,000 grassroots innovations and traditional knowledge practices. And a number of initiatives exist to help the informal sector better absorb knowledge.

Indovation

The term 'Indovation' was coined by Varadharajan and Xavier (2007) to represent innovations with

Indian footprint that benefit large masses of people and have lessons for the rest of the world. 'Indovation' has been prevalently used since then. At India Economic Summit 2009 organized by World Economic Forum & CII, a separate panel on 'Creating the next Indovations' was featured in the 'Tomorrow's India' session. Cambridge's Judge Business School -Center for India & Global Business recently hosted a website titled 'Indovations.net' to educate the world about India-inspired innovations across multiple domains. Gopichand Katragadda (2008) in the book titled "S.M.A.S.H: Innovation: Smashing The Hand-Mind-Market Barrier" refer to 'Indovation' as that which happens when hands-on ideas of rural population gets connected to appropriate knowledge base for enhancement to reach strong market needs.

Repertory Grid Method

According to the theory of personal constructs (Kelly, 1955), constructs are ways of construing the world, enabling people to respond to what they experience in ways which are 'explicitly formulated or implicitly acted out'. Kelly's repertory grid technique was originally developed for use in clinical psychology as a technique for exploring individuals' personal constructs about interpersonal relationships in the context of psychotherapy. However the technique has been applied extensively to the elicitation of constructs for many other purposes.

Typically objects (in our situation, cases) are grouped into threes (triads), since at minimum a construct is a way in which at least two elements are similar and contrast with a third. The participant is asked to compare the elements in the triads, to consider their similarities and differences and to describe them. Constructs are elicited by considering different combinations of three elements until no more constructs seem to be emerging and a good cross-section of the possible combinations has been considered. A 'raw' grid is drawn up in which objects - the experiences/perceptions being compared form columns and each construct elicited forms a row. Descriptions of the poles of each construct - which satisfy the participant as accurate - label each end of each row.

The 'raw' grid is subsequently 'focused' by

encouraging the participant to assign a rating to each construct for each perception where that is possible. In the work described below, for example we used a five-point scale to indicate where a perception lay with respect to the poles of each construct. (One pole is arbitrarily assigned a rating of 1, its opposite 5). Elements which are assigned to similar poles can then be clustered, constructs which discriminate between elements similarly can also be clustered. By this means a pattern of objects emerges. In short, a repertory grid expresses something about the way a person looks at things, using terms which they choose and revise themselves – but which they may not find it easy to express through other means.

Our Study

In our study, we are interested in understanding the underlying constructs behind Innovations and grouping them into clusters. We used the following 11 Innovation case studies for eliciting the constructs.

1. Amul white revolution
2. Arvind Eye Hospital
3. ITC E-choupal
4. Jaipur Foot
5. Lijat Papad
6. Nano Car
7. CFL's Managrowmore
8. Project sakthi

9. Sachet Revolution

10. SARI Project

11. Sulabh Toilet

A paragraph description of each case given to participants is presented in the Appendix. The participants chosen were experts in the field of academics who are currently engaged in research in the area of innovations. The participants were asked to go through the descriptions of each of the eleven cases and the ones they were not familiar with were removed from the set for the concerned participant. Then triads of the cases were given to the participants and they were asked to compare the cases in the triads, to consider their similarities and differences and to describe them. Typically they were asked to identify one case that is very different from the rest and were asked to describe the construct on which the case was different. They were also asked to define the construct on which the other two cases were similar.

Each participant generated 7 or 8 constructs and quite a number of constructs were common across participants. In all a total of 23 unique constructs were generated. Using these constructs a grid for rating the eleven Innovations was developed. Then the participants were asked to rate the cases on the 23 constructs using 5 point bi-polar scale. A partial grid used for the second phase of research is given in Exhibit – 1. Constructs considered not relevant for an Innovation were marked 'X' on the grid.

	Cases											
	Amul white revolution	Arvind Eye Hospital	ITC E-choupal	Jaipur Foot	Lijat Papad	Nano Car	Parry's Man grow more	Project sakthi	Sachet Revolution	SARI Project	Sulabh Toilet	
Improves connectivity	3	4	5	X	X	X	3	X	X	5	X	Does not improve connectivity
Improves affordability	5	5	5	5	3	5	4	3	5	5	5	Does not improve affordability
Improves product/service quality	4	4	4	4	4	4	4	4	X	3	5	Does not improve quality
Benefits reach larger population	5	4	4	3	3	4	4	3	5	3	5	Benefits reach smaller population
Benefits environment	3	3	3	3	3	1	3	3	1	3	5	No benefit to environment

Exhibit – 1
A Portion of a Sample Repertory grid

Then the ratings given for the constructs were analyzed using hierarchical clustering method to

arrive at the clusters. The resulting dendrogram is presented in Exhibit – 2.

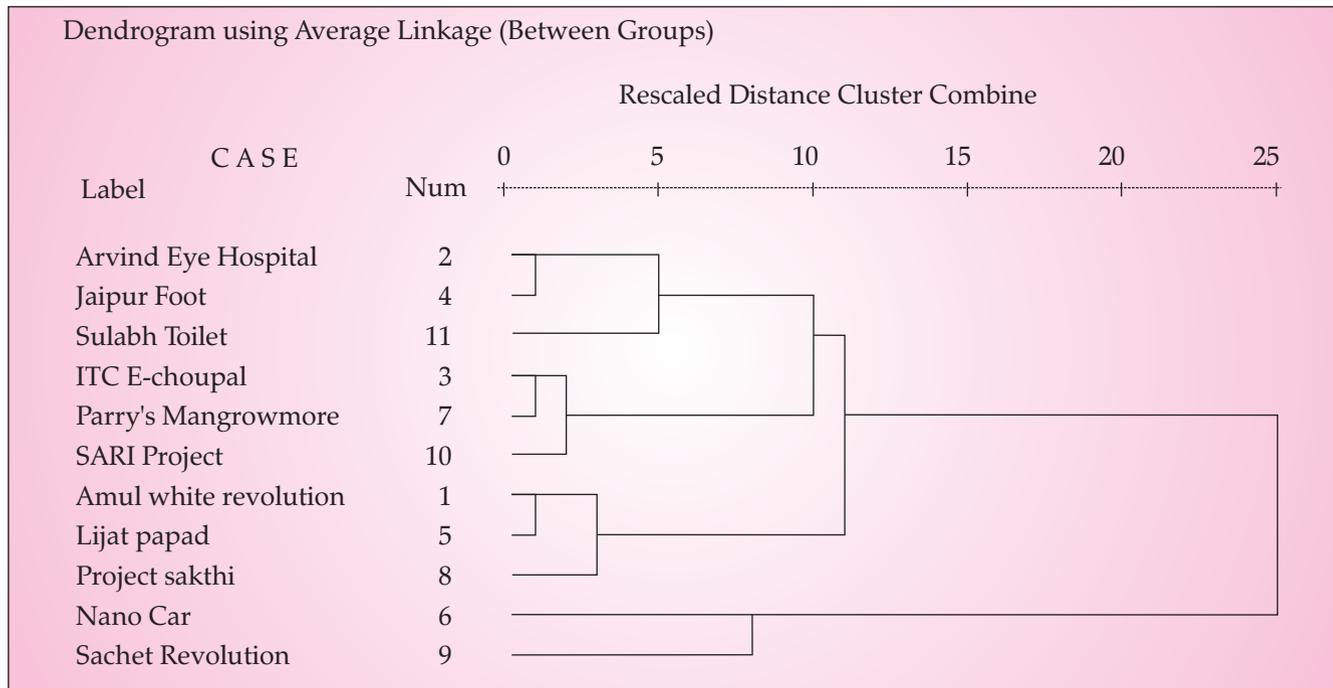


Exhibit - 2
Dendrogram of the Constructs

A cursory look at the dendrogram reveals that there are four clusters. The first cluster comprises of three cases, namely, Arvind Eye Hospital, Jaipur Foot and Sulabh Toilet. Based on the constructs they represent, it was named as Health and Quality of Life cluster. Similarly the second cluster comprising of ITC e-Choupal, CFL's Managrowmore and SARI project was named as Reach and Connectivity Cluster. The third cluster consisting of Amul, Lijat Papad and Project Sakthi were named as Economic Ecosystem cluster. Finally the two cases Nano cars and sachet were classified as cost and affordability cluster. Exhibit – 3 contains the Indovation Clusters and their constituents.

Cluster No.	Cluster members	Cluster Label
1	Arvind Eye Hospital, Jaipur Foot and Sulabh Toilet	Health and Quality of Life cluster
2	ITC e-Choupal, CFL's Managrowmore and SARI project	Reach and Connectivity Cluster
3	Amul, Lijat Papad and Project Sakthi	Economic Ecosystem cluster
4	Nano cars and Sachet	Cost and affordability cluster

Exhibit – 3
Indovation Clusters

Discussion

Indovations have been defined as Indian innovations that have a positive social and economic impact on large masses of people and have implications for similar markets in other parts of the world. After a careful examination of a large number of Indian innovations, eleven cases were short listed for further analysis. Reportary Grid Analysis proved very handy in eliciting 23 underlying constructs behind the Indovation cases. Based on the ratings given by the experts on the grid for the eleven cases, a hierarchical cluster analysis was performed and 4 clusters were identified. The four resulting clusters were named as, (1) Health and Quality of Life Cluster, (2) Reach and Connectivity Cluster, (3) Economic Ecosystem Cluster, and (4) Cost and Affordability Cluster.

Literature on standard classification of innovations (Misra and Srinivasan - 2008) look at innovations as technological innovations, process innovations, business model innovation etc. This research has identified a new set of labels for innovations that qualify as Indovations which are more market based and can give rise to more innovations under these categories.

Bibliography

Christensen, C. & Raynor, M., *The Innovator's Solution: Creating and sustaining successful growth*. Harvard Business School Press.,2003

Dutz, Mark A., *Unleashing India's Innovation: toward sustainable and inclusive growth*. The World Bank, 2007

Fagerberg, Jan., "Innovation: A Guide to the Literature" in Fagerberg, Jan, David C. Mowery and Richard R. Nelson. *The Oxford Handbook of Innovations*, Oxford University Press, 2004

Garcia R, Calantone R, "A critical look at technological innovation typology and innovativeness typology: A literature review", *Journal of Product Innovation Management*, Vol. 19,2002, pp.110 - 132.

Gopich Katragadda., *S.M.A.S.H: Innovation: Smashing The Hand-Mind-Market Barrier*, Wiley-India, 2008

Henderson, Rebecca M., Clark, Kim B., "Architectural Innovation: the reconfiguration of existing product technologies and the failure of established firms", *Administrative Science Quarterly* 1990

Kelly, G.A., *The Psychology of Personal Constructs*, vol 1 and 2. Norton, New York, 1955.

Luecke, Richard and Katz, Ralph ., *Managing Creativity and Innovation*. Harvard Business School Press, 2003

Misra, P.K. and Srinivasan R., "A framework for classifying innovations: substantiation through Indian cases", *Int. J. Business Innovation and Research*, Vol. 2, No. 1, 2008

Moore, Geoffrey .A., *Dealing with Darwin: How Great Companies Innovate at Every Phase of Their Evolution*, Penguin USA, 2005

Utterback, J., *Mastering the Dynamics of Innovation*, Harvard Business Press, 1996

Utterback, James M. and Abernathy, William J., "A Dynamic Model of Product and Process Innovation," *Omega*, Vol. 3, No. 6, 1975

Varadarajan, Rajan and Xavier, M. J., "Innovations and Innovators: Musings on Innovation orientations in the Indian Market Environment", *PDMA-IIMB Conference Product Development for Developing Country Markets: Scope , Challenges and Management (Indian Institute of Management, Bangalore. December 17-19, 2007)*

Appendix

AMUL

Amul was set up in 1946 and its full form is Anand Milk- producers Union Ltd. The Brand Amul is a movement in dairy cooperative in India. Amul is located in the town Anand which is in the state of Gujarat and it has set up itself as a model for development in the rural areas. For Amul Brand has started the Revolution White of India which has helped to make the country the biggest manufacturer of milk and its by products in the whole world. Amul has become the largest food brand in the country and has also helped to provide profitable returns to the farming community.

Aravind Eye Hospital

Given the magnitude of blindness and the challenges faced in a developing country, the Government alone

cannot meet the health needs of all. Realizing this predicament, Dr. Venkataswamy wanted to establish an alternate health care model that would supplement the efforts of the Government and also be self-supporting. Hence, upon his retirement in 1976, he established the GOVEL Trust to initiate eye care work. Under this Trust, the Aravind Eye Hospitals were founded. Today, Aravind is more than an eye hospital. It is a social organisation committed to the goal of elimination of needless blindness through comprehensive eye care services.

ITC e-Choupal

What was started by ITC as a cost-effective alternative supply chain system to deal directly with the farmer to buy products for exports is getting transformed into a meta market for rural India. The tobacco giant has

already set up over 700 choupals covering 3,800 villages in four states — which include Madhya Pradesh, Uttar Pradesh, Karnataka and Andhra Pradesh — dealing with products ranging from soya bean, coffee, aquaculture and wheat.

Jaipur Foot

Designed in, and named for Jaipur, India; the prosthetic leg was designed to be inexpensive, quick to fit and manufacture, and to be water-resistant. The Jaipur foot is fitted free of cost by Bhagwan Mahavir Viklang Sahyata Samiti, founded by Devendra Raj Mehta. Since 1975, over 300,000 limbs have been fitted. Another 600,000 beneficiaries have received calipers, crutches or tricycles. All given away free. India became the world leader in practical, low-cost foot prosthesis. And the Jaipur foot has become available throughout India and 18 other countries.

Lijat Papad

Shri Mahila Griha Udyog, the makers of the famous Lijjat Papad, is an organisation which symbolises the strength of a woman. Only women can become the members of the organisation. Shri Mahila Griha Udyog has a wide range of papad, khakra, vadi, masala, atta, bakery products, chapati, appalam and detergent. The organisation is wide-spread, with its Central Office at Mumbai and its 67 Branches and 35 Divisions in different states all over India. The organisation started off with a paltry sum of Rs.80 and has achieved sales of over Rs.300 crores with exports itself exceeding Rs. 12 crores. Membership has also expanded from an initial number of 7 sisters from one building to over 40,000 sisters throughout India.

Nano Car

The Tata Nano is a rear-engined, four-passenger city car built by Tata Motors, aimed primarily at the Indian market. The car is very fuel efficient, achieving around 26 kilometres per litre (73 mpg-imp; 61 mpg-US) on the highway and around 22 kilometres per litre (62 mpg-imp; 52 mpg-US) in the city. It was first presented at the 9th annual Auto Expo on January 10, 2008, at Pragati Maidan in New Delhi, India. Nano had a commercial launch on March 23, 2009 and a booking period from April 9 to April 25, generating more than

200,000 bookings for the car. The cars started to be delivered to customers after July 17 2009, with a starting price of Rs 100,000.

Parry's Managrowmore

As part of a strategy to help farmers to achieve optimum production on the farm front, Coromandel Fertilisers has opened "Mana Grow More" centres at 420 places in Andhra Pradesh. The centre is equipped to suggest remedies to various problems, including soil testing, supply of quality seeds, fertilisers and pesticides and training in modern agricultural practices. It also arranges field visits of agricultural scientists to various places rendering on the spot advice to the farmers. The centres also make available agricultural inputs and modern agricultural implements imported from Japan and other countries.

Project Shakti: Changing lives in rural India

Hindustan Unilever's Project Shakti is a rural initiative that targets small villages populated by less than 2000 individuals. It is a unique win-win initiative that catalyses rural affluence even as it benefits business. Project Shakti impacts society in two ways – the Shakti Entrepreneur program creates livelihood opportunities for underprivileged rural women and the Shakti Vani program improves quality of life by spreading health and hygiene awareness. Project Shakti benefits business by significantly enhancing HUL's direct rural reach, and by enabling HUL's brands to communicate effectively in media-dark regions.

Sachet Revolution

CavinKare is a south Indian company to make the pioneering attempt to offer shampoos in small pillow packs while the market was flooded with 70-odd small shampoo labels with little differentiation. CavinKare launched its Chik shampoo in sachets making their premium shampoo affordable to all in the bottom of the pyramid. This effort of CavinKare started a sachet revolution in India where premium products in sachets were available at low prices.

SARI Project

SARI project in Melur near Madurai in Tamilnadu is a

joint effort of the TeNeT Group at IIT Madras; Berkman Centre for Internet and Society at Harvard University Law School; Media Lab at the Massachusetts Institute of Technology; Media Labs Asia; I-Gyan, New Delhi. The project funding is from ICICI. The aim of the project is to show that viable markets exist for information and communication services in rural, poor areas. This can be tapped by inventing and deploying innovative technologies and business models.

Sulabh International

In 1970, realising that sewerage facilities will remain out of the reach of the society at large, Sulabh International introduced a pioneer technology twin

pourflush latrines and human excreta based Biogas plants. In 1974 the first Sulabh toilet complex was set up by Dr. Bindeshwar Pathak. It was based on a pay-per-use system. Since then 6000 public toilets have been established providing employment to thousands; keeping the streets disease free; and providing an affordable sanitation service. Sulabh have constructed in the last 25 years over 650, 000 toilet cum bath complexes and 62 human excreta based biogas plants and are maintaining them. The Sulabh experiment is a success story and the technology is well established and has been successfully functioning for the last 25 years and is financially sustainable.



".....the term Derivatives is used to refer to a group of instruments that derive their value from some underlying commodity or market."

Financial Derivatives: Innovations Circumvent Regulations

Vinod Dikshit* and P S Tripathi**

ABSTRACT

Innovations and regulations are generally non-compatible. Innovative practices though beneficial may out step the existing framework of regulations necessitating a relook at the regulatory system. This is especially true for financial sector wherein most of the innovative instruments derive their significance in enabling the smart players circumvent the regulations. In this process these innovative instruments offer a short-term window of opportunity till the modified set of regulations plug the gap this paper highlights the use of one such financial derivative instrument namely contract for differences(CFDs)that allowed the players to use excessive leverages for their benefit.

The use of far too much borrowed money on a thin capital base enhanced the market risks, the liquidation risks, the counterparty risks and led to the global credit crunch of 2007-08. The paper also discusses the ways to reduce the financial risks and make the regulatory framework more vigilant and sensitive. It also hints at the lessons that Indian financial sector may draw to ensure that innovative initiatives play within a broad regulatory framework that sustains financial stability at any cost, very similar to Indian constitution upholding the fundamental rights of its citizens.

Introduction

In the wake of the credit crunch of 2007-08, financial derivatives have been targeted by many as being the root of all financial evil. However several experts including the policy makers from the Bank for International Settlements (BIS) feel that derivatives *per se* are not to be blamed as such instruments have existed for quite long into our system without causing any hurt. These experts feel that it is not the derivatives *per se* but the degree of leverage injected into the financial system through innovative means that has caused the real damage. The investment Lehman Brothers went bankrupt; Bears Stearns was taken over by J P Morgan to avoid bankruptcy. Leading institutions like Fannie Mae and Freddie Mac required bailout by the U S tax payers. All these institutions had a common characteristic. They had borrowed far too much money to be compatible with their modest Capital bases. Why this practice of leveraging was allowed to continue for so long? Who authorized such high levels of leverage into the system? Was it a clever bypass of the existing regulatory framework that threatened the Global financial stability through the use of innovative financial derivative instruments. This paper attempts understand these issues and highlights

*Vice President, Derivatives and Commodities, Abu Dhabi Commercial Bank, Abu Dhabi

**Professor, Faculty of Management Studies, BHU, Varanasi

the use of a financial derivative instrument in the form of Contract for Differences (CFDs) and demonstrates the perils of excessive leverage inflicting damage upon the global banking systems

Derivatives- A Brief Perspective:

In financial markets, the term Derivatives is used to refer to a group of instruments that derive their value from some underlying commodity or market. Forwards, futures, swaps and options are all types of derivative instruments and are widely used for hedging or speculative purposes. While trading in derivative products has grown tremendously in recent times, financial derivatives in one form or another have been with us for centuries, with futures contracts first being written as far back as the 12th century. There is some evidence that the use of a type of forward contract was prevalent among merchants in medieval European trade fairs. When trade began to flourish in the 12th century merchants created a forward contract called a *lettre de faire* (letter of the fair). These letters allowed merchants to trade on the basis of a sample of their goods, thus relieving them of the need to transport large quantities of merchandise along dangerous routes with no guarantee of a buyer at the journey's end. The letter acted as evidence that the full consignment of the specified commodity was being held at a warehouse for future delivery. Eventually, the contracts themselves were traded among the merchants. The first record of organized trading in futures comes from 17th century Japan. Feudal Japanese landlords would ship surplus rice to storage warehouses in the cities and then issue tickets promising future delivery of the rice. The tickets represented the right to take delivery of a certain quantity of rice at a future date at a specified price. These rice tickets were traded on the Dojima rice market near Osaka in 1730. Trading in rice tickets allowed landlords and merchants to lock the prices at which rice was bought and sold, reducing the risk they faced. The tickets also provided flexibility. Someone holding a rice ticket but not a holder of a rice ticket but not wanting to take delivery could sell it in the market. The rules governing the trading on the Dojima market were similar to those of modern-day futures markets. Moving forward 200 years, the Chicago Board of Trade (CBOT), the largest derivative exchange in the world, was established in 1848 where forward contracts on

various commodities were standardized around 1865. From then on, futures contracts have remained more or less in the same form, as we know them today.

Derivatives have had a long presence in India. The commodity derivative market has been functioning in India since the nineteenth century with organized trading in cotton through the establishment of Cotton Trade Association in 1875. Since then contracts on various other commodities have been introduced as well. Exchange traded financial derivatives were introduced in India in June 2000 at the two major stock exchanges, NSE and BSE. There are various contracts currently traded on these exchanges. National Commodity & Derivatives Exchange Limited (NCDEX) started its operations in December 2003, to provide a platform for commodities trading.

Derivatives instruments have also attracted a lot of bad publicity, particularly in recent years. Whilst there is no doubt that financial instruments result in greater complexity, and can lead to significant losses if used unwisely, but it can be argued that the real risks to the financial system are posed by leverage rather than the instruments themselves - a point which can be illustrated via the use of contracts for difference (CFDs).

Contracts for Difference (CFDs)

In finance, a contract for difference (or CFD) is a contract between two parties, typically described as "buyer" and "seller", stipulating that the buyer will pay to the seller the difference between the current value of an asset and its value at contract time. (If the difference is negative, then the seller pays instead to the buyer.) In effect CFDs are financial derivatives that allow investors to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments and are often used to hedge or speculate on those markets. The CFD was developed to allow clients to receive all the benefits of owning a stock without having to physically own the stock itself.

For example, instead of purchasing 1,000 shares of Microsoft from a stock broker, a client could instead buy 10 lots of Microsoft from the CFD seller. A \$5 per share rise in the price of Microsoft would confer to the client a \$5,000 profit, just as if he had purchased the

actual shares that are traded on the exchange. A major difference is that there are no exchange fees and many of the inefficiencies of trading the underlying shares on the exchange are eliminated. CFD Traders and Brokers therefore offer CFDs with small commissions and very attractive margin requirements. CFDs are increasingly popular with private investors who can see the advantages of margin trading and of the capacity for profit to be generated in both falling and rising markets. This inherent flexibility and transparency has helped contracts for difference become one of the fastest growing products available to private investors.

The other major benefit of trading a CFD is the fact that the client can trade on margin. CFD trading means clients can trade a full portfolio of Shares, Indices, or Commodities without having to tie up large amounts of capital. Using the example above, a client purchasing \$50,000 worth of CFD Shares will only be asked for \$2,500 margin. Since the entry cost is low they are generally traded at a very high leverage, sometimes up to 400:1 or even above. The result is that the profits can be higher with less initial investment as buying power is ten, twenty, or 400 times the size of the margin deposit. Obviously losses can be greater as well, and both gains and losses can easily and very quickly surpass the original investment amount, especially in a volatile market conditions.

Since CFDs are an extremely simple form of financial derivatives in which two investors agree to pay each other the change in the price of an asset. It is very much similar to that of futures contract the difference being that futures are traded on exchange for specific underlines where as CFDs are OTC derivatives. Since they are side agreements, and are traded over-the-counter (i.e. outside of exchanges) and because they do not require investors to buy the underlying securities, they are exempt from taxes in most cases. It was this exemption from UK stamp duty which allowed them to become very popular instruments for hedging activities in the London market in the early 1990s.

While CFDs are an established investment tool for retail and institutions in the UK and Australia they are now available in 16 other countries namely; Netherlands, Poland, Portugal, Germany,

Switzerland, Italy, Singapore, South Africa, Canada, New Zealand, Sweden, Norway, France, Ireland, Japan and Spain. Some other securities markets, such as Hong Kong, have plans to issue CFDs in the near future. CFDs are not permitted in the United States, due to restrictions by the U.S. Securities and Exchange Commission on over-the-counter (OTC) financial instruments. Like Non Deliverable Forward's, CFD's are not available in the onshore market but are prevalent offshore. Similar practice is being followed in India where CFD's are not permitted onshore by the regulatory authorities; but it is offered by the overseas brokers in the selected Indian underlying equities and indexes. Professional and institutional investors can use CFD's wherever OTC derivatives are permitted. Although CFD's are available only in limited jurisdictions, the traded notional of CFD's reached EUR 107.30 billion in Q1 2010, with average traded notional per transaction at EUR 21,991 during the same "period. However, the real growth in such instruments over the past decade, particularly in the retail area, derived from the fact that they allow investors to trade leverage. A wide-ranging study into the market by Tabb Group (released January 2011), the US research group found that about EUR 1,300bn of UK turnover is business related to CFDs, which accounted for 31 per cent of total equity turnover.

The primary risk of CFD's is that if other party in the contract is unable to meet their obligation; this is known as counterparty credit risk. Investors use margin to trade CFD's, subjecting the investor to margin calls in case of the change in the value of the portfolio from the initial margin level that investors are required to maintain at all point of time. For example, if they have a notional contract for GBP 10,000 with an initial margin of 10%, the investors has to maintain a balance of GBP1,000 with the market maker. If the price of the underlying security declines by 5% below the opening price, the investor has to put up a further GBP500 in order to maintain their position (a margin call). Failure to meet the margin call means that the trade is closed and the investor loses his initial margin of GBP1,000. In effect, the investor must pay the margin calls to stay in the trade.

Whilst CFD's are marketed as instruments which allow easy market access to the individual investor,

they clearly need to be used with care. They are not suitable instruments for inexperienced investors, and it would be irrational for such an individual to make a highly leveraged one way bet on the market direction. Bookmakers exist to relieve the pain of carrying large amounts of excess cash for such individuals. However, if such investors really must invest their funds in financial markets, they may be better off buying the underlying securities directly, so at least the magnitude of any potential loss is known in advance. For slightly more experienced individuals or institutional investors, the attractions are obvious. Access to the market is relatively cheap: CFD's are tax efficient and it is relatively easy to hedge some of the risk by purchasing options. Moreover, for investors capable of managing more than one portfolio, CFD's serve as an attractive supplemental vehicle to diversify their portfolio. They are also ideal hedging instruments as for a relatively limited outlay investors can protect against move in other positions, secure in the knowledge that if the CFD is moving against them, they are protected by the opposite side of the trade.

Growing Leverage: The Potential Enemy

As the above discussion makes clear, the real downside of financial derivatives is derived from the degree of the leverage associated with their use (or misuse). To reiterate the famous quote that "Guns don't kill people; people kill people", it's not the derivatives instruments such as CFD's *per se* which are the cause of great financial damage, but the degree of leverage underlying them. This is a point which is often misunderstood by regulators keen to impose order on the global financial system. Even respected financial professionals can sometimes miss the key issues. In the wrong hands, of course, instruments such as CFDs can indeed cause a significant degree of damage, where that damage is proportional to the degree of leverage. But in the wrong hands, cars are also dangerous, where the degree of damage they cause is proportional to the speed with which they are driven. In order to regulate the damage which cars can cause, governments have devised laws which determine factors such as how fast they may be driven. Whilst these will not eliminate the risks entirely, they do go some way towards mitigating them. Similarly, policy-makers around the world have realised the

consequences of the credit crunch and the cause and effect of the leverage. In order to avoid a repeat of recent problems, much thought has been devoted as to how financial leverage can be reduced to optimum limits.

Given the financial scenario just before the beginning of the credit crunch, it is not difficult to understand the need for a change. According to Haldane et al. (2010), there has been a secular increase in US bank balance sheets relative to overall economic activity for more than a century. Having averaged around 20% of GDP, 130 years ago, they have now risen to around 100% of GDP. In the UK, the explosion in recent years has been even more dramatic, with the asset ratio rising from 50% of GDP in the 1970s to 500% today. At the same time, the capital ratio of UK and US banks fell from 15-25% at the beginning of the 20th century to 5% at the dawn of the 21st century. To put it another way, balance sheet leverage rose from 4 times equity capital in 1900 to 20 times by 2000.

In the early years of this century, levels of gearing picked up even more dramatically, with the expansion of trading books resulting in an average leverage ratio amongst major global banks of around 50. The data below indicates the leverage on some of the US and European banks' balance sheet every year for last 5 years since Dec 2010. This shows that the European banks are much more leveraged than their US counterparts. This degree of leverage by the Banks, to a greater extent, justifies its role in the current financial crisis which the European and US banks are currently reeling in.

Table 1: Leverage on the balance sheet of US/European banks (During 2005-10)

US Banks	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10
JP Morgan	11.17	11.67	12.7	13.03	12.29	12.02
Bank of America	12.71	10.8	11.69	10.27	9.64	9.92
Citigroup	13.31	15.75	19.29	13.46	11.98	11.54
Wells Fargo	11.86	10.52	12.09	13.22	10.87	9.84
Goldman Sachs	22.74	20.82	22.47	13.4	11.84	11.65
European Banks						
BNP Paribas	27.43	26.3	28.56	35.22	25.63	23.37
Deutsche Bank	33.35	47.26	52.68	69.01	39.52	37.82
Royal Bank of Scotland	20.69	19.19	20.19	29.83	17.93	29.83
Banco Santander	19.21	18.59	16.94	17.61	15.13	15.05
Societe Generale	30.71	28.62	34.29	27.64	21.86	22.21
USB	39.98	42.93	51.95	49.71	27.56	25.4

Source: Bloomberg

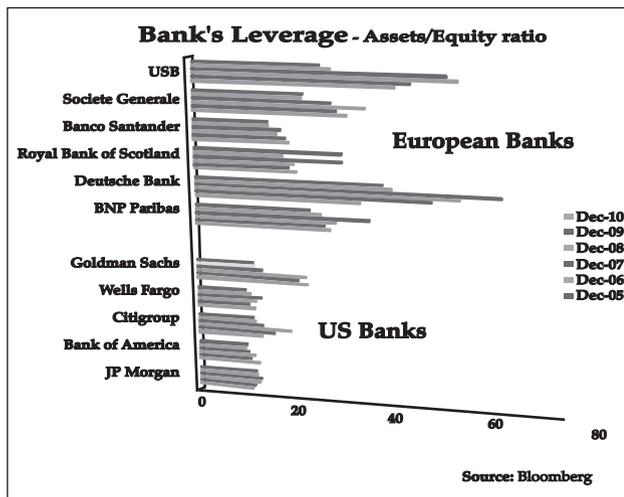


Figure 1

Another important point to note from the data above is that in most of the banks the degree of leverage was higher in the years preceding the global recession in 2008.

The Basel III rules which were announced in September 2010, not only imposed higher capital adequacy ratio for banks, but explicitly introduced a leverage ratio which is designed to capture the degree of leverage with a single metric (the current proposal is to set a leverage ratio 3% of Tier I capital). But, it seems that these new requirements may probably prove insufficient to cope with the kinds of shocks which the recent credit crunch imposed, since banking sector shocks require capital reserves of a magnitude far higher than anything envisaged today.

How to Reduce Financial Risk?

If leverage is the enemy of financial stability, and if the current plans on the table are insufficient to deal with the problem, what other options might be considered? The most obvious is to raise capital requirements to levels designed to cope with a world similar to that which existed immediately after the Lehman's bankruptcy. Such is the onerous nature of these capital requirements, however, that some form of contingent capital instrument would have to be issued. This could, for example, take the form of a bond which converts into equity at times of financial stress. Whilst this is an attractive idea, a huge amount of such debt would have to be issued on a global basis which might place limits on buyers' willingness to absorb it.

There is a growing school of thought in policymaking circles that the only way to reduce leverage is to make financial institutions smaller, by separating banks retail activity from risky investment activity. The rationale is to ensure that state guarantees to the retail banking sector, which forms the basis of an economy's financial infrastructure, are not used to bail out more risky activities. Thus, if financial institutions do wish to engage in more separate balance sheet. Such a policy would be a throwback to the US *Glass-Steagall* Act of 1932 in which depositary and investment banking functions were separated by a law which was only repealed in 1999.

We must look at the whole financial system and then ask ourselves what effect such change/s would have and where. For example, if we were to ask ourselves how the capital markets developed, we would look back in history and argue that because the Usury laws were lifted in 1980 (lifting the lid on interest rates applied because the then US President wanted to raise Fed Funds to 19%) this opened the door for the past 30year boom. How can we expect to regulate the banks when governments everywhere have spent the people's pensions and their children's future!

Regulating the banks is something that has to be addressed with sensitivity. We see the difference in the way the Chinese deal with excessive growth - raising the reserve requirement but under democratic setups we see the increasing tensions between the central bank, the government and the capital market institutions in arriving at appropriate policy alternatives. Continuous efforts to regulate all aspects of the financial sector will simply pose huge burden on the regulators without necessarily solving the problem. Far better approach would be to ring fence the parts of the system which we wish to protect and allow the lesser important areas to trade at their own risk, and thereby bear all the associated rewards or costs.

There are lessons to be learnt for countries like India that works in a much regulated environment. We need to develop our regulatory frameworks that are sensitive to the initiatives for designing the innovative financial instruments at the same time laying a broad regulatory framework ensuring both financial stability and flexibility. Further the financial sector regulations may focus sharply to discourage the

tendency of taking advantage of market frictions and imperfections by bestowing the necessary autonomy and accountability to the self-regulating institutions. Again, we need to carefully gauge the risk against the reward of working in such a regulated environment at the cost of growth. There is a need to strike an optimal balance between regulations, innovations and

stability leading to a sound economic environment of growth. Much ground work is needed and lessons to be learned from the current global crises, before India proceeds further in its mission to provide an ideal domestic financial derivatives market.

Bibliography

Feeney, Francis D, A Guide to International Financial Derivatives, Quorum Books, New York, 1991

Capasso (1995) op. cit.

Capasso, D. R. (1995). Trading on the Seattle Merc, New York, J. Wiley.

Markham, J.W. (1987). The History of Commodity Futures Trading and its Regulation, New York, Praeger

Peter Dixon, (2011 March). The ultimate risk/reward trade. Thinking ahead - Commerzbank monthly publication. Issue 24, 4-7

Contracts for difference: Complex and High Risk? Fido.gov.au. 2009-01-30

Battersby, Lucy (Aug 24,2009) "ASIC raises alarm over new CFD trade risk" smh.com.au. Retrieved 2010-09-24



Quality of Work Life Initiatives: Implications of Industrial Relations System

*Dr Chandan Kumar Sahu and Bijaya Kumar Sundaray**

".....quality of work life (QWL) is a way of thinking about people, work and organizations. It creates a sense of fulfillment in the minds of the employees and contributes toward greater job satisfaction, improving productivity, adoptability and overall effectiveness of an organization."

ABSTRACT

Quality of work life is a way of thinking about people, work and organization and it is a major contributing factor in achieving greater satisfaction, improving productivity, and overall effectiveness of an organization. It seeks to achieve integration of technological, human, organizational and societal demands. Thus, concentration must be given on flexibility in work schedule, autonomous work group, job enrichment, opportunities for growth, participation, employee suggestions and proper communication for improving quality of work life. It provides a fresh approach to labour-management relations and focuses on achieving common goals within the organization. Proper implementation of QWL programmes and effective industrial relations practices will lead towards organizational effectiveness in terms of higher productivity, better quality, high profit, lower absenteeism, less turnover and increased adaptability.

Introduction

Rationalization of organizations, greater productivity through increased efficiency, refined marketing practices and improved product quality, have occurred in order to meet the demands of the market place. As a result, changes in technology and the structure of the organization have been initiated along with development of existing human resource towards business success. The relationship between men and the organization has undergone several drastic changes in the above context. This confused and changed perspective requires organizations to adopt appropriate strategies to ensure growth and to restore adequate humane conditions at the workplace. Thus, the pace and scale of change in organizations over recent years has brought about a renewed interest in the issue of quality of work life of the employees. Rising levels of education, changing aspirations, shift in values, etc. have changed the attitude of employees. They are now trying to extract a sense of maximum personal fulfillment from being part of an organization. So the viability of any organization depends not only on the context of economic benefits, but also the extent to which it bears responsibilities towards human beings on a continuous basis. More over, quality of work life (QWL) is a way of thinking about people, work and organizations. It creates a sense of fulfillment in the minds of the employees and contributes toward greater job satisfaction, improving productivity, adoptability and overall effectiveness of an organization. It seeks to achieve integration of technological, human, organizational and societal

*Associate Professor, School of Management, NIT, Rourkela

**Associate Professor, Regional College of Management, Chandrasekharpur, Bhubaneswar

demands. In any organization, the management pursues efforts at building and strengthening the organization. The ultimate aim is to develop a committed and motivated workforce for the intense participation in achieving organizational goals. The trade unions, on the other hand take interest in building their institutions. The stand and approaches of unions on specific issues affect the quality of work life of the employees. Thus, harmonious industrial relations are necessary for minimization and resolution of conflicts between management and unions. It is necessary that there is mutual understanding and appreciation of the roles of management and unions. The management must realize that a dynamic and vibrant organization is the one which is in touch with the people and is alive to their aspirations. Managers have to work like team leaders rather than bosses and develop skills and capabilities of carrying their entire team with them. At the same time the unions have to support the management and take positive steps towards better QWL programmes for the improvement of the quality of work life of their members and induce them for better output.

Background

Quality of Work Life (QWL) is a philosophy, a set of principles, which holds that people are the most important resource in the organization as they are trustworthy, responsible and capable of making valuable contribution and they should be treated with dignity and respect (Straw and Heckscher, 1984). The elements which are relevant for an individual's quality of work life include the task, physical work environment, social environment within the organization, administrative system and relationship between life on and off the job (Cunningham and Eberle, 1990). In this context R. E. Walton (1975) has emphasized on eight important areas of QWL which are as: adequate and fair compensation; safe and healthy working conditions; immediate opportunities to use and develop human capacities; opportunities for continuous growth; social integration in work organizations; constitutionalization of work organizations; works and total life space; and the social relevance of work life. High quality of working life has been equated with high employee motivation

and also with a high level of employee satisfaction and performance (Lawler, 1975).

Cohen and Rosenthal (1980) described it as an "internally designed effort to bring increased labor management cooperation to jointly solve the problems of improving organizational performance and employee satisfaction". Lawler and Finegold (2000) advocated in favour of individualizing organizations to improve the quality of work life and satisfaction of their employees. Rathianam and Ismail (2008) have described QWL as the effectiveness of work environment that fulfill employees' personal needs as well as organizational needs. Suttle (1976) has defined QWL can be improved by introducing participating problem solving, redesigning of work, introducing innovative reward, and improving work environment. Kriel (2004) has considered ethos and morality as fundamental concepts that underlie the justice framework, when justice needs are satisfied it leads the self-actualization that in turn enhances quality of work life. Schulte et al. (2006) studied both individual-level climate perception and organizational climate are related to job satisfaction. They examined dimensions such as managerial support, company vision, communication, training focus, team focus, clarity, personal support for service and reward to measure the individual level climate and found that individual-level climate system is related to job satisfaction above and beyond psychological climate system. Individuals, groups and organizations have the capacity to learn the new ways to create new organizations which reflects values which are transformed into QWL programmes and activities (Mansell and Rankin, 1983). QWL can be defined as the sum total of healthy and satisfying experiences that individuals experience in the various facets of their life. It is comprehensive constructs that includes an individual's job related well-being and the extent to which work experiences are rewarding, fulfilling and stress reduction and other negative personal consequences.

Jain (1983) points out, QWL as a concern for people's experience at work, their relationship with other people, their work setting, and their success on the job. It provides a fresh approach to labour-management relations. The QWL movement encourages unions to take collaborative course and minimize adversarial

and competitive tactics (Hian and Einastein, 1990). Mutual respect is the building block of the entire QWL movement. By mutually solving work-related problems, building cooperation, improving work environments, restructuring tasks, carefully and fairly managing human resource outcomes and pay offs, QWL programmes will benefit both labour and management. It is a commitment of management and union to support localized activities and experiments for increasing employee participation in determining work environment. Quality circles, problem solving teams and the like are initiated to encourage team work and for performance improvement (Maccoby, 1984). So management and union should build mutual respect for institutional interests and values to generate a highly motivated, flexible and productive work force. Unions must adopt more proactive and creative roles in the work place and discard their largely reactive strategy to employer initiatives (Eiger, 1989). Bernadin (2007) highlighted role of trade unions in quality of work life issues. QWL issues play an important role in labour-management relationship. High union responses are required in some QWL programmes like job redesign, upward communication, team based-work configurations and quality circles. Milkovich and Glueck (1985), found that four principal QWL activities attract union interest were decision participation- management's commitment toward union's solution to quality-related problems, restructuring the nature of the work, enhancing work environment by changing rules, conditions, hours and other aspects of the environment, and creating innovative reward schemes. Thacker and Fields (1987) revealed that after union involvement in QWL efforts, rank-and-file members perceived a higher level of union influence in job areas where the union was not traditionally involved, like implementing technological changes and helping improvement of services rendered to customers. It increases the desire of union members to become involved in QWL efforts. But Ellinger and Nissen (1987) have strongly emphasized that union politics can strongly influence the QWL initiatives. Emphasis must be given on labour education programme for unions and union members on issues surrounding workers' participation programmes to make a meaningful QWL.

Industrial Relations: Conceptual Framework

Earlier industrial relations (IR) scenario was confined

to the system with rules and procedures and was being used by unions and employers to determine the reward for effort and better conditions of employment to protect the interests of both the groups and to regulate the ways in which employers treat their employees. For healthy IR it is necessary to have well defined policies and procedures as because reactive policies can't continue for long. Growing competition, complex economic environment, rising labour costs, etc. compel organizations to adopt proactive strategies towards IR, while having proactive strategies; the organizations have to ensure achievement of corporate objectives through cooperation and commitment of employees. The IR in future does not need industrial unrest but needs mutual understanding and trust both at individual and collective level. The very success of the industrial units in 21st century will depend on appropriate HR/IR interventions like innovation, redesigning of jobs, organizational culture and climate, empowerment and involvement, motivation and commitment, proper communication, teamwork and networking relationships, career development, stress management, reward and adequate compensation, better quality of work life, etc. (Thornhill et al. 2000, p.39). Effective employee relations in any business unit achieved through rewards and recognition, transparent communication system, proper care towards employee grievances (Srivastava et al. 1998, p.134).

The organizations streamline employee relations procedure and practice and to reduce the number of different sets of conditions of employment through the approach of single union and single table arrangements. At the core of this, it is a fundamental shift in the relationship between employers and trade unions, following the gradual realization that the interests of all are the best served through harmonious rather than adversarial industrial relations (Pettinger, 1999, p.313). People possessed of technical skills and knowledge together with sound and mature judgment can be involved in the decision-making process, and their suggestions, view points and feelings are to be duly valued by superior managers (Samantara, 2003, p.452). Union leaders need to create a new model of worker representation in order to survive in the present context. This can be done if

union leaders rethink their strategic roles and adopt collective bargaining strategies that allow both the employees and employers to benefit. Although employers clearly need to consider labour relations from strategic perspective, union representatives must do so even more if they are to keep their unions viable for tomorrow's organizations (Mello, 2003, p.360).

Good employee relations providing fair and consistent treatment to all employees so that they will be committed to the organization. Companies with good employee relations are likely to have an HR strategy that places a high value on employees as stakeholders in the business. To foster good employee relations managers must listen to and understand what employees are saying and experiencing and they have to be informed management decisions (Mondy and Noe, 2006). The management should also give employees the freedom to air grievances about management decisions. Effective employee relations require cooperation between managers and employee relations representatives (Gomez-Mejia et al. 2005). The management should develop and implement adequate HR strategies such as empowerment, joint decision making, multiskilling, etc. for optimum utilization of existing human resources in the competitive environment (Saini, 2000). The need of all-round development in industrial relations practices in present context is due to structural transformation of organizations. The organizations should change the HR/IR strategies and practices keeping in view continuous improvement of employees through training and retraining programmes, steps for empowerment and involvement of employees, team work and joint decision making, communication of vision and mission of the organization to employees and proactive management will bring healthy labour-management relations climate which lead towards sustainability of the business units (Sodhi, 2000).

Labour and capital need to cooperate and create a win- win relationship in post LPG era. The HR/IR professionals should play the active role to synergize the roles of labour and capital and to build a relationship based on concepts such as respect to each other, team effort, joint goal setting and problem solving through direct participation, performance

based reward, transparency in communication, prompt grievance redressal, balance between work-life and non work-life aspects of employees, etc. which are more challenging in practical aspect and both the actors have to think seriously about these measures for industrial peace, progress and prosperity.

Factors of QWL

QWL is concerned about the impact of work on people as well as on organizational effectiveness and the idea of employee participation in organizational problem solving and decision making. The basic purpose is to improve the prevailing climate at work so that human-technological-organizational interface leads to a better quality of work life. There are number of factors involved in QWL. Those factors can be grouped into three categories: individual factors, job factors, and organizational factors. The sub-factors of these factors affect the individual involvement in the job, his sense of competence which lead to job satisfaction and finally to performance outcome (Figure 1).

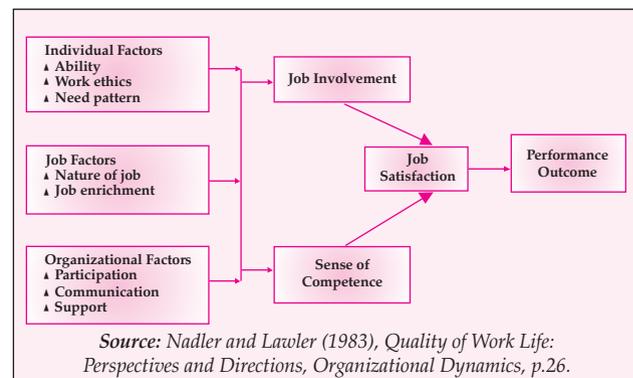


Figure 1: Impact of Factors involved in QWL

An individual in the organization wants to satisfy his/her needs while working for it. Depending on nature of the individual needs, he may want equitable financial package, employment benefits, job security, challenging work, involvement in decision making process, and getting proper feedback about his performance. Therefore, in improving QWL, all these factors have to be given due consideration and proper emphasis as discussed below.

- **Flexibility in Work Schedule:** Employees want flexibility in work schedule like flexi time- a system of flexible working hours, staggered working hours- different time intervals for beginning and

end of working hours, and compressed workweek- more working hours per day with lesser number of working days per week. To the extent, if flexibility is provided in the work system, it becomes motivating to the employees.

- **Autonomous Work Group:** Creation of autonomous work group help in creating positive feeling among employees. They may be given freedom to choose their own teams; they should have freedom of decision making regarding the choice of methods of work, distribution of tasks among group members, designing of work schedules and so on.
- **Job Enrichment:** It attempts to design a job in such a way that it becomes more exciting, interesting, and challenging so that job holder makes meaning out of it. It improves the quality of jobs. This motivates the employees with higher level of needs.
- **Opportunity for Growth:** Opportunity for growth is important for achievement oriented employees. If employees are provided opportunities for their advancement and growth and to develop their personality, they will feel highly motivated.
- **Participation:** Employee participation in decision making, particularly on the matters directly connected with an individual's working life has an important bearing on his satisfaction and performance. Higher degree of participation increases the QWL and overall organizational climate.
- **Suggestion System:** This satisfies psychological needs of the employees. Many organizations which have introduced some suggestion system make use of cash rewards for useful suggestions. This motivates the employees to be in search of something which may be of great use to the organization.
- **Communication:** To make QWL sound, two way and transparent communication is necessary. Through downward communication, employees would receive information about various aspects of the organization and through upward

communication; employees can share their views, grievances, and suggestions for improving the work performance.

Indicators of favourable QWL

QWL affects job involvement, sense of competence, job satisfaction, job performance and productivity. A favourable QWL results into positive consequences in these factors.

- **Job Involvement:** It indicates the extent of people's identification with the job. Job involved people spend more time on the job and turn out better performance. Challenging jobs having skill variety, influence employees to get highly involved with their jobs.
- **Sense of Competence:** By engaging in a work that calls a variety of skills, abilities, and talents, individuals gain mastery over their work environment. As they engage more and more in work activities, they acquire a great sense of competence and higher level of job involvement.
- **Job Satisfaction:** It is a set of favourable or unfavourable feelings with which employees view their jobs, more specifically the nature of jobs they do, the quality of supervision they receive, pay and perks, and promotional avenues, etc. High job satisfaction results into high work performance, less employee turnover and less absenteeism.
- **Job Performance and Productivity:** Job involvement, job satisfaction, and sense of competence affect job performance and productivity of employees. Since there is congruence between the employee and the job, the outcome is higher level of job performance.

Industrial Relations Indicators

The objective of industrial relations (IR) system is to maintain harmonious relationship between the employer and employees so that there remains no threat to overall effectiveness of the organization. The improvement of workplace relations depends on several factors like shared vision and values, information sharing and two-way transparent communication system, building fairness and trust,

ego management and multiple options with dual focus to create win-win situations (Venkat Ratnam, 2000). QWL refers to a cooperative effort on the part of union and management to involve employees in the day-to-day decision making processes at work. In such environment, attitudes of the employees are reflected in the form of organizational commitment, job satisfaction, loyalty to union, willingness to work for union and responsibility towards the union (Fields and Thacker, 1992). These lead to reduction of grievances and work stoppages. As the lack of participation is a major cause of employee dissatisfaction and leading to high levels of absenteeism and turnover, but presence of above IR indicators contribute to lower rate of employee turnover and absenteeism. It reduces the number of accidents and improves employees' safety as clearly depicted in figure 2. As a whole successful implementation of QWL interventions enhance the economic aspects of the organization.

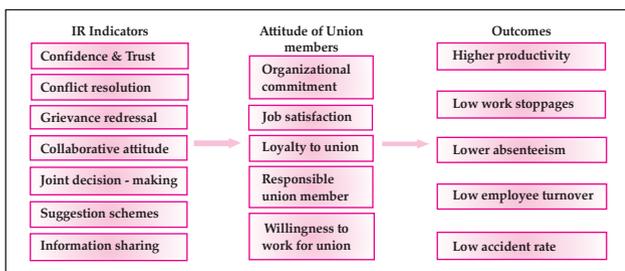


Figure 2: IR Indicators and Outcomes

Outcomes of QWL Initiatives

Camman and Ledford (1985) through an integrated approach analyzed the major components in the QWL process and effect of these components on organizational effectiveness as reflected in figure 3. It is based on three distinctive components such as:

Programme

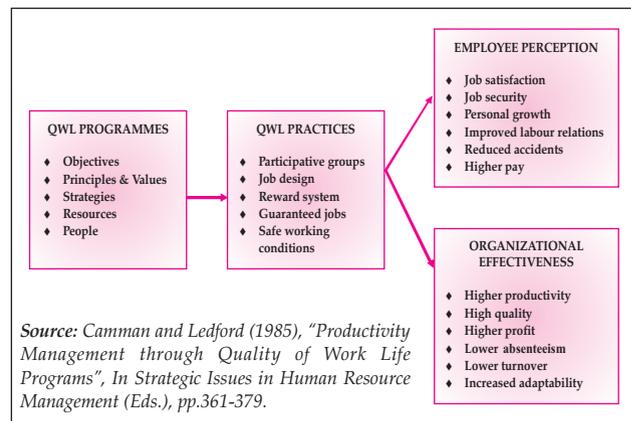
This component provides a systematic approach for coordinating the introduction, implementation and maintenance of QWL practices. Based on objectives, principles and values, strategies, and available resources, people to be involved; top management is responsible for operating the QWL programmes by introducing a variety of practices in the organization as means of accomplishing the objectives.

Practices

The practices experienced in QWL programmes represent the action component. A number of methods are used by the practitioners to get the desirable QWL outcomes. These vary widely, but can be categorized into four major methods as: solving work-related problems; building cooperation among groups; organizing work and altering working conditions; and managing human resources.

Outcomes

The two goals of an effective QWL programme are better employee perception and greater organizational effectiveness. Outcomes of employee perception are job satisfaction, job security, personal growth, improved labour relations, reduced accidents, higher pay, etc while organizational effectiveness are in terms of higher productivity, better quality products/ services, cost and waste reduction, less absenteeism, lower turnover, increased adaptability and even higher profits.



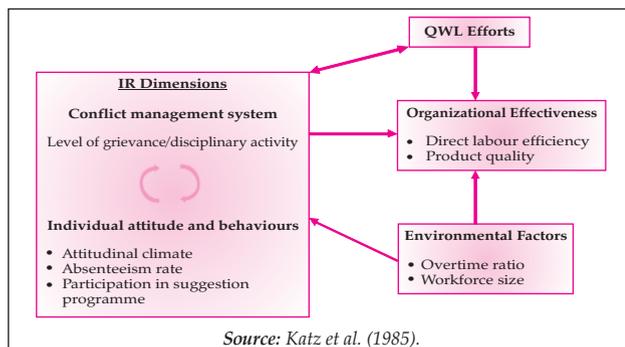
Source: Camman and Ledford (1985), "Productivity Management through Quality of Work Life Programs", In Strategic Issues in Human Resource Management (Eds.), pp.361-379.

Figure 3: QWL Programmes, Practices, and Outcomes

QWL Efforts and IR System

The performance of an industrial relations system depends on two key dimensions such as conflict management and individual attitude and behaviour. Less effective the performance of an industrial relations system based on these two dimensions, lower the level of organizational effectiveness. The organization's economic performance can be measured in terms of (a) direct labour efficiency, a measure of labour costs and productivity and (2) product quality. There is a casual relationship among

the performance of industrial relations system, organizational effectiveness and quality of work life efforts. There is also a feedback or reciprocal relationships between economic performance and industrial relations performance. This model focuses on the efforts of management, union and neutral practitioners who are attempting to change the workplaces through better quality of work life and other interventions (figure 4).



Source: Katz et al. (1985).

Figure 4: QWL efforts, IR Dimensions and Organizational effectiveness

Environmental factors like plant size, volume of work, and social and demographic characteristics of a workforce will influence both industrial relations and economic performance of the organization. Specially, the size of the workforce and their overtime ratio help in assessing the relationship between industrial relations and economic performance of the organization. One critical function of an industrial relations system is to establish procedures and processes for addressing conflicts that arise between employees and management. Unions and management heavily rely on formal contract, negotiation and grievance procedures for this purpose. The effectiveness of such formal negotiation and conflict resolution mechanisms are related to organizational effectiveness. The sheer volume of grievances and disciplinary actions will affect the costs of managing the organization. The relatively high degree of conflict between labour and management at the shop floor level will be associated with decrease in efficiency, poor quality, and generally a poor organizational performance. So proper management of conflicts will bring cordial labour-management relations which helps to achieve the desired goal. High level of motivation, commitment and participation on the part of individual workers should improve individual satisfaction which leads towards

organizational effectiveness. Lower rate of absenteeism, positive employee attitude, and employee participation in suggestion schemes will be related to the performance of industrial relations system and will affect organizational performance. The greater the participation in the programmes addressing quality of working life, lower the level of conflict and more positive the workers' attitude and work behaviour.

Conclusion

Quality of work life is a very broad and comprehensive concept. Its scope and sphere of activities can not merely be confined to a set of programmes and processes to improve the quality of work life of employees at the workplace. QWL aims at improving the work environment in which the employees feel satisfied with the prevailing working conditions and get motivated and committed to work with zeal, confidence, and efficiency which may lead to greater productivity and organizational effectiveness. Programmes like flexibility in work schedule, autonomous work group, job enrichment, opportunities for growth, employee participation, suggestion scheme and proper communication must be emphasized for improving quality of work life. These factors affect the employee's involvement in the job, sense of competence and job satisfaction which may lead to improved performance and productivity. In this process, organizations are coming up with new and innovative QWL programmes and practices to improve the quality of work and quality of work life of every individual in the organization. Implementation of QWL programmes and practices not only lead to improved working conditions for employees but also increase the organizational effectiveness in terms of higher productivity, better quality, higher profit, and increased adaptability. Quality of work life provides a fresh approach to labour-management relations and focuses on achieving the common goals within the organization. However, its success depends upon the commitment and attitudes of the three stakeholders-management, union, and the employees of the organization. The changing aspirations and needs of today's workers require the union to adapt and adjust to the volatile situation. Unions can play a constructive role in the QWL efforts by supporting

and cooperating with the management. The QWL movement also encourages unions to take collaborative and competitive tactics to represent the rights and interests of the employees. It enables both management and unions to adapt a more integrated approach toward conflict and encourages the development of healthy labour-management

relations. It not only enhances the individual efficiency but also improves the organizational effectiveness by reducing accidents, work stoppages, grievances, absenteeism and turnover of employees. As a whole, QWL efforts develop the whole gamut of human life by improving not only the quality of work life, but also the Quality of life (QL) of the employees.

Bibliography

Bernadin, H. J. (2007), *Human Resource management- An Experiential Approach*, TMH Publications, New Delhi, pp.398.

Camman, C. and Ledford, G. E., (1985), "Productivity Management through Quality of Work Life Programs", In *Strategic Issues in Human Resource management* (Eds.), Wiley, Chicago, pp. 361-379.

Cohen R. and Rosenthal, E. (1980), "Should Union Participate in Quality of Work Life Activities", *The Quality of Work Life- the Canadian Scene*, Vol. 1, No.4, pp. 7-12.

Cunningham, J.B. and Eberle, T., (1990), "A Guide to Job Enrichment and Redesign", *Personnel*, Vol. 67, pp. 56-61.

Eiger, N. (1989), "Organizing for Quality of Working Life", *Labour Studies Journal*, Vol.14, No. 3, pp. 3-12.

Ellinger, C. and Nissan, B. (1987), "A Case Study of a Failed Program: Implications for Labour Education", *Labour Studies Journal*, Vol.11, No.3, pp.195-219.

Fields, M. W. and Thacker, J. W. (1992), "Influence of Quality of Work Life on Company and Union Commitment", *Academy of Management Journal*, Vol. 35, No. 2, pp. 439-450.

Gomez – Mejia, Luis R., Balkin, David B. and Cardy, Robert L. (2005), *Managing Human Resources*, Pearson Education, New Delhi, pp.458-459.

Hian, C. C. and Einstein, W. O. (1990), "Quality of Work Life (QWL): What Can Unions Do?", *SAM Advanced Management Journal*, Vol. 55, No. 2, pp. 17-22.

Jain, H. C. (1983), "The Quality of Working Life: A North American Perspective", *Philippine Labour Review*, Vol. 7, pp. 41-46.

Katz, H. C., Kochan, T. A. and Weber, M. R. (1985), "Assessing the Effects of Industrial Relations Systems and Efforts to Improve the Quality of Working Life on Organizational Effectiveness" *Academy of Management Journal*, Vol. 28, No. 3, pp. 509-526.

Kriel, P. J., (2004), "Quality of Work Life and Evolutionary Psychology: A Unifying Approach for the Integration of Personal and Business ethics", *6th Annual Conference on Quality of Life*, Deakin University, Melbourne, Victoria, Australia.

Lawler III, E. E., (1975), "Measuring Psychological Quality of Working Life: the Why and How of it", In Davis and Chern (Eds.), *The Quality of Working Life: Problems, prospects and the State of Art*, Vol. 1, The Free Press, New York.

Lawler III, E. E. and Finegold, D., (2000), "Individualizing the Organization: Past, Present, and Future", *Organizational Dynamics*, Vol. 29, No. 1, pp.1-15.

Maccoby, M. (1984), "Helping Labour and Management to set up a Quality-of-Work Life Programme", *Monthly Labor Review*, Bureau of Labor Statistics, U. S. Department of Labour, Wasington D. C., March, pp. 28-32.

Mansell, S. and Rankin, T., (1983), "Changing Organizations: The Quality of Working Life Process, Issues in Quality Working Life", *Quality of Working Life Centre*, Canada, Vol.4. No. 9.

Mello, Jeffrey A. (2003), *Strategic Human Resource Management*, Thomson South-Western, Singapore, pp.360.

Milkovich, G. T. and Glueck, W. F. (1985), *Human Resource Management: A Diagnostic Approach*, *Business Publications Inc.*, Plano, pp. 417-430.

- Mondy, R. Wayne and Noe, Robert M. (2006), *Human Resource Management*, Pearson Education, New Delhi, pp. 450-451.
- Nadler, D. A. and Lawler III, E. E., (1983), "Quality of Work Life: Perspectives and Directions", *Organizational Dynamics*, pp. 26.
- Pettinger, Rechar (1999), *Effective Employee Relation*, Kogan Page, London, pp.313.
- Rethianam, G. S. and Ismail, M., (2008), "Constructs of Quality of Work Life: A Perspective of Information and Technology Professionals", *European Journal of Social Sciences*, Vol. 7, No. 1, pp. 58-70.
- Saini, Debi S. (2000), "Globalization and Developments in Human Resource Management", *Human Resource Management: Prospectives for the New Era* (Eds.), Response Books, New Delhi, pp. 55-59.
- Samantara, Rabinarayan (2003), "Management of Superior- Subordinate Conflict: An Exploration", *Indian Journal of Industrial Relations*, Vol. 38, No. 4, April, pp.452.
- Schulte, M., Ostroff, C., and Kinicki, A. J., (2006), "Organizational Climate Systems and Psychological Climate Perceptions: A Cross-level Study of Climate-satisfaction Relationships", *Journal of Occupational and Organizational Psychology*, 79, pp. 645-671.
- Sodhi, J. S. (2000), "Human Resource Management and Corporate Strategy", *Human Resource Management: Prospectives for the New Era* (Eds.), Response Books, New Delhi, pp. 138-142.
- Srivastava, C. M., Kaul, A. K. and Sivkumar, Anita (1998), "Strategies for Change for Building a World Class Company", *Business – Led HR Strategies*, All India Management Association, Excel Books, New Delhi, pp. 134.
- Straw, R.J and Heckscher, C.C., (1984), "Quality of Work Life: New Working Relationships in the Communication Industry", *Labor Studies Journal*, Vol. 9, pp. 261-274.
- Suttle, J. L., (1976), "Improving Life at Work: Behaviour Science Approaches to Organizational Change", In J. L. Suttle and Santa Monica (Eds.), Goodyear Publishing, California, p. 4.
- Thacker, J. W. and Fields, M. W. (1987), Union Involvement in Quality of Work Life Efforts: A Longitudinal Investigation. *Personnel Psychology*, Vol. 40, pp. 97-111.
- Thornhill, Adrian; Lewis, Phill; Millmore, Mike; and Saunders, Mark (2000), *Managing Change*, Prentice Hall of India, New Delhi, pp. 39.
- Venkat Ratnam, C. S. (2000), *Improving Workplace Relations in India*, International Management Institute, New Delhi.
- Walton, R.E., (1975), "Criteria for Quality of Working Life", In L. E. Davis and A. B. Cherns, (Eds.), *The Quality of Working Life*, The Free Press, New York, pp.91-104.



India vs China : The Crouching Tiger & The Hidden Dragon

Sanjoy Chakraborty*

"The West dominion is now taken a back seat while the East lead by China and India gradually coming to the foray with its gigantic market size and cheap resource."

ABSTRACT

It has always remained as a point of debate across the world that who is going to be the world's next economic super power or who is going to snatch the power away from the long dominion of United States and its West European allies per se. The country which is perceived by the world to be the next economic power house of the world is none other than the land of the Reds, China. The Chinese growth story has been spectacular with its massive multifaceted growth over the last two decades. However, there are a good number of industrialists, market experts, political leaders & scholars across the globe who feels that the China's stern neighbor doesn't lag too behind, rather has posted a tough challenge to the dragons for the throne of economic supremacy. India like a crouching tiger is waiting to take the gigantic leap. India with its huge market is equally attractive like China for almost all the investors across the world. The reality so far has been in the favor of China with its strong and disciplined strides towards the centre stage of economic preeminence while India is baffled with problems like illiteracy, poverty, over dependence on the service sector and comparatively weak manufacturing sector. In this article, we will try to see and compare India and China's progress in various fields and will try to find out who has scored better in which fields and the reasons behind them.

Introduction

There is always a lot of buzz about the two Asian giants - China and India, that at what rate they are growing, whom they have outpaced and left behind in the GDP size or how much of the world has been conquered by the Indian and Chinese brains and how they will be the great nations to help out or perhaps solve all the world's problems in the years to come. There are myriads of views across the globe for a while now on the nearer term prospects for China and her south western neighbor as some present with facts while few become excited and exaggerate whilst few tries to be a bit conservative. However, every one of them lead to the same common point that if the two nations merge into one giant "Chindia"; they would someday definitely take over the world tech industry with ease. But the question which looms up in almost every corners of the world - is the rapid growth sustainable or are they heading into a bubble that could burst one day without any alarm? Is the Yuan and Rupee going to continue to be tied closely to the Dollar or are they going to let it float a bit wider to dampen the over stimulated economy?

The balance of power shifts to the East as China and India evolve

Gone are the days when the world was dominated by USA and a handful of

**Sr Officer, Mjunction Services Limited, Kolkata*

European nations. The West dominion is now taken a back seat while the East lead by China and India gradually coming to the foray with its gigantic market size and cheap resource. China and India, rarely has the economic ascent of two still relatively poor nations been watched by the world with such a mixture of awe, opportunism and trepidation primarily because of its colossal market size. To globalization's skeptics, however, what's good for Corporate America translates into layoffs and lower pay for workers. Little wonder the West is suffering from future shock. Each new Chinese corporate takeover bid or revelation of a major Indian outsourcing deal elicits howls of protest by U.S. politicians. Washington think tanks are publishing thick white papers charting China's rapid progress in microelectronics, nanotechnology, and aerospace and painting dark scenarios about what it means for America's global leadership. Such alarmism is understandable. But the U.S. and other established powers will have to learn to make room for China and India. For in almost every dimension - as consumer markets, investors, producers, and users of energy and commodities, they will be the 21st-century heavyweights. The growing economic might will carry into geopolitics as well.

China - India better positioned compared to the Japs - Koreans

The post second world war era witnessed economic miracles in Japan and South Korea. But neither was populous enough to power worldwide growth or change the game in a complete spectrum of industries. China and India, by contrast, possess the weight and dynamism to transform the 21st century global economy. The closest parallel to their emergence is the saga of 19th-century America, a huge continental economy with a young, driven workforce that grabbed the lead in agriculture, apparel, and the high technologies of the era, such as steam engines, the telegraph, and electric lights.

Complementary Factors

The thing that makes the two giants especially powerful is that they fittingly complement each other's strengths. An accelerating trend is that technical and managerial skills in both China and

India are becoming more important than cheap assembly labor. China will stay dominant in mass manufacturing, and is one of the few nations building multibillion-dollar electronics and heavy industrial plants. India is a rising power in software, design, services, and precision industry.

Simultaneous Takeoffs...

China and India had similar development strategies prior to their breaking out of their deliberate insulation from the world economy and the ushering in of market-oriented economic reforms and liberalization. China began reforming its closed, centrally planned, non-market economy in 1978. India always had a large private sector and functioning markets which were subject to rigid state controls until the hesitant and piecemeal reforms of the 1980s. These became systemic and far broader after India experienced a severe macroeconomic crisis in 1991. The political environments under which reforms were initiated and implemented in the two countries and their consequences were very different. India continues to be an open, participatory, multiparty democracy, while China has an authoritarian, one party regime, though it is liberalizing.

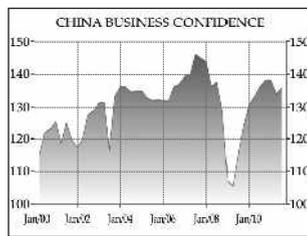
Drilling down further: Let us See Which Economy Comes Out On The Top...

In the inevitable comparisons that people make between Asia's two rising giants - China and India, unfortunately India always find herself lagging behind the Reds though both had started their journey more or less from the same level. The Chinese economy historically outpaces India's by just about every measure. China's fast-acting government implements new policies with blinding speed, making India's fractured political system appear sluggish and chaotic. Beijing's shiny new airport and wide freeways are models of modern development, contrasting sharply with the sagging infrastructure of New Delhi, Mumbai, Kolkata, Chennai, Bangalore, et al. And as the global economy emerges from the Great Recession, India once again seems to be playing second fiddle. Pundits around the world laud China's leadership for its well-devised economic policies during the crisis, which were so effective in restarting

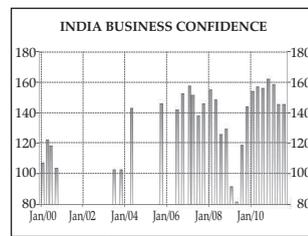
economic growth that they helped to lift the entire Asian region out of the downturn. But India, has her strengths too.

With this in mind, let us compare the two countries by size: China is the world's third-largest country after Russia and Canada and is the second largest country by land area. India is about a third of China's size. In terms of population, China tops India at 1.3 billion people compared to India at just over 1 billion but India is growing at a faster rate and has a younger population. Both the countries were among the most ancient civilizations and their economies are influenced by a number of social, political, economic and other factors. However, if we try to properly understand the various economic and market trends and features of the two countries, we can make a comparison between Indian and Chinese economy. In terms of political systems, China is a communist country which economically is following market reforms that encourage free trade and capitalist-based business models. India, by comparison, is the world's largest democracy, but with a system of commerce that until the 1980s was based on the Soviet model and has since been reforming itself to follow more free trade and capitalist-based models. China has been reforming its economy since 1978; India has been working since 1991 but at a faster rate of speed.

Going by the basic facts, the economy of China is more developed than that of India. While India is the 11th largest economy in terms of the exchange rates, China occupies the second position surpassing Japan. Compared to the estimated USD 1.3123 trillion GDP of India, China has an average GDP of around USD 4909.28 billion. In case of per capital GDP, India lags far behind China with just USD 1,124 compared to USD 7,518 of the latter. To make a basic comparison of India and China Economy, we need to have an idea of the economic facts of the countries.

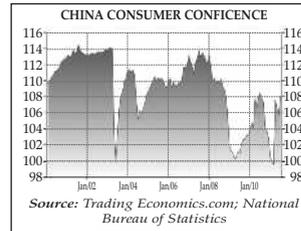


Source : TradingEconomics.com; China Economic Information Net

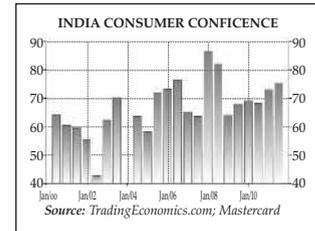


Source : TradingEconomics.com; NCAER Mastercard

Business Confidence in China & India



Source: TradingEconomics.com; National Bureau of Statistics



Source: TradingEconomics.com; Mastercard

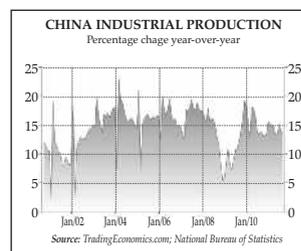
Consumer Confidence in China & India

China vs India: Head to Head

Manufacturing Potential: China way ahead from India. In terms of manufacturing China's lead over India in terms of manufacturing is considerable. China is the world's third largest nation in terms of manufacturing after the U.S. and Japan. India is a still impressive, but much further back 12th place in the same list according to Global Insight and the Financial Times. This point out the fact that to this point, India's success in expanding its service industry has yet to be as firmly demonstrated in the manufacturing sector. It is forecasted that China will top the list of being the most developed in terms of manufacturing while India will occupy the 7th position in the world.

Top 15 Manufacturing Nations

Ranks	In the year 2006	Ranks	In the year 2025
1	US	1	China
2	Japan	2	US
3	China	3	Japan
4	Germany	4	Germany
5	France	5	South Korea
6	UK	6	France
7	South Korea	7	India
8	Italy	8	UK
9	Brazil	9	Italy
10	Canada	10	Brazil
11	Russia	11	Russia
12	India	12	Indonesia
13	Spain	13	Mexico
14	Mexico	14	Taiwan
15	Indonesia	15	Canada



Source: TradingEconomics.com; National Bureau of Statistics

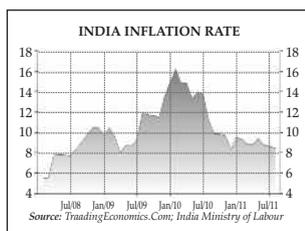
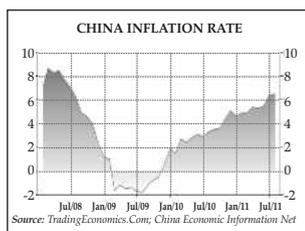


Source: TradingEconomic.com; Ministry of Planning & Reporti

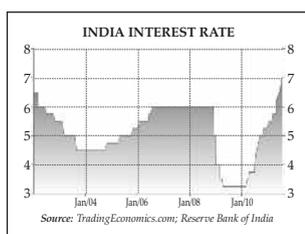
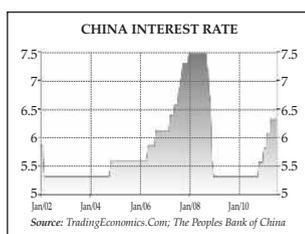
Industrial Production in China & India

India's per capita earning is USD 440 per year against USD 990 per year in China: As per the World Bank, the poverty line definition is USD 1 per person per day or USD 365/person/year, for underdeveloped countries like India, China etc. As per the official data from both governments, China has 3% population below the poverty line, compared to India's 26 to 29%. Only better governance will help.

Soaring inflation has been a serious problem for India for the last few years. The inflation rate in India was last reported at 8.43 percent in July of 2011. Hence in order to curb such a high inflation rate the reserve bank of India has taken a number of anti-inflationary measures like hiking the interest rates, raising Repo rates, reverse repo rates, etc which in turn has somewhat affected the investment in the country. The benchmark interest rate (reverse repo) in India was last reported at 7 per cent. In India, interest rate decisions are taken by the Reserve Bank of India's Central Board of Directors. The inflation rate in China was last reported at 6.2 percent in August of 2011. The benchmark interest rate in China was last reported at 6.56 percent. In China, interest rates decisions are taken by The Peoples' Bank of China Monetary Policy Committee.



Inflation Rate in China & India



Interest Rate in China & India

In Foreign Direct investment, China + Hong Kong received USD 106 billion last year [USD 70 billion from NRC's] vs USD 3.6 billion [USD 0.2b from NRI's] for India. Only better Governance can attract FDI and Tourists. In exports, China is nearly +700% of India. Taking the exports of Hong Kong + Macau

into account, China's exports would be +1000% of India. China's GDP is 50% in manufacturing or USD 650 billion per year. India's GDP is 25% in manufacturing or USD 110 billion per year. China's manufacturing base is nearly 6 times of India's.

In agriculture our yields per acre, are well below the international norms. India could be a giant exporter of food, only if we could put our 'house in order' to near world class standards. China with lesser cultivable land, produces double the food grains, at 415 million tonnes per year compared with India's 208 million tons per year.

India & China: The Economic Parameters – Nose to Nose:

Key Economic Indicators	China	India
GDP annual growth rate	9.70%	7.70%
Per capita GDP	USD 7,518	USD 1,124
Government debt% to GDP	17.70%	69.20%
Foreign Direct Investment	USD 9.70 billion	USD 12.4 billion
Foreign Exchange Reserves	USD 2.65 billion	USD 2.45 billion
Gold Reserves	11%	15%
Exports (July'2011)	USD 175 billion	USD 29.34 billion
Imports (July'2011)	USD 143.6 billion	USD 40.42 billion
Balance of Trade (July'11)	USD 31.5 billion	USD 11.08 billion
Inflation rate	6.5%	8.43%
Interest rate	6.56%	7%
Labor Force	813.50 million	467 million
Industrial Production Expansion	14%	8.8%
Business Confidence (Jun'2011)	135.60	145.20
Consumer Confidence (Jun'2011)	108.10	75.20
World Prosperity Index (world ranking)	58th	88th
Human development Index (world ranking)	91st	122nd

Source: www.tradingeconomics.com

Health & Medicare: Perhaps China's biggest worry over the long term is inadequate medical care for its rapidly aging population. In 20 years, China will have an estimated 300 million people age 60 or older. Yet only one in six Chinese workers now has a pension plan, and just 5% have guaranteed medical benefits. What's more, many retirees will not be able to rely on children for support. Beijing promises to build a broader safety net, but adequate health care and pensions could consume a huge portion of GDP and deplete China's economic strength in the future. Both nations could face full-blown crises with AIDS, tuberculosis, avian flu, and other infectious diseases, and their health systems have been slow to mobilize. At least 5 million Indian adults are infected with HIV, one of the world's highest rates outside sub-Saharan Africa. India's National Intelligence Council predicts the number could pass 20 million in 2010. The U.N. estimates the number of Chinese with HIV could hit 10 million in five years. Some 200,000 Chinese also die annually of TB. And a serious flu epidemic could kill millions.

- **In Education, 99.1% of Chinese children attend school for 9 years, this ensures a high level of literacy. In India, literacy is 50 to 60%.**
- **China attracts 87 million tourists per year (this is expected to reach 90 million in 2002) against 2.5 million per year to India.**

India & China: The Social Parameters – Nose to Nose:

Social Indicators	China	India
Life Expectancy	73.5 yrs	64.4 yrs
Infant Mortality Rate	17 per 1000	50 per 1000
Maternal Mortality Rate	38 per 100000 live births	230 per 100000 live births
Mean years of schooling in India	7.5 yrs	4.4 yrs
Adult Literacy Rate	94%	74%

Source: <http://agmetalmminer.com>

India too has some bright spots

As can be seen, China is by far the bigger economy, the bigger exporter and the bigger importer but its better not to assume that all the advantages go to China. There are few grounds where India does score higher than that of China.

Tax Regimes:

China:	India:
<ul style="list-style-type: none"> • Corporate Income Tax: 24% • Tax - Incentives for high - tech industries: 15% • Tax Holidays for manufacturing industries: • Initial two years of profitability: 0 percent tax • Next three years of profitability: 50% of tax rate (This is assumed to be 12%) 	<ul style="list-style-type: none"> • India's tax system is being reformed as we write this. Following is the tax system for India's "Special Economic Zones": • Corporate Income Tax: 15% • First five years of profitability: 0% tax • Second five years of profitability: 50% tax (This is assumed to be 7.5%.) • Third five years of profitability: 50% of tax rate for any invested dividends that are invested back into India

Company Development

Tax incentives are not the only area that India is ahead of China in. Generally, Indian capital markets score higher their Chinese counterparts in terms of transparency and predictability. Indian companies can list domestically on the Bombay Stock Exchange, Asia's oldest exchange. China has both the Shanghai and Shenzhen stock exchanges. Shanghai is larger than Bombay in terms of capitalization (Mumbai has USD 1 trillion with 4,833 companies and Shanghai has USD 1.7 trillion with 849 companies) but what differs the two exchanges is not just their size but that Mumbai is run to international standards and has tremendous stability in the quality of its companies. On the other hand, China's Securities Commission has no powers to impose punishments, which must be imposed by the courts. Further as the government is the major stockholder of its State-owned enterprises all these firms are not subject to independent policing and true financial analysis meaning that the value of many of these firms is suspect. This means that generally India has the more transparent economy.

Company Management Capabilities

India, however, is not only ahead in financial transparency it has decent advantage over the Chinese in the Company Management Capabilities. Although there are many excellent Chinese companies, generally the management abilities of many Chinese businesses are not as strong as their Indian counterparts. Part of this is due to the fact that reform in China started barely 30 years ago and that

management training has not become of interest till recently. Also, it is a factor that in many respects it is the rest of the world that came to China to produce in the last decade and not China's homegrown export industry that has driven exports. In fact, if one looks at cross-border activity, China has yet to become active in

acquisitions to-date; although there is an indication this is starting to change. Big acquisitions by Chinese businesses include Lenovo's takeover of IBM's PC business and more recently the Chinese acquisition of an interest in Blackstone, which is a different twist on things.

China vs India in 2030 – Global Forecast

Sl. No.	Parameters	China	India
1	Size of economy in global terms	2 nd	4 th
2	Global position in purchasing power parity	2 nd	3 rd
3	Global ranking among the fastest growing economies	20 th	12 th
4	Per capita income (USD)	10700	8900
5	World per capita income ranking	80 th	88 th
6	No. of workers (millions)	175	600
7	Population growth rate	0.82%	1.01%
8	Total population in global terms	19%	21.5%
9	Percentage of global trade	8%	5.5%
10	Global trade (USD billion)	9,824	4,500
11	Total rail track (kms)	200,000	130,000
12	Total highway length (kms in millions)	1.8	0.9

Bibliography

Macro economic data & graphs from National Bureau of Statistics & tradingeconomics.com,

China & India: Economic Performance, Competition & Co-operation - An Update by T.N. Srinivasan presented

at Seminar on WTO Accession, Policy Reform & Poverty.

Various analytical thoughts were developed from the leading business magazines viz. The Economist, The Time World, The Bloomberg Business Week.

Role of HR in changing scenario

Dr P K Banerjee* and Ravi Pratap Singh**

" The impact of Globalisation has led to a new thought process and newer methods being adopted by the companies for survival. The old schools of thought are not working nowadays, and thus it requires an emergence of newer techniques and school of thought.... "

ABSTRACT

HR has gone through a transformation process since the time of its inception and the effect of globalization has made its role very critical in the companies. No firm can survive in today's competitive world without a strong HR cell. The employee turnover and various factors associated with it which affects the whole organization on a long run. Herein it is highlighted out the impact of Globalisation on the organizations, the role of HR in such a scenario and the techniques adopted by organization to retain and attract talented workforce. The concept of employee engagement, its effect on organizations and the techniques to engage employees and the steps adopted by organization to sustain in a global scenario is a matter of serious concern for organisations in the current world. A dedicated and committed workforce can do wonders to an organisation provided proper utilization of these is done and regularly monitored.

Introduction

Globalisation is the word that comes up in the mind of Organizations, individuals, as well as Institutions, when we talk of the current economic scenario. The gulf war had a worldwide effect and it has been realized that the world economies have become so much interlinked that disturbance in one country has a worldwide impact. There is hardly any sector, that has been untouched by the impact of globalisation, be it Steel, Automobile, Education, or even the Retail sector. Globalisation has led companies to refine, redesign and reengineer their whole working culture. The impact of Globalisation has led to a new thought process and newer methods being adopted by the companies for survival. The old schools of thought are not working nowadays, and thus it requires an emergence of newer techniques and school of thought so that these can be implemented. Globalisation with itself has brought in newer avenues. Companies can balance threats and opportunity by structuring themselves effectively. Companies must therefore prepare themselves to master Global challenges based on innovation and differentiation.

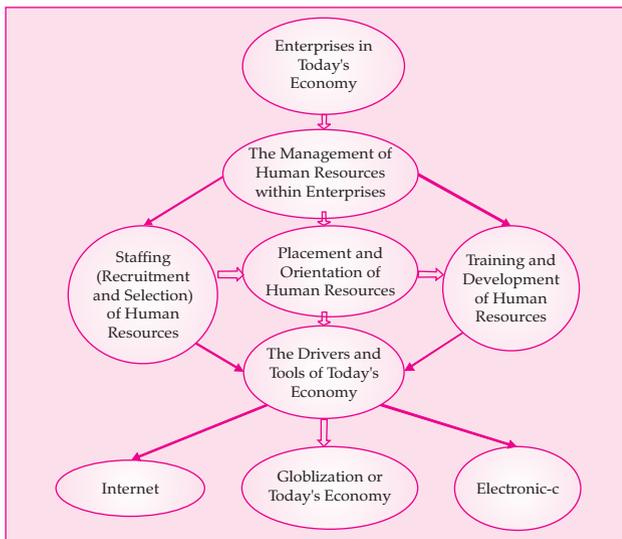
The impact of Globalisation has led to changes in company sizes and business diversity, it has also affected the skills and competencies required, of the employees and the need for better education and training needs. Today the companies are becoming more and more employee centric, rather than the older economic concept where a physical asset was given more importance. This has spawned newer demands being expected of the HR managers, and to retain the talents within the companies.

It has been realised that the Managers who are able to manage their resources will gain resources leading to a positive outcome. The HR influences company's performance,

*Dy General Manager (P & A), MTI, SAIL, Ranchi

**A A O, BIT, Mesra, Ranchi.

Table 2. The Schematic Model of the Value and Importance of HRM in Today's Economy



(Source: Joseph, K.E. & Dai, C (2009). Human Resource Management: A Central Business Concern in Today's Economy. *International Journal of Business Management*, 4, No.11.)

by eliciting and controlling the behavior of the employees. With the Globalisation of the world where we come across news on a regular basis of Mergers and Acquisitions (M&A) taking place, it has been realised that the HR plays a very important role in such M&A outcomes. Researchers, change agents, and business fraternity, agree that the Global M&A requires a lot of research in its sustenance, because of the fact that the cultural differences between the companies acquired may be varied. Thus there is a need for serious thought from the HR cell so as to manage acculturation in the M&A. M&A's results in a complete working transformation, which if not taken seriously may lead to detrimental results. Thus it requires the employees to adapt to the new pressures, work culture etc. Employees are required to adjust to this organizational change which requires them to adapt to a new work culture, acquire new skills. This also requires interpersonal organisational citizenship behavior (OCB), wherein we find a significant importance of the HR, which acts as a broad based influence on handling support requirements within the organization. It has been realised through studies that the high involvement organizations, have a high performance results because of the inflow of newer ideas, and the opportunity given to the employee, provides them with discretion to collaborate to solve the problems effectively. The whole concept of advancement and growth of a company nowadays depends on its human asset. It has been agreed that a healthy work environment not only helps in creating a congenial work force, but also increases a

level of involvement and attachment of the employees to the organisation. The Global world today makes the task of HR even tougher, as it requires it to not just maintain workforce data and carry out the training and recruitment process, but the whole concept of human resource has gone through a total transformation process due to globalization and various other factors. As Google puts it "Our greatest assets walk out every night, and the company desperately hopes that they return the next morning", due to this concern that Google has shown for its employees, the company has seen an unprecedented growth in a very short span. The company has innovative motivational techniques like the "Innovation time off", where Google engineers were encouraged to spend 20% of their work time on the project that interest them. In a talk at Stanford University, Google's VP of search products and user experience showed that half of all the new product launched at the time had originated from the innovation time off. Companies who have realized the fact that their employees are the ones, who can push the frontiers and succeed, help bring about a difference in the company. This fact throws light on the subject and importance of HR in today's globalised world. When we view at firms with global presence like hp, BP, Shell, Microsoft, CISCO, Unilever, ArcelorMittal etc, we find that they have given importance to that fact that for survival in global platform, they need to relate to issues at local as well at the global level and expose their employees to the working culture of the company and to the fact that global sustenance requires them to manage a diversified workforce, which can only be done through a strong support from the HR cell. This task requires them to continuously check on the latest training needs of the employees and the current trends in the market and adapt to these changes.

Enterprise sustainability

The Enterprise sustainability depends largely on risk management, the ability to bring about changes in the organization and knowledge based sustainability. The survival of an Organisation requires these Organisations to continuously evolve and redefine themselves. The whole process requires it to go through a process of pruning, because the ideas should undergo various hurdles before it gets implemented. The process of idea generation helps not only in retaining talented workforce, but also helps in sustaining the organization in the changing economy.

Creative ideas need to be evolved for survival of any organization. The concept of work life balance should be given due importance so that the employee never feels stressed out at the workplace. The best way to start adopting this is to start listening to the employees, paying attention and solving their problem will lead the company in a long relationship with its employees. Flexible working hour is a famous concept adopted by the companies to make it work. Many companies are now allowing employees to work from home, which not only saves their time spent on commuting to the workplace but also has a financial and environmental impact. The whole process of Innovation requires companies to come up with new ideas which can help it in attaining the set goals and helping them to survive. There are various steps involved in idea screening, idea generation, idea feasibility and implementation of ideas. It should be ensured that a proper feedback of idea implementation is done. The process after implementation of ideas should ensure that a proper feedback of ideas is done. This cycle of idea generation and transformation of ideas into reality should be fast, so that the same can cope up with the pace of the changing society. Slow implementation often makes the employee lose interest in generating new ideas. The practice of High Performance work system (HPWS) maximizes competencies, commitment and the abilities of a firm. Placing employees who are strategically focused into the decision and influence making position helps in addressing cross functional and cross disciplinary challenges. Every job that an employee does should provide an opportunity to fulfill the A, B, C, and D of drives for an employee namely Acquire, Bond, Challenge and Defend. These in addition to the drivers for the today's economy call for Globalisation, Internet and E-commerce. The acquire drive helps the organization by utilizing incentives to drive performance and create a culture of rewards and recognition. To continuously monitor and maintain an ever productive workforce has been the main area of concern for the HRM.

Employee engagement

Employee engagement is an important concept that has been understood and agreed by Management thinkers and researchers alike. Employees in an organization can be basically categorized into three different categories: Engaged, not engaged and actively disengaged. In the current scenario of the fast changing global economy, we find that the employees

are looking forward to an environment where they can not only be engaged, but also their contribution results in a positive outcome. Engagement is a state of emotional and intellectual commitment to an organization. The three S that can be seen in an engaged employee are Say, Strive and Stay. Engaged employees not only remain motivated towards work but also bring in results, financial results, remain passionate towards job, involve themselves in knowledge sharing. The affective commitment and continuance commitment help in retaining employees. The financial productivity of a firm depends on its employees and attitude of the senior managers go a very long way in changing the employees work habits and productivity. With proper training an insight into the area where employee lacks behind, helps in overall improvement in the organizations work culture. Organisation where the employees were treated as assets responded to an emotional commitment to the organization. The challenges before organizations in today's world is not just how to retain the talents in the organization but also how to come up with new ideas as innovations. The four dimensions in an employee engagement model are how do we grow? Do I belong? What do I give? and What do I get? One of the easiest techniques to know the employees is to have a walk with the employees to understand their area of interests and their future aspiration, because understanding the needs and concerns of the employees help in a better relationship within the organisation. The concept of behavioral, emotional and cognitive engagement plays a vital role in employee engagement. The various methods of employee engagement involves good leadership, involvement of the employees in the decision making process, a developmental outlook of career related aspects of the employees, understanding the employee, idea generation amongst various other factors of employee engagement. These when viewed seriously helps in attracting, retention and engagement. The keys to engagement are purpose, mastery and autonomy which relate to the keys of happiness as vision, perceived progress and perceived control. The job rotation technique for employee at the operational level not only helps in changing the routine and rote type of job but also gives the employee a better understanding of the business and the firm at large. The commitment enhancing incentive motivates the employees, to use their discretion to the best of their efforts to further enhance and advance the interest of

the organization. The proper understanding of the job embeddness theory will help us with a better understanding of how to retain talented workforce and to reduce the employee turnover. Various techniques are adopted by organizations to retain their workforce like some organisations have snap awards, best project manager award, between us programmes etc. Some organizations take the help of networking tool to instill a sense of oneness within its employees. This helps in a cordial connection between the employees. Various organizations adapt to the policy of rewarding the employees with pay and perks, some reward them with mementos and certificates etc. It's not just the money always that motivates the employees but also the status and prestige associated with the award that acts as a driving force. The Job rotation and overseas placement in itself acts as a rewarding factor for keen learners. Companies which also have their in house magazine adapt to the technique of associating the employees as a family by congratulating them on their birthdays and some listing the name of high performing employees in these. The process of performance appraisal is taken seriously by many organization and they even resort to training their employees who are supposed to fill the appraisal forms. Involving the employees to social and charitable cause during the office hours, helps to build up a broader image of the organization not just amongst the employees but also amongst the people as well. Employee satisfaction survey helps to identify the blind sectors in the organization and help them in taking care of their talented workforce. HR reach out programmes help the HRD in knowing various departments and influence business processes. Open talk system adopted by some global firm assures that

Bibliography

Joseph, E.K. and Dai,C., (2009) Human Resource Management: A Central Business Concern in Today's Economy. International Journal of Business and Management, 4, No. 11, (Nov, 2009)[Online]Available: <http://www.ccsenet.org/journal/index.php/ijbm/article/view/4225/3663> (accessed 18 January 2012)

<http://www.slideshare.net/vinaykumar07/employee-engagement-by-vinay-ravindran>[accessed 16 January 2012]

<http://www.slideshare.net/kutnelson/4-drives->

the employees are heard well. Interactive sessions of the senior management with the employees, help in better understanding on both the sides and helps in developing a congenial work environment. When taking into consideration the above discussed facts we now realise that planned investment, training and care of employees is the best form of investment. The fact that for a long term success you need to generate a trust amongst your employees ,which can come only when you link up to them and they see their growth with the growth of the organization. Organisation which are committed to their employees well being find a well committed and efficient workforce which is ready to defend the companies in tough times .To sustain in today's globalised world the need for expansion is being felt by the companies and to grow worldwide they need to understand the people, which can be done through a strong and motivated HR which can influence the whole workforce worldwide.

Conclusion

Thus it is clear from the above that HR in the current scenario is a very crucial tool for the survival of the organizations in a stiff competitive world. The need of the HRM to adapt to the changing scenario and continuously update and upgrade the employees with proper training and development programmes with innovation will help in the survival and growth of the organization. Keeping employees engaged helps in managing a loyal workforce with a positive outlook. So we see that want of organizations in today's world is changing in a global scenario at a very fast pace, which if not realized by organizations will lead to fatal results. It is the efforts of the people that makes or mars an organization.

[asimple-story-about-motivating-employees](#) [accessed 14 January 2012]

<http://en.wikipedia.org/wiki/GOOGLE>[accessed 15 January 2012]

<http://upstarthr.com/wp-content/uploads/2011/03/EngagementBook-1.pdf>[accessed 14 January 2012]

<http://www.slideshare.net/davidzinger/employee-engagement-a-toz-slides>[accessed 12 January 2012]

Greening of Supply Chain

Digvijay Singh* and V K Mathur**

"The key themes that came out in the literature over the last twenty years are the concepts of: green design, green operations, green distribution, reverse logistics, waste management and green manufacturing."

ABSTRACT

Supply Chain Management is becoming an important concept in modern manufacturing. The next generation manufacturing system should be about green manufacturing-our manufacturing and supply chain operations should have dose of green in them. We should not waste. If we do, we should recycle them. Supply Chain Management is the process of planning, implementing and controlling the operations of the supply chain with the purpose of satisfying the customer's requirement as efficiently as possible. Less control and more supply chain partners led to the creation of Supply Chain Management concepts. The purpose of Supply Chain Management is to improve trust and collaboration among supply chain partners, thus improving inventory visibility and improving inventory velocity. Green Supply Chain Management (GSCM) is a relatively new green issue for the majority of Indian Corporations. Adding the "green" component to Supply Chain Management involves addressing the influence and relationships of Supply Chain Management to the natural environment. Keeping this in view, this paper has been written which gives an overview on Green Supply Chain Management.

Introduction

Business the world over is threatened by the globalization of markets, ever shortening product life-cycles, the need to lower costs, and ever increasing demands of the customer. The speed and manner in which business is conducted has radically changed. Aggressive leadership by some of the world's biggest companies-Wal-Mart, GE and DuPont among them –green growth has risen to the top of the agenda for many businesses. From 2007-2009 eco-friendly product launches increased by more than 500%. An IBM survey found that two-thirds of executives' sees sustainability as revenue driver, and half of them expect green initiatives to confer competitive advantage. This dramatic shift in corporate mind set and practices over the past decade reflects growing awareness that environment responsibility can be platform for both growth and differentiation.

In the face of highly competitive markets, enterprises today consider supply chain management to be the key area where improvements can significantly impact the bottom line. Supply Chain Management has traditionally been viewed as a process wherein raw materials are converted into final products, then delivered to the end-consumer. This process involves extraction and exploitation of the natural resources. It is important to note that we live in a decade where environmental sustainability has been an important issue to business practice. Since the early 1990's, manufacturers have been faced with pressure to address Environmental

*Manager (MMD), RDCIS, SAIL, Doranda, Ranchi

**Dy General Manager (MMD), RDCIS, SAIL, Doranda, Ranchi

Management (EM) in their supply chains. This is not an easy task to do however, adding the 'green' concept to the 'supply chain' concept adds a new paradigm where the supply chain will have a direct relation to the environment. This is interesting because, in history, these two paradigms were once in head-on collision with each other. Supply chains, in an operational sense, are about extracting and exploiting raw materials from the natural environment.

Green Supply Chain Management

Green Supply Chain Management (GSCM) has emerged as a key approach for enterprises seeking to become environmentally sustainable. The notion of Green Supply Chain Management implies the insertion of environmental decisions within the traditional concept of Supply Chain Management.

"Green Supply Chain Management is integrating environment thinking into supply chain management, including product design, material sourcing and selection, manufacturing processes, delivery of the final product to the consumers, and end-of-life management of the product after its useful life."

The key themes that came out in the literature over the last twenty years are the concepts of: green design, green operations, green distribution, reverse logistics, waste management and green manufacturing. The very first green supply chain came into context in 1989. Kelle and Silver's (1989) article was the first of this literature that developed an optimal forecasting system for organizations to use to forecast products that can be potentially be reused.

Areas of Green Supply Chain Management:

Green Supply Chain Management (GSCM) addresses the four interrelated areas of the supply chain:

- Green Procurement
- Green Manufacturing
- Green Distribution
- Reverse Logistics

Green Procurement: Green procurement is sourcing from environmentally concerned and economically conservative business, and a concept of acquiring a selection of products and services that minimizes environmental impact. This includes supplier selection, supplier evaluations and supplier training.

Supplier selection includes suppliers and contractors practices green production, environmentally friendly design for products and free from hazardous substance. Supplier Classification is based on their features and risk level. The main purpose is to encourage suppliers to establish their hazardous substances internal management system. This will help to achieve effective control on environmental-friendly design for products and be hazardous substance free through source management. Supplier evaluation measures supplier's efficiency in managing hazardous substances. Some of the certificate obtained by supplier for environmental protection efforts or hazardous substances management (ISO 14001 or TS16949 or QC080000 or OHSAS18000), will add to the supplier's credentials. Supplier training meetings helps to promote and communicate methods in implementing its green supply chain management system as well as items that suppliers shall cooperate with procurer. This will create a win-win situation for both procurer & suppliers based on green product consensus.

Green Manufacturing: Green manufacturing is defined as production processes which use inputs with relatively low environmental impacts, which are highly efficient, and which generate little or no waste or pollution. Green manufacturing can lead to lower raw material costs, production efficiency gains, reduced environmental and occupational safety expenses, and improved corporate image. Supply chain management might include involvement with "design for the environment" with suppliers. Green design is an important sub-topic to Green supply chain management. It is about designing a product or a service that encourages environmental awareness. Many companies are examining the design of their products to identify where the use of raw materials can be reduced or expensive materials be replaced. Indeed many businesses are reviewing each component to identify whether it can be manufactured or purchased more cheaply. When designing product packaging options, companies are examining cheaper and less wasteful materials. Each production process should be examined to minimize the waste of raw materials. In manufacturing operations processes that waste material that cannot be recycled or reused must be redesigned. Even in processes that do produce waste that can be recycled should be examined due to the costs in recycling

processes. As well as minimizing the waste of raw materials in manufacturing processes, the use reuse of waste material can be expanded. Improvements in the technology of reclaiming waste material has meant that companies that previously discarded waste products now have the ability to reuse that material. As the recycling technology becomes more available the costs will inevitably fall helping more businesses with waste issues. Quality control is built into all manufacturing processes but is usually focused on the finished product rather than minimizing waste. Quality management should include the goal of minimizing the waste of raw materials as well as producing a quality product. Improving the overall quality of a company's manufacturing process will reduce waste overall as it will increase the quantity of finished goods that pass quality inspection.

Green Distribution: Green distribution is consists of green packaging and green logistics. Packaging characteristics such as size, shape, and materials have an impact on distribution because of their affect on the transport characteristics of the product. Better packaging, along with rearranged loading patterns, can reduce materials usage, increase space utilization in the warehouse and in the trailer, and reduce the amount of handling required. Activities such as just in time or quality management intertwine with environmental criteria. Companies should improve truck utilization. What this means is that the complete weight and volume of the truck should be utilized. The container is filled completely, yet the maximum permissible weight is not reached. To maximize the utilization of the truck, products that cube-out and weigh-out should be loaded together in a truck. Some products weigh-out, i.e. the truck reaches it's maximum permissible weight while the maximum volume is not filled. Some components cube-out to maximize the capacity of the truck. The truck's bodies can designed to maximize the volume and weight. Use railways instead of road as Rail is the most efficient means of transportation. The coefficient of friction between metal and metal is lower than rubber and road. The Railways has started becoming more customers friendly. Customers can own their wagons. Wagon can be designed to meet the specific and special requirements of customers. Goods can be loaded on parcel vans which travel at the same speed as mail and express trains. Coastal Shipping & shipping through inland waterways should be encouraged.

Getting the supply chain network right would reduce transportation. The supply chain network implies location of plants, distribution centers, warehouses and customization centers. As a thumb rule about 70% of the cost of a supply chain is fixed at the network design stage itself. Network design and optimization should be done whenever there is a change in the supply chain – acquisition of a company, setting up a new plant, changes in distribution structure. For example, a lot of companies have recently move to strategic location to take advantage of the tax holidays that companies got by setting up factories there. This change in the location of factories should have prompted companies to relook the complete supply chain- relocating Distribution Centers, direct dispatch to some depots and eliminating depots. Similarly when the company took over another company new distribution centers and truck lanes required. With VAT coming in and CST being reduced/ eliminated companies will have to redesign their supply chains. Companies may decide not to have depots in every state and consolidate depots into big mega Distribution Centers.

Reverse Logistics: Reverse logistics is the process of retrieving the product from the end consumer for the purposes of capturing value or proper disposal. Activities include collection, combined inspection/selection/sorting, re-processing/direct recovery, redistribution, and disposal. Usually comprises those activities related to the disposal and sale of excess stock, including recovery and recycling opportunities. Green Operations in terms of reverse logistics is an important concept. Reverse logistics as a process where a manufacturer accepts previously shipped products from the point for consumption for possible recycling and re-manufacturing. Reverse logistics have been widely used in automobile industries such as BMW and General Motors. Doing this would eventually help firms become more competitive in their own industry Collection is the first stage in the recovery process. Products are selected, collected and transported to facilities for remanufacturing. Used products came from different sources and should be brought to product recovery facility to begin the converging process. Sorting and Recycling are also an important mechanism when sorting reusable products. Collection schemes should be classified according to materials whether separated by the consumer (separation at source) or centralised (mixed waste). The goal is to sort products that can be

reused to reduce costs of making new products.

Implementation & Benefits of Green Supply Chain Management

"Green is not going away. It's not a fad. In Europe they don't even call it green. They don't call it sustainability. They just call it the way to do business. And that's what's going to happen here," predicted Brett Wills, a senior sustainability coach of HPS Inc. Adopting sustainable supply chain practices is no longer an option; it's what you have to do to stay in business. Green Supply Chain Management concept, due to the increasing concern about environmental issues, many Supply Chain Management professionals find it necessary to understand the problems from system perspective rather than in single business entity. Green Supply Chain Management is then the attempt to measure, analyse and improve performance among various members to ensure that these companies are operating in environmental friendly manner.

Many Supply Chain Management initiatives start with performance measurement, Green Supply Chain Management is no exception. Deploying appropriate metrics will help executives understand current performance. Examples of Green Supply Chain metrics are as below:

Process	Metrics
Plan	Compliance Costs Non Compliance Costs
Source	% of orders receives with correct packaging % of suppliers with current EMS system
Make	Energy costs as % of production costs
Deliver	Fuel costs as % of deliver costs % of carriers meeting environmental criteria
Return	Products returned as % of products delivered Return product disposed of vs. remanufactured
Cross - Process	Carbon Emissions (Tons CO ₂ Equivalent) Liquid Waste Generated (Tons or kg) Solid Waste Generated (Tons or kg) % Recycled Waste (Tons or kg)

There are various process and steps which will help in having the greener supply chains. We may follow following steps to have Greener Supply Chain:

- a) Communication- Communicate in advance to your suppliers as they need time to adapt so give them opportunity, but ultimately they cannot halt change.

- b) Involve your staff- top down decision making won't work; your need to encourage a culture change across all department
- c) Think local-shorter supply chain have advantage, so check your own region first
- d) Look for accreditations: there are many governing bodies and marks of approval (ISOs, Fairtrade etc.); get to know most relevant ones for your business
- e) Take small steps-it might seem like a huge task, and it can be, so don't try to do it all

Benefits of Green Supply Chain Management

Organisations can enjoy several benefits by greening their Supply chain, such as;

Sustainability of Resources - GSCM helps in proper and effective utilisation of available productive resources of organisations. Organisations will purchase 'green' input resources for environmental friendly production process to produce desired outputs.

Lowered Costs/Increased Efficiency - Effective management of suppliers can reduce transaction costs and promote recycling and reuse of raw materials. Also, the production of waste and hazardous substances can be cut, preventing corporations from being fined as a result of violating environmental regulations. Consequently, the relevant handling and operational cost involved can be further reduced and, in the mean time, the efficiency of using resources can be enhanced.

Product Differentiation and Competitive Advantage- It helps the organisation in positioning its product differently in customer's mind. Besides attracting new profitable customers for organisation, it will give competitive edge over competitors in market place. It will strengthen the brand image and reputation in market place.

Adapting to Regulation and Reducing Risk- Organisations adopting GSCM practices can reduce the chances of being prosecuted for anti-environmental and unethical practices.

Improved quality and products – organization will produce products which are technologically advanced and environment friendly. This will enhance the brand image and brand reputation in customers' mind.

Besides above, there are following advantages that can be generated by GSCM:-

- Positive impact on financial performance
- Effective management of Suppliers
- Dissemination of technology, advanced techniques, capital and knowledge among the chain partners.
- Transparency of the supply chain
- Large investments and risks are shared among partners in the chain.
- Better control of product safety and quality
- Increasing of sales
- Find beneficial uses for waste

Conclusion

Green Supply Chain Management (GSCM) is a relatively new green issue for the majority of Indian Corporations. Adding the "green" component to

Supply Chain Management involves addressing the influence and relationships of Supply Chain Management to the natural environment. Green business practices that maintain and sustain good environmental quality are increasingly becoming a vital component of business organization. In the future companies will be moving to a sustainable supply chain. The harsh reality is that we need to change what we are doing from a supply chain standpoint in order to ensure that future generations will have resources to use in their lifetime. The benefit of implementing a green sustainable supply chain is that we can improve the profitability of our company and help the environment. Green can not only be profitable, but the right thing to do. Whatever path you chose to in direction to green initiatives people will see your green initiatives as independent of your other activities and offerings. Rather, they will view your efforts as part of the organization's overall approach. That means the companies that ultimately succeed in growing will be distinguished by their commitment to corporate wide sustainability.

Bibliography

1. Fortes J (2009): "Green Supply Chain Management: A Literature Review" Otago Management Graduate Review Volume 7.
2. Ninlawan C., Seksan P., Tossapol K., and Pilada W (2010): "The Implementation of Green Supply Chain Management Practices in Electronics Industry" Proceedings of the International Multiconference of Engineers and Computer Scientists Vol III, Merch 17-19, Hong Kong
3. Simpson D, and Samson D (2008): "Developing Strategies for Green Supply Chain Management" Decision Line, July Issue
4. Hervani Aref A., Marilyn M. Helms, Joseph Sarkis, (2005): "Performance measurement for green supply chain management", Benchmarking: An International Journal, Vol. 12 Iss: 4
5. Unruh Gregory, and Ettenson, Richard (2010): "Growing Green-Three smart paths to developing sustainable product". Harvard Business Review South Asia, June Issue. Pp 80- 86.
6. Smyrlis Lou (2011): "Industry experts explain why green logistics are smart logistics". Canadian Transportation & Logistics-Daily News 13.10.2011.
7. Card, John (2011): "Become a Green Machine" Growth Business Article Dated 10.10.2011
8. Supply Chain Council and LMI Government Consulting. "Green Supply Chain Management Metrics". ____
9. http://www.umc.com/english/about/CSR_v_4.asp
10. http://www.indianmba.com/Faculty_Column/FC770/fc770.html
11. <http://streamlinesupplychain.wordpress.com/2008/03/23/green-supply-chain-in-india/>
12. <http://www.quote garden.com/environment.html>

" Human beings think in stories in order to understand cause and effect, that is, to give action value in terms of its consequences."

Reflecting on Management Situation: The Craft of Case-Writing

Bishwajit Chowdhury*

ABSTRACT

Case writing is a process that begins with the decision to use a case and ends with the use of the case for a learning situation. The suggested activities for case writing contained in this article are meant to assist the faculty or a trainer in organizing and presenting information in the case format. The focus is on the writing process. Cases describe particular situations in which people are engaged in complex issues and are forced to take actions on a difficult situation. Cases are often used in problem-solving learning, in which learners are placed in a problem situation and are encouraged to take the role of problem solvers. In this instance, cases are action provoking, designed to present a problem that places students to be in the shoes of a relevant decision-maker in that particular situation for analysis and action recommendations.

An analyst of social or organizational life should be committed to the craft of writing. When describing the 'dismal science', Adam Smith needed great verbal gifts to make his contemporaries aware of the power of the markets which were coming to rule their lives. The literary powers of great writers aroused in their readers a sense of commitment. This is to say that the very strengths of their writing helped to create a realm of shared, collective intelligence.

Today, many social and organizational scientists are menaced by exclusion from this public realm. The history of academic institutions seeking to protect their freedom and the specialization of knowledge are general sources of intellectual isolation. The febleness of shared intelligence is but one tangible result. The depth of what researchers know becomes incommunicable, due to a lack of expressive tools.

Therefore, to talk about the craft of case writing, we are describing here the issues drawn from experience. These issues are generic to case literature: these issues are voice, narrative, arousal, and generalization.

Voice

In literature, voice is recognized most simply by the use of I or we; the third person voice makes the author's presence felt in every word on the page without the author ever speaking personally to the reader. In case-writing, handling the issue of voice is a tricky and often frustrating challenge.

Say the writer wants to bring to life on the page the experience of a capable woman working for an incompetent male boss, the sort of boss who takes three-hour

*Asstt General Manager (Acad) & Sr FM, MTL, SAIL, Ranchi

luncheon meetings leaving her to deal in the meantime with all the tough problems at the office. To make literature from this situation, the writer is going to have to do more than just enumerate circumstances of the sort just named. The writer wants to enter into the rounded, distinctive life of another person, which requires giving that person an interpretative voice, struggling to make sense of her circumstances.

Narrative

The subject of narrative waves a big warning flag about considering case-writing as literature. Whereas the novelist is wholly in control of events, the case-writer is not. This truism has a more particular application. Action in a novel accumulates.

Life histories and collective history do not possess this literary property. Individual life histories are often incoherent; collective histories may not accumulate in value. Many of the workers in the new economy have short-term jobs rather than long-term careers. Though they work very hard, they lack a coherent narrative about the work itself. Faced with such incoherence, the case-writer might want to chronicle its moments but not impose a narrative.

But this would do organizational reality a disservice. Human beings think in stories in order to understand cause and effect, that is, to give action value in terms of its consequences. Moreover, narratives can help people think strategically, by projecting different outcomes about an action we might now undertake. Strategic projection requires imagination not of one certain outcome but of many possible scenarios. Without narrative as a tool, organizational understanding radically diminishes.

Organizing the narrative is the arrangement of ideas that support the purpose of the case. In this part of the case-writing process, one tackles the problem of how to present case materials. The major concerns here are the narrative structure and the presentation of the nature of complexity of the issues in the case. Typically, cases are presented in a narrative format, which is desirable because of the belief that a story provokes the reader to actively engage the information. Also, cases are primarily problem based in nature. Cases are mostly governed by a problem scenario, which is more

open-ended and controversial, and therefore brings out diverse opinions and multiple solutions.

(1) Structuring in a narrative style

Cases resemble lifelike stories and contain more description and detail than simple presentations of concepts, rules and principles. Thus, students are more motivated to get involved in the situation and its resolution. Cases, situated in a problem context, are also more easily recalled by students and transferred to a new problem situation. All of these reasons make the use of cases effective in instruction.

(2) What does a narrative consist of?

A narrative is a story of an event. It includes what happened, who was involved, when it happened, why it happened, and how it happened. A case structured in a narrative style lays out a sequence of events that develop the story. The narrative brings the characters and actions to life. Therefore, in a narrative, one must have details of a specific setting, a list of actors with names and descriptions of personalities, a progressive disclosure of actions, and the problems or issues that evolve the case.

(3) How is a narrative organized?

The usual way to organize a narrative is chronologically i.e. in the order in which events occur. You may organize in order of importance, or start with the setting and time, or the actual event. Sometimes it can be more effective to start with the end of the action, or somewhere in the middle, and then tell the story through a series of flashbacks. No matter how you organize the case, the principle is to make the narrative structure clear by transition and keep students interested and focused on the points that you want to make.

(4) Presenting the nature of the complexity of case problem

It can be kept in mind that the information to be presented should justify the intention and the purpose of the writing task. An important objective in the use of cases in learning is to enhance participants' ability in critical thinking and problem solving. In the

case study, participants are encouraged to analyze a problem from different perspectives. Beside the extensive analysis, they are also required to apply both values and judgments to reach a final solution or a consensus to a problem.

(5) How does the case show different perspectives?

A case writer should reveal the information in a way that the discussion of the case or the suggested solution for the case will draw participants into different interpretations, different judgments, different decisions and, consequently, different actions to take. The best way to enhance such effects is to display contrast and comparisons of different opinions by using direct quotations and dialogues.

Arousal

It is easy to believe that the sheer importance of a subject will arouse readers. There is no necessary connection between important and interesting. Sometimes case-writers respond to this dilemma by over-dramatizing an issue to engage others; they are prone to employ that much abused word 'crisis' to seize attention.

Curiosity and surprise are much longer lasting stimuli. Crisis calls attention to a subject, but curiosity takes the reader inside a case. There are two methods available to the case writer for stimulating curiosity.

The classic psychological studies of curiosity revolve around the experience of 'cognitive dissonance, a condition in which there are contradictory rules and rewards for behavior; caught in this double bind, humans, like rats in the psychologist's laboratory, will pay close attention to their immediate circumstances. It seeks to work out the puzzle; curiosity is engaged.

(1) Cognitive dissonance

What psychological research on cognitive dissonance reveals is that humans, or rats, caught in contradictions do not go into a state of crisis, they do not go berserk; instead, they live with the contradiction by focusing on particular behaviors, seeking to manage these within the confines of a larger situation they cannot resolve. In writing, we want to achieve the same kind of focus, setting up

contradiction or dissonance in order to focus the reader on significant detail. Thus, in writing up interviewing notes, it is better to include bodily gestures or tones of voice as part of data, since these are frequently ironic or distancing commentaries on the actual words themselves; the dissonance established between a shrug of the shoulders and a declaration of principle makes the reader pay attention, just as it had aroused in the interview.

(2) Tacit knowledge

Another practice which stimulates curiosity revolves around tacit knowledge, the assumptions we take for granted, the behaviors we practice unselfconsciously. The case-writer will work with these taken-for-granted, gradually surfacing them to the reader's consciousness by a process of mutation, changing 'what everyone knows' step by step so that it appears increasingly strange and provoking.

Case-writing is something more than simply the means to an end. But what then is the inner purpose of voicing, narrating, and stimulating curiosity.

Generalization

This leads to the fourth element of case-literature, its address to the problem of generalization. The practice of case-literature dwells on individuals and particulars. It would be perfectly correct to assert that, no matter how engaging, such experiences can make no claim to represent general organizational conditions.

The American pragmatist CS Peirce offers one explanation: categories of any sort are mental constructs; organizational categories are particularly fragile mental constructs, since a category composed of few people is based in anyone person's consciousness on insufficient information. To construct an organizational category, we have therefore, and necessarily, to make a leap of what Peirce calls 'radical induction', from lived experience to experiences we could not have. Symbols make the leap of radical induction for us, be these symbols, organizational statistics, or the characters and events in literature.

Still, Peirce's precept does not explain what the writer might do to make personal experience resonate symbolically. In creative literature, radical induction may seem no less than an unfathomable secret of great art. In case-writing, concrete steps can be taken to induce radical induction.

This procedure derives from the experience of a musician rehearsing. In rehearsing, the players have to achieve a coherent collective sound yet equally must preserve the distinctiveness of each instrument. Case-work is just this experience of musical rehearsal, when one interviews people individually.

Typically, one will interview in depth about 20 to 30 people who share something in common. Then one asks them to talk about their shared condition. In

writing about their varied interpretations, one in which individual beliefs or experiences mean more when played together with others. If the writing works, it does not emphasize generalizations; rather it activates the process of symbolization, in which their experience acquires more than individual meaning through association.

Through these techniques of voicing, narrating, stimulating curiosity, and symbol making, the writing of case literature is a craft. The case-writers write quite differently from each other, yet they share an essential ethos of craftsmanship. All craftsmanship should have that aspiration; good technique is not a fixed, it is a closed system.

Bibliography

Abel, D. (1997). What makes a good Case? ECCHO: *The Newsletter of European Case Clearing House* (17), 4-7.

Armstrong, E. G., Wetzel M. S., & Wilkerson, L. Paper Case Development Guide.

Barnet, S., & Stubbs, M. (1995). *Barnet & Stubbs's Practical Guide to Writing with Reading*. 7th Edition. New York, NY: HarperCollins College Publisher.

Kramer, M. G., Leggett, G., & Mead C. D. (1995). *Prentice Hall Handbook for Writing*. Englewood Cliffs, NJ: Prentice-Hall, Inc.

Leenders, M., & Erskin, J. A. (1989). *Case Research: The Case Writing Process*. Ontario: the School of Business Administration, University of Western Ontario.

Sennett, Richard (2008) *How I write:*

Sociology as Literature: Gerda Henkel Press, Germany.

Shank, R. C. (1990). *Tell Me a Story: Narrative and Intelligence*. Evanston, IL: Northwestern University Press.



"The design of jobs has a critical impact on organisations and employee objectives."

Job Design and Factors Affecting It

Dr R S Singh*

The logical sequence to job analysis is job design. Job analysis provides related data as well as the skills and knowledge expected of the incumbent to discharge the job. Job design, then, involves conscious efforts to organise tasks, duties, and responsibilities into a unit of work to achieve certain objectives¹.

Job design is defined as "the process of deciding on the content of a job in terms of its duties and responsibilities, on the methods to be used in carrying out the job, in terms of techniques, systems and procedures and on relationship that should exist between the job holder and his superior's subordinates and colleagues."² A clearer definition of job design is:

.....it integrates work content (tasks, functions, relationships), the rewards (extrinsic and intrinsic), and the qualifications required (skills, knowledge abilities) for each job in a way that meets the needs of employees and the organisations³.

Thus, job design involves three steps:-

1. The specification of individual tasks,
2. The specification of the method(s) performing each task, and
3. The combination of tasks into specific jobs to be assigned to individuals.

Steps 1 and 3 determine the content of the job, while Step 2 indicates precisely how the job shall be performed. While designing a job, requirement of the organisation and individual needs of the job holder must be considered. The key to successful job design lies in balancing the requirements of the organisation and the job holder.

Traditionally, the practice in designing job has been simplifying the tasks to be performed. This usually results in making jobs highly specialised. Over specialisation has many advantages, it can result in boredom and even degradation of the job holder.

The significance of job design need not be overemphasized. The design of jobs has a critical impact on organisations and employee objectives. From the organisation's perspective, the way tasks and responsibilities are grouped can affect productivity and costs. Jobs that are not satisfying or are too demanding are difficult to fill. Boring jobs may lead to a higher turnover. For an employee, motivation and job satisfaction are affected by the match between job factors (content, qualifications and rewards) and personal needs⁴. Therefore, thoughtful design of jobs can help both the organisation and its employees achieve their objectives.

Asstt Professor, Department of Commerce, Gram Bharti College, Ramgarah, Arrah, Bihar

It is well-known that jobs are more than a collection of tasks recorded on a job-analysis schedule and summarised in a job description. Jobs are the foundation of organisational productivity and employee-satisfaction, or lack thereof. How well jobs are designed will an increasingly important role in the success, even survival, of any organisation during the next millennium. As the number of new workers coming into the labour market slows and the international competition increases, well designed jobs will become even more important in attracting and retaining a motivated workforce, which \capable of producing high-quality products and services⁵.

On the flip side, it may be stated that poorly designed jobs may lead to lower productivity, employee turnover, absenteeism, complaints, sabotage unionisation, resignations and other problems.

Factors Affecting Job Design

Job design is affected by organisational, environmental, and behavioural factors. A properly designed job will make it productive and satisfying. If a job fails on this count, the fault lies with the job designers, who, based on the feedback, must redesign the job. We now propose to elaborate the various factors affecting job design.

Organisational Factors

Organisational factors include characteristics of task, work flow, ergonomics, and work practices.

Characteristics of Task Job design requires the assembly of a number of tasks into a job or a group of jobs. An individual may carry out one main task which consists of a number of interrelated elements or functions, on the other hand, task functions may be split between a team working closely together or strung along an assembly line. In more complex jobs, individuals may carry out a variety of connected tasks, each with a number of functions, or these may be allocated to a group of workers or divided between them. Complexity in a job may be a reflection of the number and variety of tasks to be carried out, or the range and scope of the decisions that have to be made, or the difficulty of predicting the outcome of decisions.

The internal structure of each task consists of three

elements: - (i) planning (deciding the course of action, timing and the resources required), (ii) executing (carrying out the plan), and (iii) controlling (monitoring performance and taking corrective action when required). A completely integrated job will include all these elements for each of the tasks involved. The worker (or group of workers) having been given objectives in terms output, quality and cost targets, decides on how the work is to be done assembles the resources, performs the work, and monitors output, quality and cost standards. Responsibility in a job is measured by the amount of authority someone has to put to do all these things⁶. The ideal job design is to integrate all the three elements.

Work Flow The flow of work in an organisation is strongly influenced by the nature of the product or service. The product or service usually suggests the sequence and balance between jobs if the work is to be done efficiently. For example, the frame of a car must be built before the fenders, and doors can be added later. After the sequence of jobs is determined, the balance between jobs is established⁷.

Ergonomics Ergonomics is concerned with designing and shaping jobs to fit the physical abilities and characteristics of individuals so that they can perform their jobs effectively⁸. Ergonomics helps employers to design jobs in such a way that worker's physical abilities and job demands are balanced. Ergonomics does not alter the nature of job tasks but the location of tools, switches and other facilities, keeping in view that the handling the job is the primary consideration.

Work Practices Work practices are set ways of performing work. These methods may arise from tradition or the collective wishes of employees. Either way, the HR department's flexibility to design jobs is limited, especially when such practices are part of a union-management relationship. Failure to consider work practices can have undesirable outcomes⁹.

Work practices were, till now, determined by time and motion study which determined the standard time needed to complete a given job. The study required repeated observations. The accuracy of the readings depended on the competence of the engineer. Deviations from the normal work-cycle caused distortions in measurement, was biased towards

existing work practices with little effort at methods improvement, and could be carried out only when production was underway.

A new technique has now emerged, which if introduced, could drastically alter the work practices in industrial undertakings. Called Maynard Operating Sequence Technique (MOST), the technique uses a standard formula to list the motion sequences described in index values. There will be resistance from the workers to the introduction of MOST, but the benefits from technique should help cope with the opposition.

Environmental Factors

Environmental elements affect all activities of HRM, and job design is no exception. The external factors that have a bearing on job design are employee abilities and availability, and social and cultural expectations.

Employee Abilities and Availability Efficiency consideration must be balanced against the abilities and availability of the people who are to do the 'work. When Henry Ford made use of the assembly line, for example, he was aware that most potential workers lacked any automobile-making experience. So jobs were designed simple and required, little training. Therefore considerable thought must be given as to who will actually do the work¹⁰.

Social and Cultural Expectations There were days when getting a job was the primary consideration. The worker was prepared to work on any job and under any working conditions, not any more. Literacy, knowledge and awareness among workers have improved considerably, so also their expectations from jobs. Hence jobs must be designed to meet the expectations of workers.

When designing jobs for international operations, uniform designs are almost certain to neglect national

and cultural differences. Hours of work, holidays, vacations, rest breaks, religious beliefs, management styles and worker sophistication and attitudes are just some of the predictable differences that can affect the design of jobs across international borders. Failure to consider these social expectations can create dissatisfaction, low motivation, hard-to-fill job openings and a low quality of work life, especially when foreign nationals are involved in the home country or overseas¹¹.

Behavioral Factor

Behavioral factors have to do with human needs and the necessity to satisfy them. Higher-level needs are more significant in this context. Individuals inspired by higher-level needs find jobs challenging and satisfying which are high on the following dimension:

Feedback Individuals must receive meaningful feedback about their performance, preferably by evaluating their own performance and defining the feedback. This implies that they should ideally work on a complete product or on a significant part of it.

Autonomy Autonomy is being responsible for what one does. It is the freedom to control one's response to the environment. Jobs that give workers authority to make decisions will provide added responsibilities, which tend to increase the employee's sense of recognition and self-esteem¹². The absence of autonomy on the other hand, can cause employee apathy or poor performance.

Use of abilities The job must be perceived by individuals as requiring them to use abilities they value in order to perform the job effectively. A lack of variety may cause boredom. Boredom, in turn, leads to fatigue and fatigue causes mistakes. By injecting variety into jobs, personnel specialists can reduce errors caused by fatigue¹³.

Bibliography

1. Barry Poppelwell and Alan Wildsmith, *Becoming the best*, Gower, 1988
2. Michael Armstrong, *A Handbook of Personnel Management Practices*, Kogan Page Ltd., London, 1976
3. Mathis and Jackson, *Contemporary Perspectives and Applications*, 3rd ed., West Publishing Company, New York, 1982
4. Milcovich and Boudreau, *Human Resource Management*, 5th ed., Homwood Irwin, 1990

5. Michael Armstrong, A Handbook of Personnel Management Practices, 3rd ed. Kogan Page, London, 1976
6. William B. Werther and Keith Davis, Human Resource and Management, 4th ed., McGraw Hill, New York, 1993
7. Randall S. Schuler, et al., Effective Personnel Management, 3rd ed., West Publishing Company, New York, 1989
8. William B. Werther and Keith Davis, Opt, Cit, P149
9. Ibid., P125
10. Ibid., P150
11. Ibid., P150
12. Ibid., P151
13. Ibid., P151
14. Armstrong, Michael, Armstrong's Essential Human Resource Management Practice: A Guide to People Management, London: Kogan Page, 2010
15. Armstrong, Michael, A Handbook of Human Resource Management Practice, 8th ed., London: Kogan Page Limited, 981p.
16. Armstrong, Michael, Handbook of Strategic Human Resource Management: A Guide to Action, New Delhi: Crest Publishing House, 2003
17. Beaumont, P B, Human Resource Management : Key, Concept and Skill, London: SAGE Publications, 1994
18. Bhattacharya, Dipak Kumar, Human Resource Management, 2nd ed., New Delhi: Excel Books, 2006
19. Bratton, John and Gold, Jeff, Human Resource Management: Theory and Practice.--4th ed., New York: Palgrave Macmillan, 2007
20. Monappa, A. and Saiyadain, Marizas, Personnel Management, 2nd ed., New Delhi: Tata McGraw Hill, 2002



Case Study

Delivery of Plates at Pioneer Steel Company

Alok Sahay* and M Y Hussain**

Pioneer Steel Company (PSC) was a Government of India enterprise having integrated steel plants across the country. Plates were one of its prime products having strong customer demand. Managers of the company were always under pressure to satisfy the customer's requirements for plates despite the constraints of availability and resources. However due to cyclic nature of steel industry there were occasions when due to slackened demand, the stocks of this material in the stockyards put tremendous pressure on stockyard infrastructure and as such internal pressure for sale and delivery of the material used to increase a lot. Thus there was always pressure on company executives to expedite sale and delivery of plates when stock went up. For immediate relief from such pressures there was a tendency from the seniors to put pressure on the subordinates for expeditious customer servicing.

Ramamurthy was a recently inducted executive of the company who was posted as in-charge of its Mulund stockyard at Mumbai. This stock yard was servicing sales order generated from its Sales Office in Mumbai. There was another stockyard at called Indira in Thane District very close to Mulund servicing sales orders of Thane Sales Office. Both used Mulund Public Railway siding for receiving materials from the production units. However, Mulund Stockyard did not have the facility of weighbridge, thus was using a facilities of public weighbridge half a kilometre away.

At one time Pioneer Steel Company was holding stocks of 30,000 MT of plates between these two yards when it got orders for 17,000 MTs of plates of which 10,000 MT was to be delivered from Indira Stockyard and balance 10,000 was to be delivered from Mulund Stockyard.

Indira Stockyard had no problem in despatching, as it was a 10 acre stockyard with stock level of about 15,000 MT with about 10,000 MT of plate stocks. It had its own weighbridge so despatch of plates was possible after weighment and there was no problem of availability of specific size and quality of plates.

However, in case of Mulund, there was a stock of 26,000 MT out of which plate alone was about 20,000 MT. All this was stocked in an area of only 3 acre of land as against the norm of having 30 to 50 acre stockyards for a stock of about 40,000 to 50,000 MT. Due to limited area, plates could not be stacked as intact wagon load (i.e. plates received in pone wagon load approx 55MT and kept together as an intact load as they had arrived), but were kept as one wagon load above another wagon load thereby making it difficult to maintain wagon-wise identity. Wagon-wise

*General Manager (Defence Coordination), CMO, New Delhi

**Sr Manager (Acad) & Sr FM, MTI, SAIL, Ranchi

Consignment Advice could be used for determining weight of one wagon lot. Further those days material used to be identified by the combination of wagon number and arrival date. Wagon cards were maintained and with wagon no and date of arrival as lead identity. Also due to constraints of space a lot of material with similar identification were kept separately. Delivery of each plate was thus time taking as each identified plate had to be taken out from different stacks. To add to the woes of Ramamurthy, the handling contractor responsible for loading and unloading operations was a local strongman and with huge political contacts with the then ruling party, making it extremely difficult to exercise control on handling operations.

The despatch orders of plates from Mulund Warehouse entailed despatch by loading five rakes of railways and weighment at Indira Stockyard, which somehow fell on way between Mulund Warehouse and Mulund Railway Siding. The handling contractor refused to load the plates after weighment at Indira Stockyard as it required extra work for him and 15 minutes of waiting time for delivery trucks on way. He demanded that Invoices be prepared on sectional weight basis as weighment at Indira Stockyard on way to loading rakes may lead to delays, thereby risking significant demurrage charges for the contractor.

Ramamurthy met the first challenge of his life. On one hand he had to expeditiously deliver the material and on the other hand he had to take care of his personal and professional interest of seeing that the material accounting does not go awry and also that he follows all the procedures. Analysing his options based on his experience and sound technical knowledge, he took the decision not to allow invoicing on sectional weight basis as there was bound to be difference between this theoretical weight and the actual weight. He thus insisted on actual weighment. When the Branch Manager responsible for sale and who was also his immediate superior suggested despatching on sectional weight basis, he insisted on a valid approval for the same.

However, due to the pressures of the handling contractor and also the pressure to conclude the sale, the Branch Manager yielded and instructed Ramamurthy to load based on theoretical weight of

plates. To add credibility to his instructions he referred to some system of preparing invoice based on sectional weight approved by the Director (Sales & Marketing) during his visit to Mumbai. When Ramamurthy requested to see a copy of the approval he was told that to go ahead with the loading of wagons and that the approval would reach him by next day. The Stockyard was about 30 KM from Branch Office and as such it was told that the copy would be sent to his residence by evening.

Ramamurthy did not want to displease his immediate boss, however, his intuition wanted him to see a copy of the approval before proceeding with delivery on theoretical sectional weight basis. He thus got indent for a railway rake placed through the Handling Contractor, who deposited the requisite fee with Railway authority for indent, and at the same time, Ramamurthy liaised with the Divisional Operating Superintendent of Railways at personal level to ensure that the placement of rake is delayed to the next day. To his dismay, when he reached home in the evening, the copy of the approval that the BM had promised was not there. The BM however assured when contacted that the copy would reach him the next day and that he should proceed with the delivery the next day. Ramamurthy had by this time built good enough relationship with the railway Divisional Operating Superintendent and followed his hunch by ensuring another day delay in placement of the rake. Next day again same thing happened and Ramamurthy took the same course of action of delaying the rake. When on third day again the approval did not reach him and no further informal delay was possible even at the end of railways, the stockyard executive had gathered courage to confront the Branch Manager and told him that rake is getting placed by Railways today, however, he himself is proceeding on leave as he would not be in a position to deliver material on sectional weight basis without looking at the approval. Failure to discharge duty was necessitating him to take the leave. The Branch Manager requested Ramamurthy to reach the stockyard and sent one officer with approval copy to Stockyard.

As expected Ramamurthy saw that the context of the approval was entirely different. It related to plates,

which are available as intact wagons and were to be invoiced based on Consignment advice weight after taking together entire lot of plates received in a wagon and not based on sectional weight of each plate indicated in the consignment advice. In other words none of the plates qualified under this criterion as plates of one wagon were spread in many stacks and were not stacked together in an intact manner. Had plates been despatched based on the verbal advice of BM, the system of invoicing would have been challenged later, as it was without the approved system as well as without any special approval.

All his intuitions and hunch having been vindicated, Ramamurthy stood firm in his ground and demanded that plates be invoiced only on actual weight basis.

The rake had already been placed and the handling contractor started losing money due to demurrage being incurred for an indented rake waiting to be loaded. Also, the sales team led by Branch Manager stood to miss the sales target, if the plates were not despatched. The consignment of plates was thus finally delivered based on actual weighment, due to pressure on Handling Contractor and BM.

At the customer's end plates were unloaded in a yard. A year later, shortage in quantity of plates was detected. During inquiry PSC could avoid blame to come on to it and the customer end had to take the blame, as PSC had despatched the plates on actual weight basis with due acknowledgement from the customer of the actual weight of the consignment sent.



The knowing doing gap: How smart companies turn knowledge into action

Jeffrey Pfeffer and Robert I. Sutton.

"Talking can make a person look smart in the present moment whereas actions take time to bear fruit."

This book is an interesting response to a frequently expressed concern of many top executives that their organizations are not able to use all the knowledge that they have. The authors explored this concern as a "knowing doing gap" and then examined it through field research with various organizations in a variety of sectors and industries to understand how this gap occurs and what can be done to bridge it, or better, not allow it to grow in the first place.

Pfeffer and Sutton suggest that by focusing so much on knowledge-management initiatives that take knowledge as a codifiable commodity, researchers and practitioners end up disregarding the more fundamental issue of implementing knowledge the organization already has. The emphasis on information technology as the paramount issue of knowledge-management projects contributes to the inactivity observed in companies that fail to create and implement new products and services. This happens because the information-technology focus diverts resources from knowledge implementation initiatives while continuing to provide the appearance that knowledge is a priority in the organization. The authors argue that the really important knowledge is tacit, which is only exemplified by doing and cannot be treated as something that can be stored on a computer medium.

They explain very lucidly the behavioural and cultural aspects within an organization that prevents existing knowledge from being effectively used. Some of the reasons highlighted by the authors include

- **Excessive talk**-- organizations believe they are doing something even if they are only discussing it, as if simple discussion would magically lead to execution. They go on to explain why people prefer to talk. Talking can make a person look smart in the present moment whereas actions take time to bear fruit. We can form our impressions about others on the basis of how well they perform and how smart they appear, and in many cases the latter data is easily available immediately, which tends to sway perceptions and actions. Unfortunately the best way of sounding smart is to be critical of other's ideas. Pessimism sounds profound and optimism sounds superficial. Thus people who propose positive actions are more often put down through critiques and nothing gets done. Business schools and consultancies aggravate these tendencies by making smart talk more remunerative than smart action. Many a times people confuse between ease of understanding and ease of implementation. Just because something has been elegantly explained does not mean that it will easily happen.

- **Excessive reliance on organizational memory--** People's desire for stability and a powerful organizational culture may cause the organization to stand still or to play by rules not valid anymore. The tendency to demonstrate consistency with the past tends to block thinking processes and overvalue precedence. A strong culture also tends to perpetuate itself and resist bringing in fresh perspectives needed for effective action in a new context. The need for cognitive closure and minimizing ambiguity drives people to seek closure, freeze on past knowledge and avoid knowledge that disconfirms what they believe. A second factor that produces mindless and unconscious behavior is being rooted in a set of theoretical assumptions about organizations and people that are implicit and as a consequence not directly examined and questioned, thus perpetuating past assumptions about what is and what is not possible. These tendencies are aggravated when people are under deadline pressures as past precedents are the most likely courses of action
- **Fear--**When fear reigns in the organizational climate, employees will be afraid to express their ideas and act on the knowledge they have acquired. Fear increases distrust and leads to more self protective behavior like agreeing with authority in spite of better judgment, hiding bad news which could have been acted upon for fear of being the messenger shot down for bringing it, or pulling down others to appear relatively more useful.
- **Measurement problems--**With the absence of measures, problems with processes will be masked, and management will lack direction to act toward improvement. But managers need to be careful in designing measurement systems as they express the unstated theory of practice of the organization and signal what is valued in the organizations. Too complex measurement systems tend to confuse people and draw focus on making the numbers. Exaggerated concern with short term outcomes may be an obstacle for experimentation with new ideas which may take time to fructify.
- **Internal competition--**Even when a part of the

organization knows and implements good ideas, the rest of the organization may reject these ideas if the organizational climate is too competitive. Fierce internal competition tends to prevent people from learning from internal competitors as it would signify less efficiency in a zero sum game for rewards. It also causes the phenomenon of creating winners and losers in the organization, where cooperation is inhibited by the fear of the competitor turning out as the winner. People also tend to identify more with their personal achievements than the team, and with their unit rather than the organization as a whole.

The authors reinforce their arguments with the discussion of case studies. Additionally, they provide support for their ideas and findings with existing research from management theory, sociology, and psychology. Moreover, in every chapter the authors offer some suggestions that would help managers recognize when a particular problem may be hindering the company's attempt to transform knowledge into action. The suggestions are then positively reinforced through the presentation of cases that identify how some companies overcame particular problems.

The knowing-doing gap arises due to several factors. According to the authors, this gap can be minimized if we understand and carefully deal with the following factors:

- **Why before how--**Too many managers want to learn "how" in terms of detailed practices and behaviors and techniques, rather than "why" in terms of philosophy and general guidance for action.
- **Knowing comes from doing and teaching others how--**Learning is best done by trying a lot things, learning from what works and what does not, thinking about what was learned, and trying again.
- **Action counts more than elegant plans and concepts--**Without taking some action, learning is more difficult and less efficient because it is not grounded in real experience. The idea of "firing" and then "aiming" helps to establish a cultural tone that talk and analysis without action are unacceptable.

- **There is no doing without mistakes**-In building a culture of action, one of the most critical elements is what happens when things go wrong. Even well planned actions can go wrong. All learning involves some 'failure,' something from which one can continue to learn. Reasonable failure should never be received with anger.
- **Fear fosters knowing-doing gaps, so drive out fear.**- Fear in organizations causes all kinds of problems. People will not try something new if the reward is likely to be a career disaster. Fear starts, or stops, at the top. It is unfortunate, but true, that a formal hierarchy gives people at the top the power to fire or harm the careers of people at lower levels. Fear of job loss reflects not only the reality of whether or not one can readily find another job, but also the personal embarrassment that any form of rebuke causes. In organizations that are successful in turning knowledge into action, leaders inspire respect, affection, or admiration, but not fear.
- **Fight the competition, not each other.**- It is a mistaken idea that because competition has apparently triumphed as an economic system, competition within organizations is a superior way of managing. The authors emphasize that, cooperation must be viewed positively. Cooperation means that the result is the product of common effort, the goal is shared, and each member's success is linked with very other's.
- **Measure what matters and what can help turn knowledge into action.** The dictum that what is measured is what gets done has led to the apparent

belief that if a company measures more things, more will get done. But that is not at all the case. Typical information systems can tell us what has happened – but they seldom provide information that is helpful in determining why results have been as they have or what is going to happen in the near future. So organizations must also measure processes, not just outcomes. A few measures that are directly related to the basic business model are better than a plethora of measures that produce a lack of focus and confusion about what is important and what is not.

- **What leaders do, how they spend their time and how they allocate resources, matters.**- Leaders of companies which have been successful in minimizing the knowing-doing gap. understand that their most important task is not necessarily to make strategic decisions, or, for that matter, many decisions at all. Their task is to help build systems that facilitate transformation of knowledge into action in a smooth, reliable way.

Overall, most of those lessons have been discussed before in other books and articles, but the support from the case studies and their direct application to the knowing-doing gap highlight their importance.

Published by:

Harvard Business School Press, Boston

Year of Publication : 2000

No. of Pages : 314, Price : Rs. 1250/-

Book Reviewed by:

Sanjay Dhar

Asstt General Manager (Acad) & Sr FM

MTI, SAIL, Ranchi



Article Digest

"Approached strategically, CSR need not be a cost, and can be a source of competitive advantage."

"Doing Well by Doing Good": The Grand Illusion

Aneel Karnani

According to the "do well by doing good" (DWDG) proposition, firms have a corporate social responsibility (CSR) to achieve some larger social goals, and can do so without a financial sacrifice. The most important driver of corporate interest in CSR is the argument that corporate virtue delivers financial rewards. Approached strategically, CSR need not be a cost, and can be a source of competitive advantage.

Milton Friedman argued in a frequently cited article that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.

In an efficient market, every profitable firm is doing good. Customers who buy from the company do so voluntarily and must derive value greater than the price paid; this is the consumer surplus, which contributes to social welfare. Companies provide employment and pay taxes – all good for society. However, this is trivializing the notion of "doing good"; all this social value is a by-product of firms maximizing profits. For the CSR proposition to have any real substance the firm has to produce more social value than a normal profit-maximizing firm; there has to be a divergence, a trade-off between profit-maximizing strategies and social welfare.

Market failures occur due to three causes: externalities, asymmetric information, and market power. A common reason for market failure is externalities, whereby the company and its customers do not bear all the costs (such as pollution – negative externalities) or do not capture all the benefits (such as spillovers from R&D – positive externalities) related to the goods produced. Public interest is equal to private profits plus consumer surplus plus positive externalities and minus negative externalities.

The business case for CSR states that as companies behave more responsibly they also become more profitable. One such recent article in the Harvard Business Review states, "executives behave as though they have to choose between the largely social benefits of developing sustainable products or processes and the financial costs of doing so. But that's simply not true." Another article in the Harvard Business Review proposes "a new way to look at the relationship between business and society that does not treat corporate success and social welfare as a zero-sum game.

Much academic research has focused on empirically examining the relationship between corporate social responsibility and profitability. After surveying this

research, David Vogel in his book *The Market for Virtue* concludes that the "central conclusion can be easily summarized: at best it is inconclusive." Some studies find a positive relationship between social responsibility and profitability, some find a negative relationship and the rest find no clear relationship. The framework proposed in this article provides an explanation for this inconclusive evidence. If the preponderance of the firms in a study is in the zone of opportunity, then the study will find a positive relationship.

In direct contradiction to CSR is the corporate governance movement that is pressuring managers to act in the interests of the shareholders. The net result of this is that companies talk a lot about CSR but do very little—derisively referred to as "green-washing" or "blue-washing" (blue is the color of the United Nations). In a survey on CSR, the magazine *The Economist* concluded that for most large public companies, "CSR is little more than a cosmetic treatment." Porter and Kramer in their article in the *Harvard Business Review* similarly concluded that the most common corporate response to pressure for CSR has been "neither strategic nor operational but cosmetic". This should not be that surprising given the basic conflict between private profits and public interest, and given the structure of modern corporations run by professional managers.

A manager who runs the company in a socially responsible manner will penalize the shareholders. As Milton Friedman pointed out, this manager is "in effect imposing taxes, on the one hand, and deciding how the tax proceeds shall be spent, on the other." Society has set up an elaborate political mechanism to impose taxes and allocate funds from the government treasury. Corporate managers are no legitimacy to usurp this political function; they also have a fiduciary responsibility to look out for the interests of the shareholders. Moreover, it is unlikely that the manager can get away with these actions. Given the growing shareholder activism and changes in corporate governance, the shareholders will fire such a manager; or, the market for corporate control will lead to new owners (public or private equity) taking over the company and firing the manager.

Individuals as shareholders invest in companies and

expect them to maximize profits; many of these individuals also donate money to charity to support some social objectives. People play multiple roles and behave differently in the context of each role. In the case of owner-operated businesses, the boundaries between these roles get blurred. The owner of a sole proprietorship wishes to do well; as a person, she also has a civic responsibility to do good. She might choose to operate the business in socially responsible manner even if it involves a financial penalty. The owner is acting as a businessperson and a philanthropist simultaneously, and using the business as a vehicle for both roles.

Unlike CSR that is voluntary, government regulation is appealing because it is binding. Government is the legitimate power of coercion to enforce the regulation. The government can prohibit (such as the ban on fluorocarbons) or mandate (such as requiring catalytic converters on cars) some activities to correct the market failure. Alternatively, the government can use financial incentives to change firm behavior, such as carbon taxes to reduce pollution and tax credits to encourage factories in less-developed regions—essentially internalizing the externalities. While regulation has typically focused on preventing harmful behaviors, some regulation is designed to encourage positive behavior. Just as there are examples of market failure, there are many examples of regulatory failure. Regulation might end up making the situation worse and reducing public welfare.

Companies motivated by shareholder pressure to increase profits will end up increasing social welfare simultaneously. CSR is irrelevant in this context. However, it is not surprising that companies trumpet their actions and the concomitant increase in social welfare, and then claim to be socially responsible.

There is a conflict between private profits and social welfare, and it is impossible to do well by doing good. There is a need for constraints on firm behavior. Managers face growing pressure from increasingly active shareholders to act in the interests of the shareholders. It is very unlikely managers will act in the social interest if this imposes significant financial penalties on the firms. CSR is ineffective in this context.

The ultimate way to change firm behavior to achieve

public interest is government regulation. There is a need to get away from the stereotype that governments are always bureaucratic, wasteful and corrupt. The challenge is to build the institutional capacity to make governments more efficient, responsive, and even entrepreneurial.

It is primarily the role of the government to force companies to change behavior to be congruent with the public interest. When the government does not fulfill its responsibility, it is good that civil society steps in and tries to fill the gap. However, it is not feasible to rely on civil society as the primary mechanism for imposing constraints on firm behavior. This is even truer in most developing countries where civil society lacks adequate resources and there is insufficient awareness of such public issues in the population at large.

Government is the ultimate solution for responding to market failures. However, that too has its limitations. Consider, for example, the issue of water pollution that is a problem all over the world, but it is largely a localized problem. The developed countries have to a significant extent tackled the issue of water pollution through regulation over the last few decades. However, water pollution is a crisis in many developing countries, such as China and India. A recent World Bank report said that under current practices, one-third of the world's population would have access to only half the water they need by 2030. For example, major rivers such as Yamuna (in India) and Yangtze (in China) are heavily polluted by industrial waste. It is very unlikely that self-regulation

or civil activism will solve the problem, particularly in these developing countries. Institutional maturity and public support are needed for effective action by civil society and for self-regulation by industry. Effective government regulation requires political will, resources, and competence to successfully restrain powerful firms. All the problems of government failure are exacerbated in developing countries with weak and often corrupt governments. There is no easy way to stop the "bad" outcome for public welfare. That is why water pollution has become such a crisis. The best hope, such as it is, lies with government regulation spurred by civil activism.

It is sometimes possible to do well by doing good. A recent article in *The Economist* caustically remarked that "almost without exception, today's bosses' spout the same tired old clichés-about the merits of doing well by doing right." The popular business literature often exhorts companies to do well by doing good. This is the usual problem peddled by the pundits. Unfortunately, most significant social problems are not amenable to such an easy solution. Many social problems are linked to market failures. In that case "doing well" and "doing good" are in conflict. It is then necessary to impose some constraints on firm behavior to achieve larger social objectives.

Digest by:

Dr Sumit Datta
Dy General Manager (Acad) & Sr FM
MTI, SAIL, Ranchi

Source:

California Management Review, Winter 2011

Get Ready for Your Next Assignment – Three steps for making the most of an internal move

Katie Smith Milway, Ann Goggins Gregory,
Jenny Davis-Peccoud and Kathleen Yazbak

"The learning tour involves systematic dialogue with the people who can help do the new job."

Introduction

Most executives know what their next project or promotion will be well before it starts but too few take advantage of their insider status and the time beforehand to prepare well. The next assignment is one's next chance to create results-for his organization and his career. A key factor in transition will be knowledge- not only substantive information about the project or field but an understanding of how others have tackled similar assignments. This article identifies three practical steps for building the knowledge capital to excel in new roles throughout one's career- phase zero, learning tour and affinity groups.

First Step: Phase Zero

This is a chance to use insider advantage to become familiar with a new unit's people and performance and to discern the opportunities and challenges of assignment before it begins or is even announced. In the weeks leading up to the assignment, carve out and spend at least 30 minutes a day to prepare. In phase zero, one can identify problems and develop a hypothesis for how to solve them. Among the likeliest places to look for objective data are company documents- such as performance reviews and reports on services and operations and feedback from customers and suppliers. Turn to colleagues who have supervised the role or filled a similar role. Finding these people and getting the information needed will help to understand expectations and possibilities, think through a plan of action and prepare personally for the transition.

Second Step: Learning Tour

The learning tour involves systematic dialogue with the people who can help do the new job. It will be testing one's definitions of problems and hypotheses for solving them, identifying leverage points, building relationships and tapping into the diverse perspectives to help understand ways to energize support and convert opposition. Be mindful of your reputation in the organization, reinforcing your positive attributes and acknowledging where you will need help and approach your team members with an open mind.

Third Step: Affinity Groups

Many managers tap existing peer networks to share experiences or get assigned to a

working group on a specific initiative. But too few construct and hone support networks that will help them garner the skills and fresh ideas. Two mindsets can help getting the expertise and perspectives necessary for the new role: be open to the idea that the affinity group you are looking and recognize that the right affinity group at the start of an assignment may not be the right one over time; be willing to make changes to the composition of your internal network.

Conclusion

Mistakes which need to be avoided in the next move are- defining success but forgetting to identify the people who will help, failing to identify the true questions to be addressed, dominating conversations

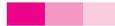
during initial phase of one's new role, letting previous perspectives affect one's views, relying on old power dynamics and focusing too narrowly rather than incorporating diverse perspectives. The three phases can help any manager prepare for the next promotion. Sometimes the steps follow this sequence and sometimes they don't. Whatever their order, these steps are critical for role changers who want to have greater impact in their organizations and greater success in their careers.

Digest by:

Pranav Kumar
Sr Manager (Acad) & Sr FM
MTI, SAIL, Ranchi

Source:

Harvard Business Review, December, 2011



प्रबंधकीय सफलता के बुनियादी तत्व

ललन चतुर्वेदी*

"कार्य की अनिवार्यता को देखते हुए हमें दूसरों का इंतजार नहीं करना चाहिए अपितु स्वयं में पहल करने की प्रवृत्ति विकसित करनी चाहिए।"

अपनी बात की शुरुआत मदर टेरेसा के विचार से करता हूँ। प्रख्यात हार्ट सर्जन देवी प्रसाद शेटी से मुलाकात के क्रम में मदर ने उनसे कहा था – 'दूसरों की मदद करने वाला हाथ प्रार्थना के लिए हिलने वाले होठों से से कहीं बेहतर है।' इस पंक्ति का उल्लेख करने का कुछ अभिप्राय है। अभिप्राय यह है कि इस पंक्ति के आलोक में मैं प्रबन्धन के कुछ मूलभूत सिद्धांतों पर विमर्श करना चाहता हूँ। प्रबन्धन की मोटी-मोटी पुस्तकें यत्र-तत्र सर्वत्र उपलब्ध हैं। उनका फायदा हममें से बहुत कम लोग उठा पाते हैं। प्रश्न उठता है— ऐसा क्यों? ऐसा इसलिए कि हम प्रबन्धन के सिद्धांतों को कार्यरूप में बदल नहीं पाते। प्रबन्धन पर अच्छा बोलना अलग चीज है। सुनना भी अच्छा लगता है। कुछ क्षणों के लिए हम प्रेरित आह्लादित भी हो जाते हैं। परंतु बात आई-गई, समाप्त हो गई तक सीमित रह जाती है। यहाँ पर हमें मन-वचन एवं कर्म की एकता के समन्वय का सिद्धांत ध्यान में आता है। इन तीनों की भिन्नता मनुष्य को सदैव परेशान करती है। और इसी परेशानी में हम अपना पूरा समय या पूरा जीवन तमाम कर देते हैं। मदर की उपर्युक्त पंक्तियों से यही संदेश मिलता है कि भला सोचने से ज्यादा बेहतर है भला करना। उनके इस विचार का यह मतलब कतई नहीं है कि हम भला नहीं सोचें। मतलब यह है कि हम सिर्फ सोचे नहीं अपितु उसे कार्य रूप में परिणत करें तभी तो कामयाबी मिलेगी। बंद कमरे में बैठकर शुभ-चिंतन करने से न स्वयं का भला होगा न समाज का।

सकारात्मक एवं उदार सोच

अपने साक्षात्कार के क्रम में डॉ. शेटी ने एक बात महत्वपूर्ण बात यह कही कि बड़ा सोचें। छोटी सोच के कोई मायने नहीं क्योंकि उसे पाने के लिए भी प्रयास तो उतने ही करने पड़ेंगे। बातों ही बातों में कितनी महत्वपूर्ण बात कह डाली डॉ. शेटी ने। मुझे ऐसा प्रतीत होता है और सच्चाई भी है कि ऐसी वाणी कर्मनिष्ठ व्यक्ति की हो सकती है। हम छोटी-छोटी बातों में बहुमूल्य समय नष्ट कर देते हैं। ऐसा अनुभवगम्य है कि सोच का व्यापक प्रभाव होता है। अतः बेहतर प्रबंधन के लिए आवश्यक है सकारात्मक एवं उदार सोच। सोच का दायरा सीमित नहीं होना चाहिए। यह बुनियादी तत्व है। बड़ी-बड़ी इमारतें केवल सीमेंट, ईंट एवं गाड़े से निर्मित नहीं होती। उन्हें जमीन पर खड़ा करने के लिए इंजीनियर उनका एक खाका (लेआउट) खींचना पड़ता है। जब तक नक्शा ठीक नहीं होगा, महल तैयार नहीं हो सकता। इस मोटे उदाहरण से प्रबन्धन को भली-भाँति समझा जा सकता है। यहाँ बेहतर प्रबन्धन के लिए कुछ मूलभूत कारकों (फैक्टर्स) पर विचार करना प्रासंगिक है। प्रारम्भ नियुक्ति से करता हूँ।

* केन्द्रीय तसर अनुसंधान एवं प्रशिक्षण संस्थान, नगड़ी, राँची

हर में है कुछ खास

जैसे ही किसी की नियुक्ति किसी कम्पनी में होती है उसे अपने कार्य (जॉब) को भली-भाँति समझना जरूरी होता है। बहुत संभव है कि यह जॉब उसके लिए आसान हो। किसी के लिए कुछ कठिन भी हो सकता है। परंतु सच्चाई यह है कि कार्य कठिन या आसान नहीं होता। हमारी दृष्टि उसे कठिन या आसान बना देती है। यदि हम कार्य को बोझ समझेंगे तो निश्चित रूप से कठिन होगा। इसके विपरित यदि हम काम में रुचि लेंगे, आनन्द लेंगे तो वह स्वतः आसान हो जायेगा तथापि ऐसी स्थिति में हमें अपनी योग्यता का आकलन करना चाहिए। अगर कहीं योग्यता या निपुणता में कमी है तो इससे घबराने या निराश होने की कोई जरूरत नहीं है। अपनी दुर्बलताओं को ताकत में बदलने की कला ही तो प्रबन्धन है। हौसला बुलंद रखना होगा। अगर हिम्मत जवाब दे गई तो आप कुछ भी नहीं कर पायेंगे। प्रसिद्ध नृत्यांगना सुधा चंद्रन का उदाहरण सामने रखें। अपनी विकलांगता के बावजूद वह इस तरह नृत्य करती है कि दर्शक उनके साथ नाचने लगते हैं। मतलब यह कि एक जुनून होना ही चाहिए अपने काम के प्रति। अगल-बगल झाँकने से बेहतर है अपने काम पर स्वयं को केन्द्रित करना। यह सही है कि निजी क्षेत्र में दूसरों का हमें अपेक्षित सहयोग नहीं मिलता परंतु आपकी लगन एवं निष्ठा दूसरों का सहयोग-समर्थन देर-सबेर हासिल कर ही लेती है। व्यवहार कुशलता ऐसी चीज है जो दूसरों को दिल तत्क्षण जीत लेती है। ऐसे अवसरों पर हमें अपने वरिष्ठों के अनुभवों का भी भरपूर लाभ उठाना चाहिए। और वरिष्ठों का ही क्यों, अपने कनिष्ठों का भी सहयोग लेने में कोई हिचक नहीं होनी चाहिए। हमें इस वहम को मन से निकाल देना चाहिए कि जुनियर हमसे कुछ जानता है या उससे कुछ पूछना या जानकारी लेना हमारी प्रतिष्ठा के खिलाफ है। यहाँ एक स्मरणीय है कि प्रत्येक व्यक्ति कुछ खास होता है। उसका निर्माण ही कुछ खास वजहों से किसी खास प्रयोजन के लिए हुआ है। जरूरत सिर्फ उसे परखने की होती है। इसी खास को निकाल लेने भर की देर है। एक सफल प्रबन्धक की सारग्राहिणी दृष्टि कार्मिकों के क्षेत्र विशेष की प्रतिभा को पहचान लेती है। एक अच्छा प्रबन्धक की खासियत यही है कि वह अपना खास कम्पनी को विनिवेश करता है और दूसरों की खासियत का भी कम्पनी के हित में उपयोग करता है। जो जिस क्षेत्र में निपुण हो उसे उसी क्षेत्र में

नियोजित करने से निश्चित रूप से बेहतर परिणाम मिलेंगे। आशय यह कि संगठन में हमें किसी की उपेक्षा नहीं करनी चाहिए। अगर दूसरों की हम उपेक्षा करेंगे तो उसका कुछ भी नहीं ले पायेंगे। हमारे लिए वे अपेक्षित हैं, उन्हें अपेक्षित नहीं करें। इसका बड़ा लाभ यह होगा कि कम्पनी में एक बेहतर कार्य-संस्कृति (वर्क कल्चर) विकसित होगी।

शक्तियों का विकेन्द्रीकरण

कम्पनी का अर्थ ही है संगति। अगर संगति बनी तो कम्पनी अपने उद्देश्य में कैसे कामयाब हो पायेगी ? प्रबन्धन की सफलता के लिए आवश्यक है कि अधिकारों का विकेन्द्रीकरण किया जाए। दूसरों को दायित्व सौंपा जाए एवं उन पर विश्वास रखा जाए। इससे कार्य निष्पादन में तेजी आयेगी एवं कठिन-से-कठिन लक्ष्य को आसानी से प्राप्त किया जा सकेगा। आम तौर पर कुछ लोग ऐसा सोचते हैं कि इस काम को हमसे बेहतर दूसरा कोई नहीं कर सकता। इसका दुष्परिणाम यह होता है कि वे दूसरों का काम भी ले लेते हैं। वे काम के बोझ के तले दबे होते हैं और इससे अनावश्यक विलम्ब होता है। यदि वे विश्वासपूर्वक कार्यों का आबंटन करें तो उनके सहयोगी निर्धारित समय में बढ़िया आउटपुट दे सकते हैं। उच्चतर स्तर पर केवल पर्यवेक्षण एवं अनुवीक्षण (मॉनीटरिंग) की जरूरत होती है। अतः शक्तियों का विकेन्द्रीकरण बहुत आवश्यक है।

परिस्थिति के अनुरूप निर्णय

सकारात्मक एवं रचनात्मक दृष्टिकोण रखने से आत्मविश्वास अर्जित होता है। जब तक आत्मविश्वास नहीं होगा आप दूसरों का विश्वास नहीं जीत पायेंगे। जब दूसरों का विश्वास आपको हासिल हो जायेगा तो कठिनाईयाँ स्वतः दूर हो जायेंगी। कठिनाईयाँ जब दूर हो जायेंगी तो काम आसान हो जाएगा और आप अपना लक्ष्य प्राप्त कर लेंगे। तथापि कभी-कभार कठिनाईयाँ आ ही जाती हैं। ऐसी स्थिति में हिम्मत हारने के बजाय परिस्थितियों का आकलन जरूरी है। परिस्थितियों का बिना आकलन किए आप निर्णय लेने की स्थिति में पहुँच नहीं सकते। अतः पहले परिस्थितियों का आकलन करें एवं फिर निर्णय लें। कई बार निर्णय लेने में दूसरों की

सहमति या सहभागिता आवश्यक होती है। इससे समस्याओं के समाधान में वांछित सहायता मिलती है। दूसरों के विचारों से हमें निश्चित रूप से लाभ उठाना चाहिए। संभव है कि जो मैं सोच रहा हूँ, उसमें कुछ आवश्यक पहलू छूट गए हों या इस निर्णय के दूरगामी परिणाम से हम अवगत न हों। ऐसी स्थिति में बिना कुछ सोचे-समझे या दूसरों को बिना सुने तुगलकी फरमान जारी करना कम्पनी के लिए नुकसानदेह हो सकता है। अपना कार्य निष्पादित करते हुए हमें सदैव यह सोचना चाहिए कि इससे भी बेहतर तरीके से इस कार्य को कैसे कम समय में निष्पादित किया जा सकता है। यह सोचना कि कार्य पूरा हो गया और हमारे कर्तव्य की इतिश्री हो गई, गलत है। प्रबन्धन में बेस्ट संभवतः कभी नहीं होता है, बेहतरी की गुजाइश सदैव बनी रहती है।

अभिनव चिन्तन

बनी-बनाई लीक पर चलने वाला व्यक्ति कभी कोई चमत्कार नहीं कर सकता। यह तो फार्मूलाबद्ध काम है। विश्व के सफल वैज्ञानिक, इंजीनियर, डॉक्टर सदैव फार्मूलाबद्ध कार्य से बचते रहे हैं। उनका चिन्तन स्वतंत्र होता है। यही कारण है कि विश्व को उन्होंने कुछ नया और खास दिया। एक अच्छा प्रबन्धक भी अपने अभिनव चिन्तन से कम्पनी को बुलंदियों पर पहुँचा सकता है। मुझे ऐसा लगता है कि नींद में भी उसका मस्तिष्क चिन्तन प्रक्रिया में संलग्न रहता है। तभी तो उसके सपने भी बड़े होते हैं और इन सपनों को वह साकार भी करता है। वह परिस्थितियों के जाल में उलझकर पंगु नहीं बन सकता बल्कि वह जाल काटकर खुले आकाश में उड़ान भरता है। वह स्वप्रेरित होता है। यह बहुत जरूरी भी है। हम दूसरों की प्रेरणा की अपेक्षा क्यों करें? हम स्वयं को नहीं प्रेरित-प्रोत्साहित करें। स्वप्रेरण एवं स्वप्रोत्साहन से हमें नित-नवीन उर्जा मिलती है हम शिथिल नहीं होते। हम किसी पद पर हों उससे ज्यादा फर्क नहीं पड़ता। कम-से-कम हमारे चिन्तन पर तो कोई फर्क निश्चित रूप से नहीं पड़ना चाहिए। अगर उसका असर पड़ा तो हमारा स्वयं का विकास रुक जाएगा और हम कुंठित हो जायेंगे। हमें ऐसी युक्ति (डिवाइस) अपनानी चाहिए जिससे कठिनाईयों पर काबू पाया जा सके। कार्य की अनिवार्यता को देखते हुए हमें दूसरों का इंतजार नहीं करना चाहिए अपितु स्वयं में पहल करने की प्रवृत्ति विकसित करनी

चाहिए। ऐसा हो सकता है कि हमें नहीं सुना जाए। हमारे विचारों पर गौर नहीं किया जाए। लेकिन ऐसा लम्बे समय तक नहीं हो सकता। अगर हमारे विचारों में ताकत है, हमारे पास विजन है तो देर-सवेर उसे स्वीकृति मिलेगी ही। ऐसे बहुत से उदाहरण हैं कि कम्पनी के सर्वोच्च पदों पर काम करने वाले कार्यपालकों को प्रबन्धन का कोपभाजन बनना पड़ा। उन्हें अपना पद त्यागना पड़ा परन्तु बाद में कम्पनी ने उनका महत्व समझा और उन्हें पुनः आकर्षक पैकेज के साथ कम्पनी में सादर आमंत्रित किया। मतलब यह कि पद की चिन्ता करने के बजाय अपने कद की अर्थात् अपनी योग्यता, कुशलता एवं निपुणता की चिन्ता करना ज्यादा जरूरी है। गुणी-विद्वान अपना आदर स्वयं करा लेते हैं।

लक्ष्योन्मुख दृष्टि

एक महत्वपूर्ण बात और। कार्य-निष्पादन के दौरान त्रुटियाँ होने की संभावना से इंकार नहीं किया जा सकता है। कभी-कभी इसका खामियाजा भी भुगतना पड़ता है। परन्तु इस असफलता से टूटने-हारने का कोई फायदा नहीं। उल्टे इससे नुकसान ही होता है। ऐसी परिस्थितियों में गलतियों से सीख लेकर आगे बढ़ने का मनोबल बनाए रखना होगा। यह बार-बार कहा जाता है कि असफलता सफलता ही सीढ़ी है। असफल होने के भय से हम सीढ़ी पर अगर कदम ही नहीं रखें तो सफलता कैसे प्राप्त कर सकते हैं। वस्तुतः गलतियों से सबक लेने की जरूरत होती है ताकि आगामी कार्य-योजना बनाते वक्त गलतियों की पुनरावृत्ति नहीं हो। निष्कर्ष यह कि गलतियाँ, बाधाएं, कठिनाईयाँ एवं असफलताएं हमें और पूर्ण बनाती हैं। व्यवसाय के क्षेत्र में रंक लोग को राजा और राजा को रंक होते देखा गया है। उत्थान-पतन प्रकृति का नियम है। जीवन एवं जगत चलता रहता है। पर इतना तो तय है कि संसार सफलता को देखता है और विजेता को पूजता है। इस तथ्य को ध्यान में रखते हुए कार्य-प्रक्रिया के दौरान हमें अपना ध्यान सदैव लक्ष्य पर केन्द्रित करना चाहिए। औरों की आलोचनाओं से दुःखी होने की कोई जरूरत नहीं है। सदैव अपना ध्यान लक्ष्य पर केन्द्रित रखने से हम भटकने और अटकने से बच सकते हैं। प्रतिक्रिया से दरकिनार करते हुए क्रिया पर ध्यान देना प्रबन्धन की सफलता की कुंजी है।

रचनात्मक माहौल की जरूरत

यह जरूरी है कि हम जहाँ भी रहें चाहे वह घर या दफ्तर खुशनुमा माहौल का सृजन करें और सिर्फ सृजन ही नहीं करें उसे निरंतर बनाये रखें। एक सौहार्दपूर्ण वातावरण रचनात्मक दृष्टि प्रदान करता है। सौहार्दपूर्ण वातावरण का मतलब है लोगों से अपने विचारों एवं निजी सुख-दुःख की साझेदारी। महाभारत में एक उक्ति है कि काल सब प्राणियों के सिर पर है। इसलिए सबसे पहले हमें किसी का कुशल-क्षेम पूछना चाहिए। हमें अपने सहकर्मियों से भी उनके निजी सुख-दुःख की जानकारी लेनी चाहिए। कम्पनी या दफ्तर का काम मुख्य है और महत्वपूर्ण भी। परंतु हम इतना मशीनी भी न बन जाएँ कि दो क्षण अपने सहकर्मियों के लिए नहीं निकाल सके। उनके लिए हमारे पास सहानुभूति के दो शब्द न हों। अगर ऐसा करें तो हमारी साकारात्मक छवि बनेगी। रचनात्मक दृष्टि से

विकास का पथ प्रशस्त होता है। विकास पथ का पथिक प्रबन्धक के लिए कोई लक्ष्य बड़ा नहीं होता। भले ही वह शुरूआत अकेले करता है, छोटी सी पूँजी से करता है लेकिन धीरे-धीरे कारवाँ बन जाता है। असंख्य लोग उससे जुड़ जाते हैं। वह किसी भी नजरों से ओझल नहीं हो सकता क्योंकि वह किसी को नजरअंदाज नहीं करता।

सुप्रबन्धन की प्रक्रिया में सबसे महत्वपूर्ण है समय-प्रबन्धन। समय-प्रबन्धन में कई पहलू शामिल हैं। उनमें से एक है – समय की पहचान। समय पर लिया गया निर्णय हमें कामयाबी दिलाता है। अगर हममें अवसर की परख नहीं हो एवं समय पर सही निर्णय लेने की क्षमता नहीं हो तो किसी क्षेत्र में सफल नहीं हो सकते। अस्तु, अवसर की पहचान, सही समय पर सही निर्णय, आत्मविश्वास, टीम का बेहतर समन्वयन एवं लक्ष्योन्मुख दृष्टि से सफलता के शिखर पर पहुँचा जा सकता है।

