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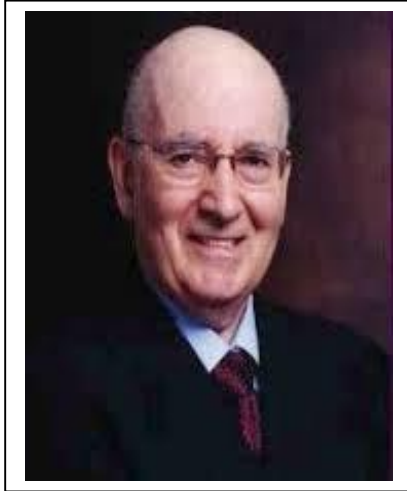


Dear Academicians & Research Scholars,

Journal of Management Value & Ethics consistently stepping up towards their target groups day by day. Our Journal published many research papers from across the world, some of them from USA, Thailand, Indonesia, Saudi Arabia and other countries. Some of the most renowned academic personalities from USA, Uzbekistan, Sri Lanka and some other national level institute have given consent to work as member of editorial & advisory board of our Journal. The popularity and standard of the Journal increasing day by day. Because, it is going first choice of academicians and research scholars to publication their renowned peer reviewed research work in this Journal. Popular site LinkedIn, where thousand members not only like or send request for association as membership but also approached for publication their research papers in the coming issues. Our editorial & advisory board contributing lots in the interest of our Journal. Today, we proud to all our board members because they are expert from different field and contributing their valuable knowledge among us, not only for Journal but also for academicians and research scholars. Today, without research nothing is possible. Research based study always support academicians & scholars to upgrade their knowledge as well as academic profile that support in API score. As, we have decided earlier, GMA will publish the story of our top management Gurus. Who are world famous. In this series, we are bringing another name of world fame marketing management guru **Professor Philip Kotler**. He had published many books on the marketing management and best seller among the students. Those who are interested to publish their papers in the field of Retail, Tourism, Hospitality, Event Management, Import and export, HRM, Finance, Marketing, Advertising, Accounting, Aviation, IT etc. They can send their research papers through email to our Journal.

With best wishes to all

Dr. P. S. Bhadouria



Philip Kotler: World fame Marketing Guru

Born	May 27, 1931 Chicago, Illinois
Nationality	American
Alma mater	University of Chicago Massachusetts Institute of Technology
Occupation	Marketing Professor and Consultant

Prof Kotler was born in Chicago. He received his master's degree at the University of Chicago (1953) and his PhD at Massachusetts Institute of Technology (1956), both in economics. He studied under three Nobel Laureates in Economic Science: Milton Friedman, Paul Samuelson, and Robert Solow. He did a year of

postdoctoral work in mathematics at Harvard University and in behavioral science at the University of Chicago.

Writings and Activities

Professor Kotler's book, *Marketing Management* (14th edition), is the world's most widely used at graduate level textbook in marketing. His other textbooks include *Principles of Marketing* and *Marketing: An Introduction*. Kotler has also written fifty other books on such subjects as museums, performing arts, place marketing, poverty alleviation, innovation, professional services, religious institutions, healthcare, education, tourism, hospitality, and corporate social responsibility.

He developed new concepts in marketing including social marketing, atmospherics, demarketing, megamarketing, turbomarketing and synchromarketing. He believes that marketing is a major economic discipline that goes beyond promotion and selling to include product development, distribution and pricing theory and practice, often called the 4Ps. Kotler has consulted many large companies in the areas of marketing strategy, planning and organization, and international marketing.

He presents seminars to companies and other organizations in major international cities and countries around the world on the latest marketing developments. "He is the father of *Marketing Management*" says Ashutosh Rathi.

Honorary Titles :

Honorary degrees from DePaul University, University of Zurich, Athens School of Economics, Catholic University Santo Domingo, Groupe HEC, University of Stockholm, Cracow School of Economics, Budapest School of Economic Science and Public Administration, Universidad Americana, BI Norwegian School of Management, Academy of Economic Studies in Bucharest, National University of Kyiv Mohyla Academy, Nyenrode Business University, Universidad del Pacifico, Mediterranean University, University American College.

First "Leader in Marketing Thought" by the academic members of the American Marketing Association (1975).

DETERMINANTS OF BUSINESS EXCELLENCE -A STUDY OF SELECTED LISTED COMPANIES IN INDIA

Prof Rajendra K Gupta¹

ABSTRACT

Need to excel in Business for companies have been emphasized repeatedly in recent global literature. The companies have moved on from quality focus to excellence focus. Several excellence award Models are in use that include European Quality Award given by EFQM, Malcolm Baldrige award in USA and various others. The focus of these models is to win excellence awards and self assessment. Companies should focus on becoming world class. There are several business practices that are used by successful and excellent companies. The importance of leadership style, Organization type and strategies, Core values and Growth strategies is fairly established. The companies have been increasingly using Mergers and Acquisitions for rapid inorganic growth to meet global challenges. The paper reports a part of research carried out in sample of best performing Indian listed companies. Less researched determinants used for achieving of business excellence have been explored. The paper presents results of empirical research in Indian companies as also testing of Leadership style typology developed by S. Hart and Organization types proposed by Miles and Snow.

Key Words: Factors of excellence, Business Excellence, Determinants of Excellence, Business performance, Excellence in Indian companies

INTRODUCTION

Business Performance Excellence is achieved when an organization is generating the maximum level of profitability possible given the human, financial, capital, and other resources it possesses (**Luftig**). Several definitions have been given about business excellence like the definitions given by European Foundation for Quality Management (**EFQM**) and scholars like **Gopal Kanji and Pravin Rajpal**.

However, the author after going through various aspects of excellence believes that: 'Business excellence is achieved by a firm when it is able to procure requisite resources and

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apply them consistently in a unified manner to deliver superior results over its nearest competitors irrespective of macro-economic conditions'. Such firms are best-in-class and are companies of endearment to their customers, and for society in general Aim of achieving excellence is to reach a world class status. It is a journey that continues as benchmarks and technologies keep changing with time.

A research project was undertaken from 2009 to 2012 to identify the best practices used globally by top organizations, and to identify benchmarks used by world class companies. Not much work was done in India before at academic level to define excellence and develop excellence model by establishing causality of business practices on business results.

Leadership development, organization communication, and organization strategies form important inputs for success of any organization. Every successful business has some business model and a few key success factors. All successful organizations regularly carry out **SWOT** (Strength, Weakness, Opportunity, and Threat) analysis and measure the vulnerability of their business to onslaught of globalization, new technologies influx, and rising competition. To make things worse, the changing preferences, rising expectations and diminishing loyalty of customers make things difficult for organizations. We all remember how in early 90s consumers suddenly dropped scooters and went in for motorbikes sending great companies like **Bajaj Auto** in jitters.

Those organizations that excel, often set vision for industry leadership and for future, have developed strong organizational core values that employees identify with, and have succeeded in developing strong brands, which, the customers trust.

The route of mergers, acquisitions, or management takeover of businesses as growth strategies has been fairly established as an important factor for strategic inorganic growth and becoming globally competitive.

The organizations adopt various growth strategies to sustain business and grow in it. Organizations that stagnate loose market share and competitiveness and may ultimately fail. Several strategies adopted by successful organizations were studied and the responses were received from sample companies in India. Hence the data were collected on various aspects of excellence from the best performing listed companies in India to find out how they are organized on various factors and what they think about business excellence. Since most of leading companies in India are now operating globally, they are globally competing and their responses may as well apply to companies across the glob

This paper presents relatively less researched aspects of business excellence determinants like leadership styles, Organization type and strategies, Growth strategies

adopted by successful firms, critical success factors, and perceptions of companies about what constitutes excellence, in this context.

REVIEW OF LITERATURE

Business excellence, as described by the **European Foundation for Quality Management (EFQM)**, refers to "outstanding practices in managing the organization and achieving results, all based on a set of eight fundamental concepts."

These concepts are: "Results orientation, customer focus, leadership, and constancy of purpose, management by processes and facts, people development and involvement, continuous learning, innovation and improvement; partnership development, and public responsibility."

Guile and Fonda (1999) comment, "Businesses have had to learn how to operate more flexibly and how to integrate functionally separated tasks into horizontal work processes. Multi functional teams are replacing management hierarchies as the primary method of delivering results. Organizations have learned to appreciate the significance of their intellectual capital and to be aware of the need to develop and nurture it...." This applies very well to most Services and of course to Design based product sectors like Automobile, Aviation, and Electronics.

In "10 pillars of world class companies" by **Success Network International, USA**, Two of the 10 pillars mentioned are Communication and Leadership. On communication they assert, "One definition of Business is a network of communication against a background of relationship. Great companies operate with exceptional communication. They tell the truth with compassion. They create more light than heat. All communication-Internal & external – is honest, clear and on purpose".

On leadership it goes on "No Company can excel and endure without strong, committed leadership. And when leadership is available at all levels, magical things happen. Great Companies are result of excellent leadership that is not dependent upon personalities, but rather on principles, values, and convictions"

Jim Collins (2001) asks the question in his book '**Good to Great**', 'Can a good company become a great company and if so, how?' Besides adopting hedgehog concept in which company sticks to what it knows best, making the transition from good to great doesn't require a high-profile CEO, the latest technology, innovative change management, or even a fine-tuned business strategy. At the heart of those rare and truly great companies was a

corporate culture that rigorously found and promoted disciplined people to think and act in a disciplined manner.

Leadership style Typology of S. Hart

Organization Leadership style can be identified as closer to any of 5 choices (rows) below that best describe your organization’s leadership style

Choice ↓	Type	Style	Role of top Management	Role of organization Members
A	Rational	Analytical	Boss (evaluate & Control)	Subordinate (follow the System)
B	Command	Imperial Driven by leader or a Small team	Commander (Provide direction)	Soldier (obey orders)
C	Symbolic	Cultural Driven by mission & vision of future	Coach (motivates & inspire)	Player (responds to challenge)
D	Transactive	Procedural Driven by internal process and mutual adjustment	Facilitator (Empower & Enable)	Participant (learn & improve)
E	Generative	Organic Driven by organizational actors’ initiative	Sponsor (Endorse & Sponsor)	Entrepreneur (experiment & take risk)

It describes how various organization members play role in the process (**Hart & Banbury, 1994**).

In above developed typology, **Hart** identified 5 leadership strategies. For example, in choice ‘A’ (row) the type of leadership is Rational, the style of leadership is imperial and in such setting the Boss plays role of commander and other members of follower. It is a typical old style of organization that is often used by patriarchal type of owners

Strategy Modes that involve the whole organization are likely to produce more effective strategies than those who do not. **Hart** also points out that particular mode lead to particular performance output. The rational mode with emphasis on decision control can be associated with financial performance and profitability, while transactive mode which is more consultative and incremental can be related to quality and social responsibility.

As organizations become large and complex the strategy-making processes must match that complexity with more people involved in the process. **Ansoff (1987)** termed this as 'Requisite Variety Hypothesis'.

Organization Strategic style: Miles & Snow

(**Miles & Snow, 1978**) presented 4 types of organization:

A) Prospector B) Defender C) Analyzer D) Reactor

A prospector organization is better placed to meet future challenges in fluid environment since these continually search for market opportunities. 'Analyzers' are organizations which operate in two types of product-market domains, one relatively stable, the other changing. In their stable areas, these organizations operate routinely and efficiently through use of formalized structures and processes. In their more turbulent areas, top managers watch their competitors closely for new ideas, and then rapidly adopt those which appear to be the most promising. The type D is highly undesirable type.

Rockart (1982) defined Critical Success factors or CSFs as those few areas of activity in which favorable results are necessary for a particular manager to reach his or her goals. As for business, **Rockart** specified that CSFs are the limited number of areas in which results, if they are satisfactory, will ensure successful competitive performance for the organization.

They are the few areas where 'things must go right' for the business to flourish. If results in these areas are not adequate, the organization's efforts for the period will be less than defined. In view of author the CSFs are those which are vital to ensure successful operations and competitive advantage. For example a Mini steel Mill using steel scrap as raw material should have well developed system for importing quality melting scrap at reasonable prices and should have adequate line of credit/funds for this. For a garment retailing chain quickly replenishing designs/apparels moving fast in stores is critical success factor. For retailers leasing out prime locations for stores is a critical success factor.

The definition of excellence in business means remaining ahead of competition and using best practices. It means to sustain growth of the firm strategically to acquire higher capabilities in terms of production facilities, strategic global marketing or procurements, or acquiring newer technology. More often than not it is difficult to achieve organically.

That leaves us to produce new solutions and Mergers and Acquisitions (M&A) in the context of strategic partnership is the most prominent way of solution to keep pace with the company's competitive conditions and changing market for Globalization (**Akgobek, 2012**).

Two companies that are recognized as among the best at making successful acquisitions are General Electric and Cisco Systems. These companies have been star performers in growing shareholder value. The core principal that runs through almost every acquisition is integration.

In words of **Sun Microsystems** Executive Vice President of Corporate Development and Alliances, **Brian Sutphin** sharing his views on inorganic growth strategies, including mergers, acquisitions, and strategic partnership, acquisitions are one means of bringing to a company the innovation that 'happens elsewhere'. 'But it's important to emphasize that acquisitions complement Sun's organic efforts, they are not a substitute for them. They are also a great way of adding new talent to the company. One criterion that applies to every acquisition, however, is the quality of the people' which factor most often is cause for failures of M&A

The above review suggests areas for us to focus to study factors that determine excellence in business. The criteria selected were empirically tested in a sample of 75 top performing Indian listed companies.

Research Methodology and Sampling

The sample companies were selected from 55 important sectors of economy by using sample frame of NSE500 Index listed companies on National Stock exchange. These reflect 95% of total market capitalization in India. The selection from list was made through 5 point criteria of filtration and then internal comparison of financially best performing companies in each sector. Overall a purposive sample of 75 companies was selected that represent best companies in India.

Various factors of excellence and best practices of business that are used in modern successful global organizations were identified through extensive global literature survey

Filtering criteria for sample companies in India:

- Edelweiss score below 5 removed (fundamentally weak company)
- Turn over/ employee below 20 lacs removed (low labor productivity)
- EPS below 3 On FV 10 removed (Low returns on share)
- EV/EBIDTA <3 and >25 removed (extreme cases of EV/EBIDTA ratio)
- RONW below 15% removed (Low returns on equity capital)
- Sales and profit growth negative values removed (Loss making company if any)

Edelweiss score (Edelweiss India) represents fundamental strength of companies on their 5 criteria including latest sales and profit growth

Data were sorted by 3 years performance of 2008, 2009, and 2010 ending March. Finally the latest performance up to Q3 of 2011-2012 was also checked before starting analysis.

Foreign owned MNCs were not included in sample since the global MNCs were used as benchmarks to identify various business excellence practices.

This paper presents part of research carried out on factors determining excellence in business. The various responses were collected through questionnaire administered by email/post and follow-up pan-India field visits of surveyors. Survey was conducted between October 2011 and March 2012.

The Determinants of Excellence:

Leadership, communication, and organization strategy

The question asked was: Your organization is closer to a-

A) Multi layered, Formal structured, centralized and Complex with written rules and written Communication system

B) Slim, less complex, decentralized and less formalized in terms of supervision & autonomy

C) Somewhere between A & B with dual communication- written and verbal.

The summary of responses are given in Table 1

Table: 1 Organization Type

L0		
L0	Frequency	Percent
-	25	33.33
A	31	41.33
B	9	12.00
C	10	13.33

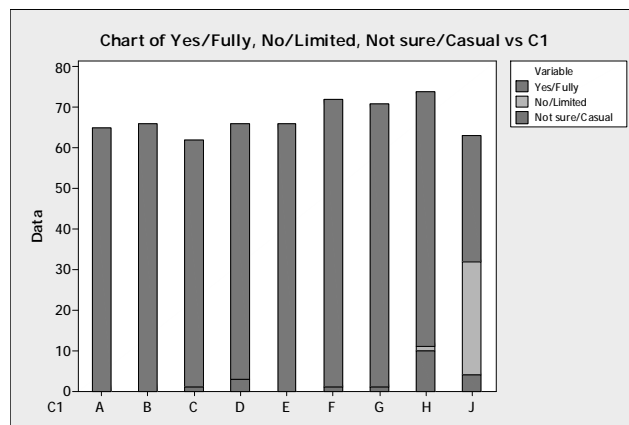
Here, we are getting that most of companies are closer to Multi layered, Formal structured, Centralized and Complex with written rules and written communication system. A good 1/3rd can't decide how they are organised. Only 13 % companies have slim, agile, and fast response organization structure. Most of them have bureaucratic structure with written communications in place.

Leadership Type and organization values:

The questions asked:

- A. Do you think your organization has a Strong committed and dominating leader at top?
- B. Do you think your organization has a strong organization/work culture that employees can identify with?
- C. Has your organization been able to develop strong identifiable Core values?
- D. Do you think your organization has something that drives customer loyalty and the customers easily identify themselves with your organization
- E. Do you think your lower rank employees know about company goals and challenges?
- F. Does your organization have multi-task teams?
- G. Does your organization have Non-bureaucratic open communication system?
- H. Does your organization have Outstanding or Cutting edge Status in one or more business practices (for example Delivery time, Core patented technology, Key industry experts on rolls such as a noted cardiac surgeon in a hospital)?
- I. Has the company empowered sales staff for customer related decisions? Y/N/Limited
- J. From below distribution in Fig 1, we see that there is strong awareness about top leadership, delegation, and open communication. However, the sales force empowerment is limited.

Fig 1: Leadership and Communication responses Bar Chart



Majority of companies have reported that they have a strong central leadership.

Two factors have emerged as strong organizational features in Indian companies:

1. Use of multi-task teams, and
2. Increasing awareness about Non bureaucratic open communication system.

This is in line with modern practices of Human resource management in leading MNC organizations.

Leadership, Communication, and organization style:

The summary chart of Responses from Companies on Hart’s typology is given in Table 2 below:

Table 2 Organization leadership Style

Empirical testing of Hart (1992) Organisational leadership Model								
Choice	Resp type	Resp	Style	Resp	Role top Managmnt	Resp	Role of Orgz membs	Resp
A	1 Rational	35	Analytical	15	Boss	4	Subordinate	9
B	2 Command	4	Imperial	9	Commander	24	Soldier	2
C	Symbolic	15	Cultural	16	Coach	15	Player	24
D	Transactive	9	Procedural	13	Facilitatir	17	Participant	18
E	Generative		Organic	9	Sponsor	7	Entrepreneur	9

Only 3 companies picked one choice (entire row like A or E) from 5 choices created in Typology. Majority have picked their own pattern of various parameters. The most dominant pattern that comes out is that the leadership Type is Rational. The style of leadership is Analytical or cultural (driven by Vision and Mission of future).The top management plays role of Commander (Provide direction) or as facilitator (Empower & enable).Organization members are either acting as players (responding to challenges) or act as Participants (learn & improve). The situation is far from satisfactory. Either managers in Indian companies are not keen on Leadership and organization development or are confused as to role of leadership in influencing goals and actions for meeting environmental, competitive, and future challenges. Certainly it is not fit for innovation.

Organization's strategic style

The organization's strategic style is closer to one of following: (The style vis-à-vis interaction with and handling of external Business environment)

A) Prospector B) Defender C) Analyzer D) Reactor

The responses received on organization type proposed by Miles & Snow are given below in Table 3.

Table 3: Organization Strategic Style

L2		
L2	Frequency	Percent
-	7	9.33
A	28	37.33
B	10	13.33
C	18	24.00
D	12	16.00

Looking on frequency distribution above, we can say that most of organizations strategic style is closer to prospector followed by analyzer (Total 62 %). This is a good sign.

The strategic style of organizations (**Miles & Snow, 1978**) consists of 'prospector' 37% and 'analyzers' 24%, rest being 'defenders' and 'reactors'.

Growth strategies adopted by organizations

Organization strategies adopted for growth, profitability, and competitiveness in recent years (In last 5 years):

In following table 4, frequency distribution is given for organization Growth strategies adopted by sample companies.

Table 4: Strategies for organization growth

Organization Strategies	Frequency
Capacity expansion	37
Market share increase	37
Price competitiveness	35
Leadership Development & Training	35
Brand Promotion	32
Customer Delight and Loyalty management	28

Managerial empowerment and training	27
Innovation Promotion & Management	27
New customers acquisition	26
Reducing Time to Market	23
Innovative financial resourcing	18
Developing Core competencies	18
New product launches	16
Mass Production	16
Brands acquisition	16
Automation (operations)	16
Modular Customized production	15
Innovative supply chains	15
Diversification	14
Product mix enrichment	14
Value added products	14
State of Art technology acquisition	14
R&D and patents	13
Financial restructuring;	13
Made to Stock	10
Organization restructuring	10
Overseas marketing	9
Strategic global alliances	8
Outsourcing production	7
Decentralization and autonomy	5
Automation(marketing)	3
Debt management	2
Consumer research	0

The top three are most commonly used strategies by organizations globally. R&D expenditure and patents and strategic global alliances need focus as these are weak points in path to globalization. No company reported consumer research as a strategic tool for growth and profitability. Of course, the companies are using multiple strategies from the above list.

Vision for Industry leadership and Brand ranking:

The respondents were asked if they have set vision for attaining global and domestic leadership in their industry and where do they think their flagship brands stand in domestic and global markets, respectively. The summary of responses are given below.

Already Achieved Globally :	0	0%
Already Achieved India :	6	8%
Vision for Top 5 Globally :	19	25%
Vision for Top 5 India :	29	38%
Domestic Brand Status :	33	44%
Global Brand status :	3	4%

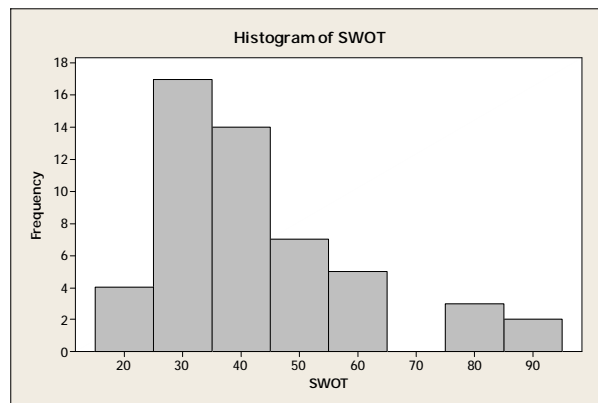
A look at above statistics and pattern in table indicate that Indian companies are far from being world class and very small numbers of these have set any vision for global leadership. Unless the company has strong leadership at top driven by Vision and Organization culture, it is difficult to achieve and sustain excellence.

Vulnerability Perception of Companies

The summary of scores given by companies regarding their vulnerability to environmental threats on a scale of 0 (NIL) -100 (Worst) are statistically compiled and presented below in Fig 2.

Variable	N	N*	Mean	SE Mean	St Dev	Minimum	Q1	Median	Q3	Maximum value
	52	0	42.50	2.43	17.50	20.00	30.00	40.00	50.00	90.00

Fig 2: SWOT Perception of Companies Frequency Diagram



It is good to note that Indian companies have lower threat perception i.e. below 50 on a scale of 0-100. It may also be due to relatively high protection provided in Indian policy regulations and Indian markets. As seen in Growth strategies section, Indian companies have taken several steps including expansion of facilities for economies of scale, competitive pricing, value added products and overseas operations directly or through M&A route.

Key Success Factors:

The question was asked to various sample companies as to what they think were key success factors for their business. A wide range of factors were mentioned by various companies. These were different for most of the companies. Hence one can conclude that each company determines its own business model and lays down key success factors which determine its profitable operations, growth and sustainability goals.

It is not possible to standardize a few key success factors that can be followed across companies as a uniform and common practice.

The summary of responses received is given in table 5 below:

Table 5: Key success factors and number of responses

Product design and pricing	1
Integrated service from design to after sales service	1
Aggressive Advertising	1
Collaborations	1
Economies of scale	1
Visionary leadership at top	1
Vision and mission well communicated	1
New products	2
Product range/portfolio	2
Strong & old Brands	2
Technology and ITES	2
Globalization of operations	2

Distribution network and segmentation	3
Time to market reduction	3
Pioneering company	3
R&D & product Innovation	4
Employee training and empowerment	4
High quality products	4
Competitive pricing	4
Quality Service	5
Product differentiation/ diversification	8
Customer focus & customer loyalty	9

Obviously emphasis of companies is on marketing related factors.

Winning strategies carried out in last 10 Years:

The companies were asked to identify any winning strategies they devised in last 10 year period that gave them significant competitive advantage or changed rules of the game in their Industry.

The responses by sample companies are summarized below:

Services sector companies

HCL Info systems Ltd	Outstanding Human resource practices
Shopper Stop Ltd	Factory assembled and modular plants Repeat customers due to high satisfaction
Spicejet	Introduced low cost fares
Mahindra Holidays	Quality Service & Hospitality Product/resorts
Cox & Kings	Competitive pricing Good after sales service
Everonn Education	Technology Innovation in Education & Training
TCS	Outstanding Human resource practices
ICICI Bank Ltd	Personal Finance Management

Tata Power	Aiming always for highest possible standards
Oberoi realty Ltd	Contemporary Architecture Strong Project Implementation High Quality Construction
Kovai Medical Centre	Latest developments in Medical Science
Bharti Airtel	Building strong Brands
Eclerx Services	Strong services Portfolio
<u>Manufacturing Sector Companies:</u>	
TTK health Care	JV with Sara lee/SSL/Eva
Tube Investment	Innovation
L&T	Durability of products Quick decision making Rapport with OEMs
Coromandal International	Market Share Analysis
Jayshree Tea	Fast response to market situations (Commodity)
Sintex Industries	Made significant capital investment after thorough Demand analysis
Indian Oil	Revamped Distribution Network & Filling stations
Pidilite Industries	Value added products marketing strategy
Tata chemicals	Value chain concept Corporate Governance
Tin Plate Company (Tata)	Adopting Green purchase policy
Cadilla Healthcare	Focus on anti-hypertension drugs Patents & new product launches
Dabur India	Building Strong Brands

This question was asked to companies to bring out if these top performing organizations had any winning strategies that put them in leading position in their industry and changed the rules of games. However, results are not encouraging. In fact none of the companies has reported such gains. The careful analyses of contents above show that organizations do adopt strategies, but these can't be called game changing strategies making them qualify for innovative organizations. Perhaps the strategies mentioned by Indian Oil and that of Spice jet come somewhat closer to such winning strategies.

Winning strategies are those measures that are innovative and give significant competitive advantage to the adopter which is difficult to follow quickly and which alters the business model of that industry. **Deccan Airlines** brought innovative pricing strategies of low cost flying and free seats, but could they succeed in long term? Winning strategies are often adopted by world class companies which hit the nail direct on head of nearest or major competitors. A winning strategy should generate fresh demand from consumers or outdo competitors catching them on back foot.

What the companies think about excellence in Business?

According to respondent companies the practices that determine excellence in business are. Item given in brackets is related focus area.

Manufacturing sector:

BHEL (Power Equipment) - Support continuous change effectively (Kaizen)

Motivation of employees (HRM)

Shree Renuka (Sugar): Customer satisfaction is measured regularly for improvements (Customer satisfaction)

Eicher Motors (Tractors): Implement new ideas frequently (Innovation orientation)

Hindustan Zinc (Non Ferrous): Integrated Aluminum Strategy & Multiple Brownfield Expansion (Expansion)

Maharashtra Seamless (Pipes and steel sheets): Leadership development & Training; Talent Spotting (HRM)

Dabur India (Herbal products, FMCG): High Quality (product Quality)

Ranbaxy Lab (Pharma): Sustained Operational & Strategic synergies (strategy)

Cadilla Healthcare (Pharma): Top quality products (product quality)

Carborundum Univ (Abrasives): (customer satisfaction)

Voltas Ltd (Air conditioning): Product & service quality (product quality)

Uflex Ltd (Plastic packaging): Product quality (product quality)

Systematic Channel distribution (SCM)

Reduce order lead time (World class parameter)

Sesa Goa (Mining ores): Flexible and flat organization (Decision Making & Response time)

Spice Mobility (Telecom equipment): Top product quality (Product Quality)

Tin Plate Co. (Steel Mills): Ethics & values

Tata Chemicals (Essential life chemicals): High ethics & Moral standards (ethics & value); High standards of performance (World class parameters)

Hindalco (Non Ferrous metals): Setting reasonable targets (achievable goals)

Pidilite Industries (Adhesives): Creative marketing

Tata Steel (Steel plants): TQM Model

Indian Oil (Refineries): Commitment to Vision

Havels India (Electric goods): Trust & Self devotion to excellence (HRM)

Jain irrigation (Pipes, sprinklers): High product quality (product quality)

Mahindra & Mahindra (Automobiles, diversified): Low cost High quality Strategy (Competitiveness)

Bajaj Auto (Automobiles): High exports share (Global competitiveness); Market segmentation & Product portfolio like Premium, executive and Economy mobikes.

Elgi Equipment (compressors equipment): Leadership (HRM)
Product Quality

Fedders Lloyd (Air conditioning; engineering): Stretching goals with support of management (employee productivity)

Crompton Greaves (Electric goods, Transformers): Internal communication & Employee engagement (HRM)

MRF (Tyres & Sports goods): Clear communication.

Tata Motors (Automobiles): Self devotion & trust to excellence (HRM)
International product designs (global markets)

Jayshree tea (Tea): Preferred supplier to key customers (Customer Loyalty)

Bharat Electronics (Electronics equipment): Corporate goals communication (HRM)

Coromondal International (Fertilisers): Competitiveness benchmarking (Strategy)

Dr Reddy's Lab (Pharma): Technology & leadership (HRM)

SRF Ltd (Textiles & Fibres): Quality audit of suppliers (ISO 9001)

Oil India (Petroleum): Trust; Quality (Product Quality)

NRB Bearings (Engineering bearings): Product & Service quality; Customer satisfaction

UltraTech Cement (Cement): Product Quality; A low lead time (World class parameter)

Symphony Ltd (Coolers): Employee productivity (Productivity)

Rane madras (Auto components OEM supplier): Point of need movement of employee (world class parameter)

Asian paints (Paints & Chemicals): Aim to be Global leader at 5th position (World class parameter)

L&T (Engineering/ Diversified): Self devotion & Trust (HRM)

Hindustan Liver (FMCG): Strong Brand Portfolio straddling entire consumer Pyramid;

Market segmentation and Branding (Marketing)

Siyaram Silk Mills (Textiles): Employee productivity (Productivity)

Tube Investments (Precision tubes/Cycles): Communication; TQM; Innovation & Research (TQM)

TTK Healthcare (Pharma/Food products): Product quality

Services sector:

Bajaj Finserve (Financing): Right direction & Vision of company (Strategy)

Eclerx Services (ITES): Risk Management & Customer value

Glodyne Technoserve (Software): Top service quality.

Infosys (Software): Deep commitment to TQM

Bharti Airtel (Telecommunication): Customer satisfaction measurement

Kovai Medical Centre (Research Hospital): High Skill Company in Oncology

ICICI Bank (Banking): One stop bank for financial solutions (Mission)

Tata Power (Power utility): Power distribution management

Integrity & responsibility (Business Ethics)

Oberoi Realty (Real estate): Timely delivery (World class parameter)

Product quality

Hindustan Media (Multi-Media): Internal Communication; Work environment

Sun TV Network (Media): Internal communication; Stretching goals with support

TCS (Software): Top service quality (Customer Satisfaction)

PNB (Banking): Open communication & interactive management style

IL& FS Transport Network (Infrastructure): Trust, Self devotion & Participation (HRM)

Everonn (Education): Vision of becoming global player; Innovation

Cox & Kings (Travel): Flexible fast response organization

Deccan Chronicle (Print Media): Talent retention; T&D (HRM)

Mahindra Holidays & Resorts (Timeshare/Hotels): Effective & aggressive marketing (Marketing)

Spice jet (Aviation): Low cost operator (Competitiveness)

Axis Bank (Banking): Service Quality

Shoppers stop (Retail): Variety of products

Importance to customers

HCL Info systems (Computers): Top service quality

Only three companies in sample believe that adopting an independent Excellence model results in excellence like, using EFQM/ CII-EXIM award model.

Mergers & Acquisitions

The question was asked to companies about M&A carried out by them in recent years. The responses are summarized in below table 6 and Table 7

Table 6: Merger/Acquisitions

Mergers carried out	Frequency	Percent
Missing	28	37.33
No	27	36
Yes	20	26.67

Table 7 Number of M&A entered by companies

Mergers count	Frequency	Percent
Missing	27	36
0	26	34.67
1	6	8
2	3	4
3	7	9.33
4	5	6.67
5	1	1.33

We can see that M&A is not so popular in Indian sample companies. The maximum number of Mergers/Acquisitions done by any company is 5. Only 30% companies have reported any M&A. 36% respondents did not answer these questions.

CONCLUSIONS

This paper has presented a part of research conducted in sample of top performing listed companies in India. A sample of 75 companies was drawn to study various aspects of business excellence. Relatively less researched areas are focused here. These include Leadership qualities, importance of leadership at multiple levels, Leadership style,

Communication, importance of vision for industry leadership, brand ranking, and the critical success factors.

Successful and best-in-class companies employ winning strategies that gives them significant competitive advantage in creating value for customers and improving business performance. Many times these strategies turn out to be game changing for the entire industry in which firm operates. The importance of above determinants of business excellence was tested in our sample companies.

It comes out that Indian companies have taken several steps post liberalization since 1991. The firms have adopted multi-tasking teams. The need for strong core values, strong leadership, and customer loyalty are well recognized by firms. However, the sales force empowerment is low. Majority of organizations have a formal bureaucratic control structure. The typology developed by **Hart** for leadership style could not be validated in Indian companies. There is mixed type of roles found for boss and subordinates in organizations. It is important that various levels in organization are involved and leadership is developed across the organization to make a flexible, innovative, and world class organization. The organization type is either prospector or analyzers. A prospector type of organizations is best suited for achieving excellence and innovator status.

Very few organizations (25%) have set vision for attaining global leadership, within top 5. Unless high vision is set and has clear direction, people will not commit to better and different ways of working.

Winning strategies are those strategies that change the rules of game in the specific industry giving at least mid-term advantage to the firm. However, it is seen that not many significant strategies are reported by firms. It is not so easy and not frequent, anyway. But to achieve excellence firms should focus on creating value for customers and devise some winning strategy.

The perception of excellence practices in Indian companies is quite diverse and companies have reported focus on human resource development, customer satisfaction, product quality, TQM and cost competitiveness. Wide variety of processes used for achieving excellence collaborate the complexities of the concept of excellence and several approaches that are available to firms. The results are slow and tedious for such measures.

The Indian firms have reported low level of mergers/acquisitions carried out for strategic inorganic growth to meet global challenges. Companies have to move on from achieving the best to thinking of what next, to become innovative. As regards environmental threat, on average, the sample companies which are top performers have lower threat perception.

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Change : In fact, people themselves are responsible for making the status quo so resistant to change. We are trapped by our own behavior.

Chris Argyris

ENHANCEMENT OF TRAINING AND SUPPORT FOR NICHE MARKETING OF SSI PRODUCTS: GOVERNMENT INITIATIVES AND OUTCOMES

Dr. Sushil Kumar Singh¹

ABSTRACT

Liberalization of markets have created enormous amount of pressures in every sectors of economy organization are making dire efforts in order to cope and find suitable markets for the products. In this scenario it is really getting difficult by the Small Producers to find and develop suitable markets for their products . Big Corporate Giants with their Multi Star Ambassadors and heavy Advertising Budgets are engulfing the Market Clientele and thus little scope is left with the Small Scale Producers for finding appropriate niche for their Products . Consequently To gather the momentum for the growth and development of Small Scale Sector the Government of India has set up various Organization such as Small Industries Development Organization, National Small Industries Corporation, Small Industries Development Bank of India, these organization are helping SSI Producers through their various policy related to marketing of products such as

Participation in the International Exhibitions/ Fairs, Marketing Development Assistance Scheme for MSME Exporters (MSME-MDA), Internal Marketing Programme, Training Programmes on Packaging for Exports,)National Awards for Quality Products etc.,

Through this paper the author has tried to make an effort to peep into the ongoing developmental initiatives taken forth by this Govt. Organization for giving an impetus to the Produce of Small Growers to find its markets and consumers in the Economically Liberal India.

Key Words: Small Scale Industries, Liberalisation, Economy, SSI Products, Market, Consumers, Training, Assistance

INTRODUCTION:

Marketing is essentially an entrepreneurial function, yet in today's economic liberalisation period institutional support is needed to the SSIs in this area as they are now facing challenges in marketing their goods and services because of intense competition from the transnational and multinational companies. Small Industries Development Organisation (SIDO), National Small Industries Corporation (NSIC), therefore, have been acting as a

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facilitator to promote SSIs, to bear the onslaughts of such an open economy. SIDO and NSIC have over a period, devised a number of innovative programmes for the support of SSIs in the field of marketing, both in and outside the country. In the post- Independence period, government and its agencies, have been the largest buyers of the various types of products and services and NSIC has been trying to act as a nodal agency to bring SMEs closure to the various government purchasing agencies, with the intention of creating confidence in the purchasing agencies about SMEs, and their capabilities to supply goods and services of requisite quality, economic prices and adherence to agreed delivery schedules.

In today's world, marketing is much more than mere selling. Small enterprises can hardly match the advertising support or distribution reach of a large corporation. In India, small units sell best in limited or neighbourhood markets or when they are meeting a low volume specialised demand which no large player can effectively cater to. Increasingly, now, the endeavour is to build the marketing activity of small units around their competitive advantage i.e., product which are labour intensive items which cater to niche markets, low volume high margin products, sub assembly tasks, outsourcing jobs and ancillarisation. Sub contracting exchanges are being established through Government and Industry Associations to promote such interface. After sales service for imported products, AMCs on electronic equipment, reverse engineering (to the extent that it is WTO compatible) are other areas being encouraged.

Activities, such as, brand building, sustaining loss leaders, extension of product portfolio, nationwide advertising, huge sales force, competing with large scale imports are tasks best left to large players. Small enterprises in India are realizing that the term "marketing" perhaps implies different things to different people. For new start ups, head on competition with established giants makes little sense. A better mouse trap does not, ipso facto, lead to increased sales and more profits.

The capability of Indian Micro, Small, Medium Enterprises (MSME) products to compete in international markets is reflected in its share of about 34% in national exports. In case of items like readymade garments, leather goods, processed foods, engineering items, the performance has been commendable both in terms of value and their share within the MSME sector, while in some cases, like sports goods they account for 100% share to the total exports of the sector. In view of this, export promotion from the small-scale sector has been accorded high priority in India's export promotion strategy which includes simplification of procedures, incentives of higher production of exports, preferential treatments to MSMEs in the market development fund, simplification of duty drawback rules, etc. Products of MSME exporters are displayed in international exhibitions free of cost under Small Industries Development Organisation (SIDO) Umbrella abroad.

SIDO Schemes for Marketing of Products of Small-Scale Industries:

Small Industries Development Organisation (SIDO) has provided various schemes for product marketing of small-scale industries. With a view to rendering assistance to small-scale units in the field of exploring market potential, export promotion and exhibitional publicity, the schemes being implemented are (i) participation in the international exhibitions/fairs, (ii) marketing development assistance scheme for MSME exporters (MSME-MDA), (iii) training programmes on packaging for exports, and (iv) national award for quality products.

(i) Participation in the International Exhibitions/ Fairs: Office of the Development Commissioner (Small Scale Industries) is participating in some of the selected International Exhibitions/ Fairs since 1985. It is purely a promotional scheme to give exposure to the products of small-scale units, which, otherwise, are not in a position to participate in the exhibitions/fairs at their own cost. Under the scheme, exhibits of the selected export-worthy units are displayed in the exhibition that provides an opportunity to MSME units in demonstrating their capabilities before the international community. On an average, this office has been participating in 8-10 International Exhibitions/ Fairs abroad every year and 200 MSME units have been benefitted. With a view to increasing participations of representatives of participating units, the provisions of MSME-MDA scheme are: (i) Govt. of India will reimburse 75% of air fare by economy class subject to upper limit of Rs. 40,000/- (Rs. 60,000/- for Latin American Countries) for small manufacturing enterprises and 90% (with corresponding absolute ceiling) for Micro manufacturing enterprises, (ii) 60% subsidy on space rent, (iii) subsidy of Rs. 15,000/- per participating unit for meeting the shipping cost of exhibits, (iv) total subsidy on air fare, space rent and shipping cost of exhibits will be restricted to Rs. 1.25 lac per unit for manufacturing enterprises and Rs. 1.50 lac for Micro manufacturing enterprises or actual, whichever is less, (v) any unit can avail of this facility only once a year, and only one person of the participating unit would be eligible for the subsidy on air fare, and (vi) booking of 6 sq. meter is allowed but the airfare subsidy would be proportionately reduced.

Thus, Government of India will reimburse the 75% (to small scale entrepreneurs) and 90% (to Micro manufacturing enterprises) of cost of economy class air fare (to and fro) to one representative of participating MSME/ Micro units, in addition to, 60% subsidy on space rental charges plus Rs. 15,000/- subsidy on shipping cost of exhibits for display are also available.

(ii) Marketing Development Assistance Scheme for MSME Exporters (MSME-MDA): This scheme is currently operated by the Ministry of Commerce with a view to encouraging exporters (including SSI exporters) to access and develop overseas markets. The

scheme offers funding for participations in international fairs, study tours abroad, trade delegations, publicity, etc. Direct assistance under MDA for small-scale units is given for individual sales-cum-study tours, participation in fairs/ exhibitions and publicity. SIDBI operates a scheme of direct assistance for financing activities relating to marketing of SSI products.

The Office of Development Commissioner (SSIs) has an existing scheme for participation in international fairs, whereby SSI entrepreneurs are encouraged to display their products at international exhibitions abroad. SIDO provides exhibition space and shipment of exhibits ex-Mumbai free of cost for this purpose.

As part of the comprehensive policy package for promotion and development of SSIs announced on 30th August 2000, it was decided that the Small Industries Development Organisation should have a Market Development Assistance (MDA) scheme similar to the one obtaining in the Ministry of Commerce. It should be a Plan Scheme. In pursuance of the above announcement and in recognition of the fact that: (i) SSI exporters need to be encouraged in their efforts at tapping and developing overseas markets; and (ii) SIDO's participation in international fair, if coupled with the presence of actual exporters, would lead to substantial increase in export business. It has been decided to operate a new scheme called SSI Exporters Market Development Assistance (SSI-MDA) Scheme.

The scheme to be operated in addition to the existing SIDO scheme for participation in international fairs will cover all activities for which direct assistance is given under the existing MDA scheme of the Ministry of Commerce. In addition, the scheme would also provide for financial assistance for commissioning market study reports and for initiating/contesting anti-dumping cases. The scheme came into operation 30 August 2001. As per this scheme assistance to individual exporters would be made available by way of reimbursement of to and fro air fare within permissible limits. Registered SSI units seeking such assistance may approach the office of DC (SSI) through FIEO/EPCs/SSI associations. Under this scheme (i) 90% of cost of return, ticket by economy class subject to an upper ceiling of Rs. 60,000/- (Rs. 90,000/- for Latin American Countries) and in case excursion fare is cheaper than economy class fare, the excursion fare will be considered, and (ii) 25% of the cost of production of publicity material limited to Rs. 15,000/- in a financial year are being provided.

Besides, financial assistance for the conduct of market studies would be available for industry associations/EPCs/FIEO. These should be sector specific and in respect of those sectors where SSIs have a significant presence. This will include studies commissioned by industry associations to assess impact of WTO agreements on a specific sector. The office of

DC (SSI) may also commission such studies independently under this scheme. Assistance for commissioned studies would be limited to an overall ceiling of Rs. 2 lac per study.

With the opening up of the economy, the use of unfair trade practices has come into sharper focus. Establishing the use of unfair trade practices such as dumping requires much groundwork. Assistance for initiating/contesting anti-dumping cases will therefore be made available to SSI associations. Such assistance would be limited to 50% of total costs involved or Rs. 1 lac whichever is less.

With a view to increasing participation of representatives of participating units, the provision of MSME-MDA Scheme has been modified recently. The major changes in the earlier scheme are: (i) The Government of India will reimburse the 75% of air fare by economy class subject to upper limit of Rs. 40,000/- (60,000/- for Latin American Countries) for small manufacturing enterprises and 90% for Micro manufacturing enterprises. (ii) 60% subsidy on space rent. (iii) Subsidy of Rs.15, 000/- per participating unit for the shipping cost of exhibits. (iv) The total subsidy on air fare, space rent and shipping cost of exhibits will be restricted to Rs. 1.25 lacs per unit for manufacturing enterprises and Rs. 1.50 lacs for Micro manufacturing enterprises or actual, whichever is less. (v) Any unit can avail of this facility only once a year and (vi) Only one person of the participating unit would be eligible for subsidy on air fare.

In addition, the scheme also provides for financial assistance upto Rs. 2.00 lacs for commissioning specific market studies and assistance for initiating/ contesting anti-dumping cases is available to MSME Association limited to 50% of the total cost of Rs. 1.00 lac whichever is less. Provision of reimbursement of 75% of one-time registration fee paid to GS1 India by MSME unit for adoption of Bar Coding (w.e.f. 1st January, 2002). To avail financial assistance under the scheme, application may be sent along with requisite documents etc.

(iii) Training Programmes on Packaging for Exports: India faces formidable hurdle in meeting and matching the packaging requirements of her exportable products in the markets abroad. Role of packaging for exports has gained much significance in view of trends in the world markets. The need for better and scientific packaging for exports from small sector was recognised long back. With a view to acquaint MSME Exporters of the latest packaging standards, techniques etc. training programmes on packaging for exports are organized in various parts of the country. The main objective of scheme is to generate much needed consciousness in the industry about the packaging problems of MSME exporters and to educate the entrepreneurs about the latest packaging techniques and designs of the packaging. These programmes on packaging for exports are conducted since 1979 by all the

field institutes in collaboration with Indian Institute of packaging and GSI India (formerly EAN India). The programme is of One, Two, and Three days duration and 20 to 35 existing and potential entrepreneurs have been participating in each of programmes. As per instruction of IF Wing, only 50-60% (20% in NE region and J&K) of the total cost of the programmes are recovered from the participation fee. 20-25 programmes are being conducted every year throughout the country.

(iv) National Awards for Quality Products: With a view to encouraging the small-scale units for producing quality goods, National Awards for Quality Products are given to the outstanding small-scale units, who have made significant contribution for improving quality of their products. The scheme is being operated since 1986. Winners of National Awards get a Trophy, a Certificate and a Cash Prize of Rs. 25,000/- (\$ 559.6) National Awards encourages Small-Scale industries units to produce quality goods which further enables them to enter into export market. The objectives of the scheme are:

- i. To encourage small-scale industries to produce quality products conforming to national and international standards.
- ii. To propagate a culture of quality consciousness amongst a vast section of small-scale manufacturing units.
- iii. To instill a sense of confidence of small industry products in the minds of the domestic consumers and enhance the image of Indian products in export market.

These awards are given on the basis of recommendation by the State/ UT Level Selection Committee and the final selection by the National level Selection Committee for every calendar year.

NSIC Schemes for Marketing of Products of Small-Scale Industries:

The National Small Industries Corporation also provides diversified marketing support in order to reach multi-product, multi-client and multi-locational markets and has adopted multi-pronged approach to effectively serve the marketing needs of the small-scale sector. The Corporation also provides certain scarce indigenous as well as imported raw materials by inculcating high quality control consciousness while providing marketing support to this vibrant sector of the economy. The objectives of the internal marketing programme of NSIC are as under:

- To ensure fair margin to producers of goods.
- To ensure standardisation and quality control, and make provision for testing facilities.
- To introduce a common brand name

- To give publicity to small industries products
- To upgrade technology by supplying modern, sophisticated machinery and equipment
- To make available to the consumer, quality goods at fair prices
- Consortia Approach

(i) Internal Marketing Programme: In its Internal Marketing Programme, the NSIC has, since 1976, adopted a consortia approach in which small units producing the same products are associated in the form of a consortium. The Corporation explores markets and secures orders for bulk quantities. The orders are framed out to small units in tune with their production capacity. Testing facilities are provided or arranged to enable the units to improve and maintain the quality of their products and supply them conforming to the standard specification. The corporation also supplies balancing equipment, wherever needed. It undertakes discounting of bills, wherever necessary, and releases 80-85% payment upon receipt of proof of dispatch.

(ii) Tender Marketing: The Corporation is also participating in bulk tender enquiries of Central and State Government, Public Sector Enterprises on behalf of the small-scale units. Under this programme the Corporation is identifying large number of items for which it actively participates in tenders of these Department and Corporations.

On receipt of the orders, Corporation farms out these orders to the units on whose behalf it has quoted and gets the item made under its own supervision and supplies them to the buying agencies ensuring timely delivery and quality of products. This assistance has enabled a large number of small units to compete for the orders which are normally out of reach of the individual units because of bulk requirements.

It is aimed at assisting SSIs with the ability to manufacture quality products but which lack brand equity and credibility or have limited financial capabilities.

The benefits to these (SSI) units are:

- i. SSIs provided with all requisite financial support depending upon the units individual requirements like purchase of raw material and financing of sale bills.
- ii. Enhanced business volume helps SSIs achieve maximum capacity utilisation.
- iii. SSIs are exempted from depositing earnest money.
- iv. SSIs helped to participate in large global tender upto its capacity and capability.

- v. SSIs assisted technically equality up-gradation and new product development in addition to testing facility.
- vi. Ensures fair margin to SSIs for their production.
- vii. Publicity to small industries products.
- viii. Production of quality products from the SSI sector.

(iii) Integrated Marketing Support Programme: NSIC has been operating an integrated marketing support programme in which bills pertaining to supplies made by small-scale units to eligible purchasers are discounted by NSIC upto a certain specified limit. The scheme has been introduced with a view to mitigate the problem of delayed payment by buyers against suppliers made by small-scale units.

(iv) Marketing Development Centres - NIC Shoppe: The NSIC has taken up establishment of Marketing Development Centres in the country as part of its internal marketing programmes. The centres have been conceived to:-

- i. Play a catalytic role in providing exposure to the products of small-scale units throughout the country and assist in their direct and in-direct marketing,
- ii. Provide permanent show-room facilities for display of small industries products and
- iii. Create consumer confidence in the products of small-scale industries, enhance their acceptability through standardisation and quality improvement and create a brand image.

The Marketing Development Centres, known as NIC Shoppe offer an unprecedented opportunity not only for exposure of small industries' products but also for their retail sale, whole sale, distribution, tender marketing and export. The Centres are intended to market on all- India basis as well as export a wide range of products, consumer durables, electronics, builder's hardware, etc. The Marketing Development Centres are being setup in principal towns all over the country. This concept can further be expanded to cover marketing of industrial machinery in the future.

(v) Exports through NSIC: NSIC assist small scale industries to market their products in the International Market and has adopted a single window assistance approach for export of small industries products abroad. NSIC's services to its export associates comprises of the following:

- i. To obtain enquiries, specification and samples through its indenting agents, participations in exhibitions, trade fairs, and buyer-seller meets and visits to foreign countries, and to pass them on to the small scale unit.

- ii. To assist small scale units in the development of counter samples and to dispatch them for approval of the foreign buyers.
- iii. To negotiate contracts with the foreign buyers and farm them out to small-scale units.
- iv. To attend to the entire export documentation work.
- v. To pay 80% of the value on proof of dispatch of goods.
- vi. To arrange import of raw materials, wherever necessary.
- vii. To finance and supply balancing machinery for modernization, expansion and testing, wherever necessary.
- viii. To monitor production, inspect the products for quality and specifications and arrange to export.
- ix. To negotiate documents through normal banking channels with the overseas buyers.
- x. To arrange deferred payment credit facility from EXIM Bank in respect of such buyers where deferred payment credit facility is extended.

Balance of payment, after recovering its service charges varying generally from 2.5% to 3% depending upon the value of the order, interest and other bank charges, is released to the export units on realization of the payments from foreign buyers. The products which are presently exported by NSIC are: (i) Non-ferrous Builders' Hardware, (ii) Industrial Machinery, (iii) Brass Components, Brass Handicrafts, (iv) Industrial Fasteners, (v) Locks and Padlocks, (vi) Ready-Made Garments including Knitwears, (vii) Machine Tools, Hand Tools, Hand Gloves, (viii) Diesel Engines, (ix) Sanitary and Bathroom Fittings, (x) Sport Goods, and (xi) Leather Goods, etc.

The NSIC is exporting small industries products to several developed countries like USA, UK, West Germany, Canada, Holland, etc. The major items of export to these countries are non-traditional goods. As a strategy to promote exports of appropriate technology capital goods and support services and wide range of products manufactured by the small-scale sector, the Corporation is participating both in national and international exports, buyer-seller meets and trade fairs, etc. The approach adopted by the Corporations has had a big impact and resulted in considerable demands from large number of countries thus opening up vast international markets to this sector.

(vi) Special Export Efforts: NSIC has also developed linkages with U.N. System Organisation all over the world for boosting exports to these international agencies. It has already compiled two rosters of Potential Suppliers of Goods and Services from India to U.N. System of Organization all over the world, which enable India to increase its share in the

purchases of these international agencies from 1.65% to 3.45% and India emerged on top as supplier amongst developing countries. It participates in a number of International Exhibitions and Trade Fairs around the globe every year.

(vii) Exhibition/ Trade Fairs and Buyer Seller Meet: The products of the small-scale sector are displayed in specified Trade Fairs/ Exhibitions free of charge. Inquiries, specifications and samples received directly or through its specified indenting agent are passed on to the concerned small scale units for development and final offer. NSIC assists units to do costing and pricing for International markets and also assists them by providing technical information.

(viii) Absorption of Marketing overheads and Export Promotion: NSIC also assists the small-scale sector by providing assistance in negotiations with the overseas buyers by sending samples and for subsequent correspondence for procuring export orders as its cost.

(ix) Raw Material Assistance Programme: The export orders received by the Corporation are passed over to the concerned associate units for shipment. For such orders NSIC also provides raw materials assistance at concessional rates of interest as notified by Reserve Bank of India within specified norms and conditions of the corporation.

(x) Assistance under Leasing for Technology Up-gradation: Small-scale units which require technology up-gradation for executive export orders are considered on priority by NSIC for providing necessary machines, etc. under our leasing scheme.

(xi) Preshipment Advances: NSIC also provides upto 80% of the invoice value on proof of dispatch, as preshipment advances at Reserve Bank of India notified rate of interest.

(xii) Assistance for Shipping: NSIC also assists small-scale units in making shipments and assists them to prepare all related / shipping documents.

(xiii) Export Incentive: All export benefits are claimed and passed onto the export units without any deduction or else NSIC gives the option to units claims the benefits themselves.

(xiv) Export Documentation: All export documentation with respect to shipping, claiming incentives, negotiations of documents and post shipment activities are done entirely by NSIC and the unit need not register itself with other export related agencies.

(xv) Assistance for Project Export: NSIC also exports Small Industries Projects with emphasis on relevant technology to Developing Countries. Project formulation is carried

out in house by NSIC and plant machinery is supplied from quality manufactures after due inspection.

(xvi) Stores Purchase Programme: The Government is the largest single buyer of a variety of goods, and with a view to increase the share of purchases from small-scale sector, the Government Stores Purchase Programme was launched in 1955-56. The rationale of launching this programme is to direct Government purchases in favour of small industries, which will give tremendous boost to the marketing of their quality products and in the process, they will be oriented to produce goods in conformity with the standards laid down by the buying agencies.

One of the important elements of the Government Store Purchase Programme is the registration of unit by NSIC as eligible to execute Government orders. The scheme has been in operation since 1956, which was modified in 1976 and came to be known as the 'Single Point Registration Scheme' with a view to do away with the multiplicity of registration with individual purchase organisations. The units registered with the corporation for participation in government purchase programme are considered at or with individual purchase organisations and derive all the benefits like free supply of tender forms, exemption from payment of earnest money, security deposits, etc.

Initially, the Programme was started with Directorate General of Supplies and Disposals. The Ministry of Supply laid down a procedure for purchase of stores from small-scale industries. The role of National Small Industries Corporations (NSIC), in securing for them a large share of Government orders, was also spelt out. The items of stores than textiles items reserved for purchase from the Handloom Sector required by the Central Government departments are categorised under 2 broad heads, viz., (i) those reserved for exclusive purchase from KVIC/ Women's Development Corporations / Small-Scale Sector Units, and (ii) other not so reserved.

The first category would comprise the cases where the demand can be fully met by the KVIC/Women's Development Corporations / Small-Scale Sector Units or any combination of these sectors and such items of stores would be reserved for exclusive purchase from them. There are 350 items reserved for exclusive purchase from the small-scale sector continue to be so reserved for KVIC/ Women's Development Corporations/ small-scale sector units.

The eligible small-scale units are registered under the Single Point Registration Scheme of NSIC as component to execute Government Orders. A provision has also been made for extension of preferential purchase policy in respect of small-scale industries to all Central and State Government Departments and Public Sector Enterprises, (i) in terms of

purchases from small scale sector as per reservation, (ii) identification of new products made in the small scale sector for purchase and enlarging the number of suppliers, (iii) effective recognition of the Single Point Registration Scheme of NSIC, (iv) exempting units enlisted under the Scheme from payment of earnest money, fee for tender documents and security deposits, and (vi) prompt payment to small-scale units.

SIDBI Schemes for Marketing of Products of Small-Scale Industries:

The Small Industries Development Bank of India (SIDBI) also provides marketing assistance to small-scale industrial unit. The objectives of SIDBI to marketing assistance for small-scale enterprises are to: (i) providing financial assistance to small-scale units to undertaking various activities necessary to increase their sales turnover in the domestic and exports markets, (ii) financing corporate entities to enable them to provide support services and / or infrastructural facilities to small scale sector to improve its marketing capabilities.

Small-scale units can get the benefit of the scheme, but before getting the benefit, borrower would be fulfilling the eligible criteria of the scheme. The eligible criteria for getting assistance of schemes are: (i) existing small-scale units in the SSI sector with a good track record and sound financial position are eligible for assistance under the scheme. New units could also be considered on a selective basis, (ii) specialized organisations incorporated as corporate entities and providing marketing assistance, infrastructure and support services to industrial concerns in the small-scale sector.

Marketing assistance for SSI units, under the scheme may be availed of for undertaking various marketing related activities: (i) marketing research, (ii) Research and Development, product up-gradation and standardisation, (iii) preparation of strategic marketing plan, (iv) advertising, branding, catalogue preparation and production of audio-visual aids, etc., (v) participation in trade fairs and exhibitions, undertaking sales promotion tours, etc., (vi) establishing distribution network including showroom / retail outlets and warehousing facilities, (vii) training of personnel in activities relevant to marketing etc.

Marketing assistance schemes of SIDBI are as follows:

1. For setting up new showrooms and / or renovation of existing showrooms for marketing predominantly for small-scale, cottage, and village enterprise products. Such showrooms could be set up within the country or abroad.
2. Development of infrastructure like permanent exhibition centres, industrial parks e.g. garment and software parks, marketing emporia, design and fashion forecasting studios, auction houses (say for floriculture products), and container depots and container freight stations and trade centres (within India and abroad). Such

infrastructural projects should largely benefit the small-scale, cottage and village industries.

3. Setting up of facilities for providing marketing support to SSI units, e.g. data bank, libraries, internet services, etc.
4. Any other activity directed towards promoting the marketing of SSI products in domestic or international markets.

Marketing Fund for Women (MFW): The SIDBI also provide marketing assistance to women. The assistance under the fund is available to women entrepreneurs and organisation involved in marketing of products manufactured by women entrepreneurs to increase their reach, both in domestic and international markets.

The eligible criteria for getting assistance of scheme are (i) small-scale units managed by women entrepreneurs, (ii) marketing related services providers organisations / units in the corporate / co-operatives / NGO sectors which are providing support services like internet, trade related information, advertising, marketing research, warehousing, common testing centres, etc. to enterprises owned and managed by the women.

Development Assistance: Besides providing financial assistance, SIDBI could also consider, on a selective basis, developmental assistance by way of soft loans / grants for organising group activities and programmes such as trade fairs, exhibitions, buyer-seller meets, seminars, workshops and training programmes, etc. to promote marketing of products manufactured by women entrepreneurs.

CONCLUDING OBSERVATIONS:

Small Industries Development Organisation has provided various schemes for product marketing of small-scale industries, such as, (i) participation in the international exhibitions/ fairs, (ii) marketing development assistance scheme for MSME exporters (MSME-MDA), (iii) training programmes on packaging for exports, and (iv) national awards for quality products.

The National Small Industries Corporation (NSIC) provides diversified marketing support in order to reach multi-product, multi-client and multi-locational markets and has adopted multi-pronged approach to effectively serve the marketing needs of the small-scale sector. The corporation also provides certain scarce indigenous as well as imported raw materials by inculcating high quality control consciousness, while providing marketing support to this vibrant sector of the economy.

The Small Industries Development Bank of India (SIDBI) also provides marketing assistance to small-scale industrial unit. The objectives of SIDBI to marketing assistance for small-scale enterprises are: (i) providing financial assistance to small-scale units to undertake various activities necessary to increase their sales turnover in the domestic and exports markets, (ii) financing corporate entities to enable them to provide support services and / or infrastructural facilities to small scale sector to improve its marketing capabilities.

The SIDBI also provides marketing assistance to women. The assistance under the scheme is available to women entrepreneurs and organisation involved in marketing of products manufactured by women entrepreneurs to increase their reach, both in domestic and international markets. Besides providing financial assistance, SIDBI could also consider, on a selective basis, developmental assistance by way of soft loans / grants for organising group activities and programmes, such as, trade fairs, exhibitions, buyer-seller meets, seminars, workshops and training programmes, etc. to promote marketing of products manufactured by women entrepreneurs

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"TAKE RISKS IN YOUR LIFE"

If you Win, You can Lead!

If you Loose, You can Guide!

- Swami Vivekanand

PERSPECTIVES OF INTERNAL MARKETING

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ABSTRACT

This paper highlights the perspectives of internal marketing in present situations. It is used as a philosophy for managing the firm's human resources based on a marketing perspective to build internal competencies for external success. Internal marketing refers to all the actions that an organization has to perform in order to develop, train and motivate its employees, so to enhance the quality of the services provided to its customers. Internal marketing includes inter-functional coordination and integration, customer orientation, marketing-like approach, job satisfaction, empowerment, stake-holder's motivation, quality of service, stake-holder's development, vision of the firm, strategic rewards, internal communication, senior leadership, training and development and understanding and differentiation.

Internal marketing is a process that occurs within a company or organization whereby the functional process aligns, motivates and empowers employees at all management levels to deliver a satisfying customer experience. Over recent years internal marketing has increasingly been integrated with employer branding, and employer brand management, which strives to build stronger links between the employee brand experience and customer brand experience. The internal marketing contributes to services companies' success through its role in developing customer orientation among employees, leading to a consistently high level of customer service quality.

Internal marketing act as part of the marketing strategy with the employee's themselves whom are termed internal customers. To prepare, retrain and equip professionals to work as analysts HR providing a systemic and comprehensive vision of its strategic role in the company, valuing the role of HR manager as a critical success factor in business enterprises by adjusting the concepts of marketing to human resources management. Internal marketing also enhances the productivity of the employees and improves customers' satisfaction which increases earnings. Internal marketing is the task of successfully recruiting, educating and motivating employees so as to perfect customer service, It is not logical to expect perfect services from an organization, whose employees are not ready to provide such services.

Keywords : Internal Marketing, Elements of Internal Marketing, Benefits of Internal Marketing, Problems of Internal Marketing, Example of Internal Marketing.

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INTRODUCTION :

Internal marketing is inward facing marketing. Internal marketing is used by marketers to motivate all functions to satisfy customers. With internal marketing the marketer is really extending and developing the foundations of marketing such as the marketing concept, the exchange process and customer satisfaction to internal customers.

Internal customers would be anybody involved in delivering value to the final customer. This will include internal functions within business with which marketing people interact including research and development, production/operations/Logistics, human resources, IT and customer services.¹

The concept of internal customers, belonging to internal marketing and referring to the employees of the organization, can be taken in the human resources marketing as focus of the specific processes to achieve the predetermined HR objectives:

Internal marketing act as part of the marketing strategy with the employee's themselves whom are termed internal customers. It is used as a philosophy for managing the firm's human resources based on a marketing perspective to build internal competencies for external success. Internal marketing refers to all the actions that an organization has to perform in order to develop, train and motivate its employees, so to enhance the quality of the services provided to its customers. Internal marketing includes inter-functional coordination and integration, customer orientation, marketing-like approach, job satisfaction, empowerment, stake-holder's motivation, quality of service, stake-holder's development, vision of the firm, strategic rewards, internal communication, senior leadership, training and development and understanding and differentiation.

DEFINITIONS :

Rafiq & Ahmed (1998) define as, "A planned effort using a marketing-like approach to overcome organisational resistance to change and to align, motivate and inter-functionally coordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees".

According to Burkitt and Zealley, "The challenge for internal marketing is not only to get the right messages across, but to embed them in such a way that they both change and reinforce employee behavior. The task for internal marketing isn't just to obtain the right messages across, but to embed them in a way they both change and reinforce worker behaviour".

From various literature reviews, the constructs are inter-functional coordination and integration, customer orientation, marketing-like approach, job satisfaction, empowerment, stake-holder’s motivation, quality of service, stake-holder’s development, vision of the firm, strategic rewards, internal communication, senior leadership, training and development and understanding and differentiation.

Internal marketing (IM) is a process that occurs within a company or organization whereby the functional process aligns, motivates and empowers employees at all management levels to deliver a satisfying customer experience.

Over recent years internal marketing has increasingly been integrated with employer branding, and employer brand management, which strives to build stronger links between the employee brand experience and customer brand experience.

KEY CONCEPTS :

Key concepts of internal marketing include:

- Practicing participative employing: that’s including current employees while employing new employees.
- Making certain equitable recognition and reward: business must exercise worker recognition with reward as to the worker has accomplished.
- Showing justness throughout hard occasions: fair management of employees when dealing with hard occasions and hard moments like dying from the near family people. This is often accomplished by putting aside emergency cash.
- Good organization structure that enables learning, total quality management and re-engineering.

INTERNAL MARKETING ELEMENTS :



Source :<http://www.incentivecentral.org>

As shown above, the six best practice elements are related to and supportive of an overall IM initiative.

1. **Senior Management Participation:** Leadership initiative, support and/or buy-in are vital for the success of any internal marketing initiative. Major change will come from the top down, inspiring employees to follow what their company leaders truly believe in.
2. **Integrated Organizational Structure:** IM should encompass all employees in a company. Using a horizontally integrated management or process structure enables all functions and levels to be involved in a collaborative decision-making process.
3. **Strategic Marketing Approach:** Best practice companies take a formal approach to internal marketing by applying research and planning processes as well as tools and techniques similar to those used in external marketing programs.
4. **Human Resources Partnership:** The human resources function provides a vital role in developing strategies that synchronize with internal marketing and business development.
5. **Focus on Employee Engagement:** Creating an efficient and collaborative work environment where employees feel involved and motivated is critical to the success of internal marketing. Focus is on positive reinforcement of proactive work.
6. **Internal Brand Communication:** Best practice companies communicate the brand promise to employees across the most relevant channels and then motivate employees to deliver on that promise to all levels of customers.

Gummesson (1991) identified following elements of internal marketing:

- Internal Communication
- Training
- Education
- Information

Rafiq and Ahmed (1993) described the elements of internal elements as Employee motivation and satisfaction, Customer orientation and customer satisfaction, Inter-functional co-ordination and integration, Marketing-like approach and implementation of specific corporate or functional strategies

Foreman and Money (1995) discussed Attraction, Recruitment and Retention as elements of internal marketing.

According to Saad et al. (2002), The elements of internal marketing includes Physical environment, Staffing, selection and succession, Inter-functional coordination and Incentive systems³

BENEFITS OF INTERNAL MARKETING :

There are many advantages of internal marketing. These advantages vary with the nature of the business that firms are in. Internal marketing has a strong impact on the customer satisfaction in service industries

- Helps non-marketing staff to learn and be able to perform their tasks in a marketing-like manner;
- Periodic evaluation of employee performance.
- Improves customer retention and individual employee development;
- Integrates business culture, structure, human resources management, vision and strategy with the employees' professional and social needs;
- Creates good coordination and cooperation among departments of the business.⁴

PROBLEMS OF INTERNAL MARKETING :

The following are the problems affecting effective implementation of internal marketing.

- Ignoring and not listening to subordinate staff.
- The tendency of ignoring employees' importance and treating them like any other tools of the business.
- Unnecessary protection of information against employees.
- Rigid organisational structure coupled by bureaucratic leadership hinders success of internal Marketing.⁵

ROLE OF INTERNAL MARKETING :

Internal marketing is distinct from internal communications, as the latter tends to be a one-way, top-down flow of information primarily concerned with ensuring that staff have the relevant information to do their jobs correctly.

Once the objectives have been decided, the next step is the same as with any external marketing campaign: get to grips with the needs of the marketplace - and that requires market research. This needs to extend way beyond conducting simple employee attitude surveys, and is essentially about acquiring an in-depth knowledge of the issues important to staff. Face-to-face interviews are the best way to understand their perspective on matters.

Project managers are increasingly focused on resource, schedule and deliverables, and they too see internal marketing as a really effective way of enabling their projects.

The HR manager should have a clear understanding of what they are trying to achieve. They also need to understand the audience and how it breaks down, and must then be able to put a team together that has the relevant experience to build a proper program.⁶

INTERNAL MARKETING TACTICS :

- Measure Employee Awareness and Satisfaction
- Create an internal advisory board that positions top performers as internal consultants on new marketing messages or HR issues.
- Provide brochure racks to educate employees and visitors. Stock it with relevant information about services, employee publications, relevant market information and financial results.
- Publicize HR efforts in a quarterly status report that recaps each initiative's business case, strategic alignment and associated measurements and then summarize the status of every major project.
- Designate someone to be in charge of organizational change or someone who knows how to connect with the people.
- Consider adding internal and external brand related metrics to employee evaluation programs.
- Gift certificates
- Identify experienced staff members to dedicate a portion of their time to internal marketing communications.
- Word-of-mouth
- Bulletin Boards
- Graphics and banners posted around the organization or in your department (visual aids throughout the building).
- Website
- Monthly report to department heads
- Obtain a marketing or public relations mentor.

- Videotape testimonials from employees to share with new employees during the orientation program.
- Take someone to lunch and build some relationships.
- Establish internal marketing and HR communication vehicles to discuss what one another is doing.
- Facilitate “Relationship Sessions” with other departments to discuss similarities, differences and how you can better serve one another.
- Develop special “How to” reports for your managers⁷

EXAMPLE :

One of Dupaco Community Credit Union’s more successful marketing campaigns targeted an often-overlooked demographic: its own employees. The Iowa credit union (\$942M, Dubuque, IA) invested heavily in developing a program to strengthen customer service skills in all its workers by promoting the company’s philosophies with internal marketing.

“It’s a lot of work. It took a lot of time,” says Amy Wickham, assistant vice president of marketing communications for Dupaco. “But the cost pays off hundreds of times what you put into it.”

The Challenge :

Dupaco Community Credit Union wanted to ensure its new employees, many of whom were in their first job out of college, had the frontline interpersonal skills that were on par with its more veteran workers. Some of the employees lacked professional body language and confident handshaking skills and Dupaco wanted to energize and empower them, The need was getting new employees up to speed with strong positive help from experienced members, we wanted to strengthen their greeting, following up and getting to know members on a personal level. We want the new member to be greeted well.”

The Strategy :

Internal marketing is strategy that empowers employees and promotes the firm to them as if they were the customers. In 2008, Dupaco CEO Robert Hoefler wanted to get newer frontline staff up to speed and developed an idea for an internal marketing campaign that would improve customer relations. The goal was to engage current members and make potential new members feel welcome enough to join. He’s very passionate about employees and helping members, He wanted to get our new employees up to speed.

Dupaco formed a committee to work on the campaign and worked with consultants, starting with a boilerplate internal marketing format that they tailored for their credit union's employees.

The Launch :

Dupaco Credit Union launched a 90-day training course two years ago under the mantra "Know. Show. Grow." that's aimed at new employees. It's on boarding program starts with employees receiving a "Welcome Aboard" packet in the mail, complete with Dupaco merchandise, and a training schedule.

Then, the credit union holds a one-day course that even current employees are required to take, with more experienced employees sharing their knowledge, stories and tips with new workers.

It's a good opportunity for older employees to step up and say what they've learned, It reinforces the message of the course.

The staff training is then refined through ongoing staff communications, with internal group emails several times a week describing the latest example of how the Dupaco experience has affected member or employee. For example, an email may describe how an employee helped a member who was struggling with not qualifying for a loan.

The Results :

After the training program was established, Dupaco nearly doubled its assets and grew membership by more than 21% to now more than 62,578 in less than four years by turning its marketing campaign inward to target employees. The credit union's assets have nearly doubled from 2007 to just shy of \$1 billion in the second quarter of 2011, according to Callahan & Associates' Peer-to-Peer data.

"While other financial institutions are struggling, we're doing really well," Wickham says. "We're at the point now where we're ready to add some cross-selling courses, but keeping in line with the Dupaco experience. It's a great experience. We want to drive it home that we really have a mission and the mission is to make member life better. People are excited about it.

"It's reenergized employees. It's empowered employees. They're looking to help members who come in the door now. We're getting stories everyday of people moving their accounts – it's really exciting."

CONCLUSION :

Research findings support a multidimensional operationalization of internal marketing. Holistic tests indicate that internal marketing on an interpersonal level is associated with satisfied and higher performing distribution center employees and increased interdepartmental customer orientation.

Marketing efforts can offer firms a greater competitive advantage by overtly stimulating the impact of frontline logistics employees on customer value creation. In such a situation, internal marketing becomes the strategy of choice in both service and product support contexts.¹⁰

Internal marketing also enhances the productivity of the employees and improves customers' satisfaction which increases earnings. Internal marketing is the task of successfully recruiting, educating and motivating employees so as to perfect customer service, It is not logical to expect perfect services from an organization, whose employees are not ready to provide such services

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A CONCEPTUAL STUDY ON HR IN SPECIAL REFERENCE TO INFORMATION SYSTEM (HRIS)

Tanuja Jain¹

ABSTRACT

In the present globalized era the environmental changes took place very frequently. So if an organization wants to compete in the cut throat competition they have to cope up with these changes. In the past several decades, technology has had a dramatic impact on human resource management (HRM) processes and practices. For example, technology, especially the World Wide Web, has helped modify many HR processes including human resource planning, recruitment, selection, performance management, work flow, and compensation. These new systems have enabled HR professionals to provide better service to all of their stakeholders (e.g. Customers, Shareholders, Suppliers, Government, Employees etc) and reduced the administrative burden in the field. Despite the widespread use of these systems, there has been a surprising dearth of theory and research on the topic. As a result, the purpose of this special issue is to (a) Human Resource Information System, (b) advance theory and research on human resource management systems (HRMS) and electronic human resource management (eHRM), and (c) Enhance the effectiveness of these systems in organizations. As a result, this article reviews the evolution of HRIS and provides a brief overview of the existing literature, and introduces the article in the special issue.

“HRIS is a management system designed specifically to provide managers with information to make HR decisions.” In the present vast knowledge economy information is power. For efficient management of human assets, HR professional requires accurate and timely data on Recruitment & Selection, Training and Development, Human Resource Planning etc so the aim of paper is to present a conceptual knowledge of HRIS and to explore the impact of information system on HR performance.

Key words:-HRM, HRIS, eHRM, HRMS, Stakeholders

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INTRODUCTION :

Since the emergence of the internet throughout the world around 1995, many business functions have been transformed. After dealing with accounting, finance and marketing, many companies are shifted their attentions to find a better way of monitoring their Human Resource Management (HRM). Many companies are transforming their HRM functions from manual workflow to computerized workflow. Computers have made the tasks of analyzing the tremendous amount of human resource data into a simple task. Computer hardware, software and data base help organizations maintain and retrieve human resource better and simpler. According to Gara (2001) and Walker (1982), a Human Resource Information System (HRIS) will help organizations “ keep an accurate , complete, updated data base that can be retrieve when needed from reports and manuals. ” Then Tannenbaum (1990) defines an HRIS as a system that will acquire, store, manipulate, analyze, retrieve and distribute information about an organization’s human resources. Kavanagh et al. (1990) defined HRIS as “ a system used to acquire, store, manipulate, analyze, retrieve and distribute information about an organization’s human resources. An HRIS is not simply computer hardware and associated HR-related software. Although an HRIS includes hardware and software, it also includes people, forms, policies and procedures and data”.

HRIS is a key management tool which collects, maintain, analyses and reports information on people and jobs. It is a system because it integrates all the relevant data, which otherwise might have been lying in a fragmented and scattered way at various points ion the larger system; converts this data in to meaningful conclusions or information and makes it accessible to the persons, who need it for their decisions. It is a concept which utilizes the development of Information Technology for effective management of the HR functions and applications. HRIS helps organizations in managing all HR information. It helps in recoding and analyzing employees and organizational information and documents, such as employee handbook, emergency evacuation and safety procedures.

The nature of HRIS varies among organizations in relation to their size. In small organizations, it tends to be informal whereas in large organizations, it is more formal and coordinated. Lengnick-Hall and Moritz prompt HRIS to be implemented at three different levels:

- The publishing of information
- The automation of transactions
- Transformation of HR into a strategic partner with the line business

HRIS – Why it is needed ?

- Storing information and data for each individual employee.
- Providing a basis for planning, decision making, controlling and other human resource functions.
- Meeting daily transactional requirements such as marking absent and present and granting leave.
- Supplying data and submitting returns to government and other statutory agencies.
- Building organizational capabilities.
- Job design and organizational structure.
- Increasing size of workforce.
- Technological advances
- Computerized information system
- Changes in legal environment

COMPONENTS OF HRIS :

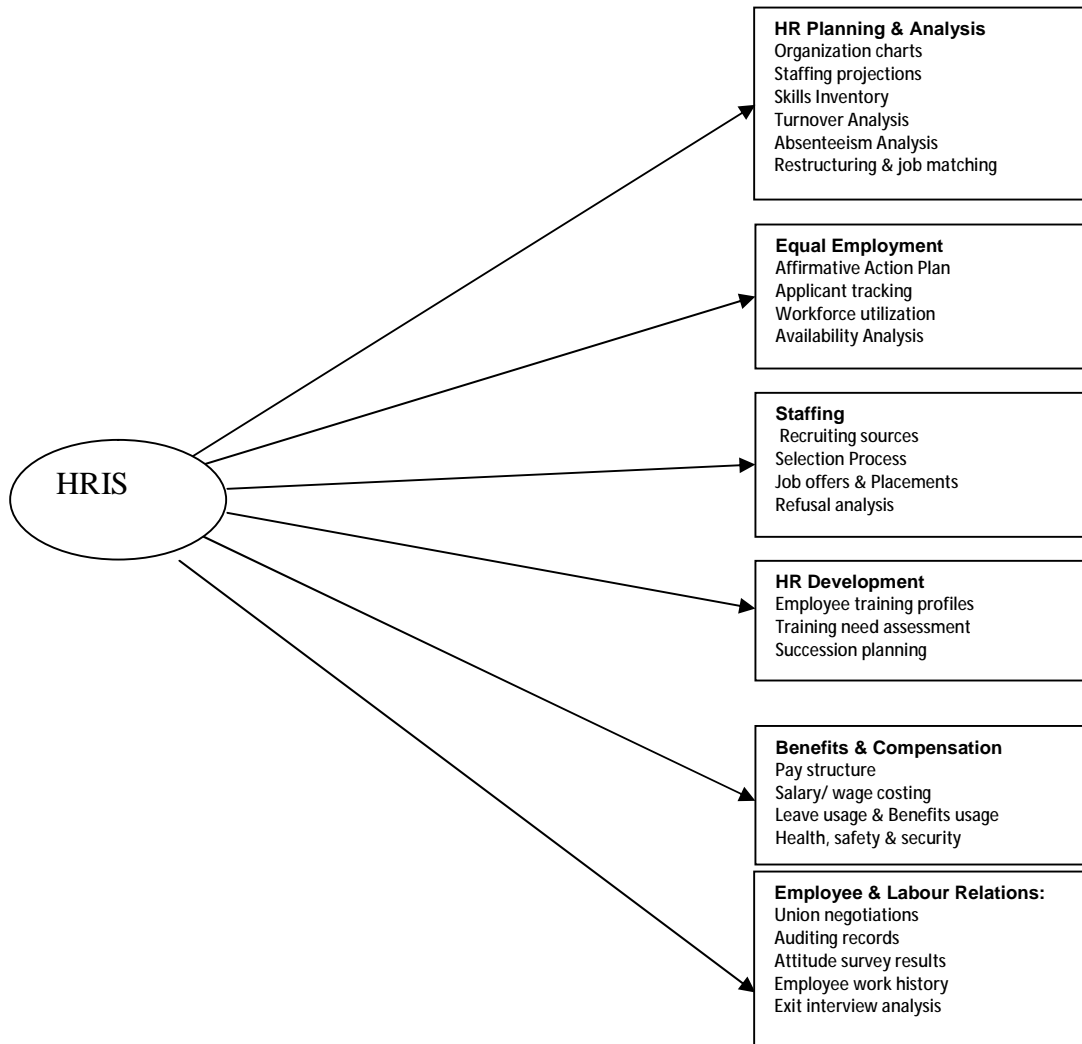
There are three major functional components of HRIS :

- Input function – It enters personnel information into the HRIS. Data entry in the past had been one way, but today, scanning technology permits scanning and storage of actual image of an original document, including signatures and handwritten notes.
- Maintenance function – It updates and adds new data to the database after data have been entered into the HRIS.
- Output function – It is the most visible function of HRIS. In order to generate valuable output for computer users, HRIS processes output, makes necessary calculations and formats the presentation.
- It should be noted that most important elements of HRIS are not the computers, rather, the information. So, the components of HRIS should support validity, reliability and utility of information.

HRIS APPLICATIONS AND UTILITIES :

1. **Personnel administration** - It will encompass information about each employee, such as name address, personal details etc.
2. **Salary administration** - Salary review procedure are important function of HRM, a good HRIS system must be able to perform what if analysis and present the reports Of changes.
3. **Leave and absence recording** — Essentially be able to provide comprehensive method of controlling leave/absences.
4. **Skill inventory** - It is also used to store record of acquired skills and monitor the skill database both employee and organisational level.
5. **Performance appraisal** — The system should record individual employee performance, appraisal data, such as due date of appraisal, scores etc.
6. **Human resource planning** — HRIS should record details of the organisational requirements in terms of positions
7. **Recruitment** — Record details of recruitment activities such as cost and method of recruitment and time to fill the position etc.
8. **Career planning** - System must be able to provide with succession plans reports to identify which employee have been earmarked for which position.
9. **Collective bargaining** — A computer terminal can be positioned in the conference room linked to database. This will expedite negotiations by readily providing up to date data based on facts and figures and not feelings and fictions.

THE HRIS MODEL :



CONTRIBUTE VALUES TO HR THROUGH HRIS: HRIS serves two major purposes in organizations:

1. HR ADMINISTRATIVE AND OPERATIONAL ROLE: The first purpose of an HRIS is to improve the efficiency with which data on employees and HR activities is compiled. Many HR activities can be performed more efficiently and with less paperwork if automated.

2. HR STRATEGIC ROLE: The second purpose of an HRIS is more strategic and related to HR planning. Having accessible data enables HR planning and managerial decision

making to be based to a greater degree on information rather than relying on managerial perception and intuition.

HRIS IMPLEMENTATION Implementing anything is part of project Management. Implementing HRIS in organization is a big activity which require support of many stakeholders such functional, HRIT S, IT Vendor and project manager. Implementation can be divided into given below parts.

- Need Analysis.
- Vendor Selection.
- Process Mapping and complete data gathering.
- Creation/Deployment of HRIS application in Test server.
- Testing by sample users.
- Pre-deployment training to users.
- Deployment of HRIS in production.
- Post Training and Support.
- Feedback.

Benefits of HRIS

When the administrative tasks and processes of any human resources department become overwhelmed, the most appropriate solution would be to implement the human resources information system. Common administrative functions that involve filling reports and completing paperwork take up a lot of time of the human resource department and this is where the HRIS comes in. Many businesses nowadays are now realizing the importance of HRIS and using the software to increase the efficiency of the whole company. The following are some of the major benefits of HRIS.

1. Improves productivity

The HRIS systems assist in enhancing both the productivity and workflow of the human resource department. This is because, all the data is usually collected and placed in a central database. This is very beneficial since data is going to be very easily retrieved from the database.

2. Saves time

Through reducing the total amount of time spent on the administrative functions, human resource employees are able to focus on other essential duties. For example, they can carry out other productive functions like creating presentations, training staff members, succession planning and recruiting since they have enough time due to the HRIS system.

3. Improves communication with the employees

HRIS creates a database that each employee has access to and thus you will be able to communicate better with your employees through the network. It also has email scheduling capabilities that make it very efficient in terms of assigning jobs to various employees in a very short period of time.

4. Creates self-service options

Due to the fact that all the relevant information concerning the company or business is placed in one large database, the employees can be able to access useful information without having to spend a lot of time going from one office to the next. At the same time, it is very easy to update the information in the database for proper administration.

The only disadvantage is that important data concerning your company might be stolen particularly nowadays where there is a great increase in cyber crime.

The challenges of inducting an HRIS software include:

Selecting right HRIS vendor: The selection of software vendor is the most critical of all the decisions. A successful ERP vendor is not always the best provider of an HR solution. A vendor with experience of developing most of the solutions related to human resource, whether in the personnel or talent management domains or other processes associated with HR, offers a better choice. And if such a vendor has the strength of utilizing latest technology & a vision to perceive the future needs of HR fraternity, he may rate the highest on the scale. Mere branding of the products does not necessarily mean quality, though it does carry a higher price tag. Moreover, a vendor providing complex solutions, for which special skills may be needed for initial data entry, maintenance & creation of management reports, need not be rated high. If an HRIS software can not configure the existing workflows in an organization and wants the user to adapt to the Vendor HR processes, it is likely to be heavy both on training time & costs and may also gather resistance to its usage at the grass root level. A dedicated and customer oriented vendor will move a mile extra to map all client processes on his solution and indicate well in advance the extent of customization required. He may even introduce a set of best practices provided by his solution but leave their adoption to the client. A good HRIS vendor is conscious of the cost but always sells quality.

Onus of responsibility – There is a misconception that introduction of HRIS can relieve HR Manager of all responsibilities. To large extent, HRIS can free up HR Manager from transactional tasks. However, it also brings with it a new set of responsibilities to ensure that the software is being used and implemented correctly. The onus of co-operating with the software vendor and ensuring successful deployment lies with the client HR manager.

Over expectations – Due to overstress on the benefits of HRIS software, partially by the media and partially by the marketing departments of software vendors, organizations have developed larger-than-life expectations from the software solutions. When the solutions are unable to deliver these over-expectations, the clients tend to lose confidence in the vendors. The only way out is either pre-sales discussions or a clear statement of user expectations in the form of a Request for Proposal (RFP) document, to which the vendor responds as per the strengths of his solution, including the additional effort required for customization, if the same is technically feasible.

Resistance to change – Employees at the client location are attitudinally inclined to use only the existing system. They enjoy the loopholes in the processes, moreso the inability of a manual system to track progress. Therefore, they offer great resistance to change, especially if the change calls for the acquisition of new skills by the employee. Their resistance to change leads to lack of enthusiasm and co-operation in successfully implementing software systems. The onus of responsibility for change management lies entirely with the client, but some vendors do offer HR consultancy as a supplement to their solutions.

Training Requirements – HRIS software may have a completely new interface, large number of functions and specially configured workflows. It may demand users to exhibit some level of expertise in understanding the technology solution. When faced with the new software, user experiences anxiety and may display discomfort in using the system. Such discomfort can result in remaining ignorant of various features, thereby denying to yourself the benefit of full exploitation of the software. A good software vendor can resolve this issue by providing on the system training to key personnel and prepare them as torch bearers. He would also provide sufficient on-line help features to all the users.

Configuration and Data transformation – Configuring software to an organization's need and transferring data from existing database to new HRIS is another issue that needs to be handled carefully. The existing data may be either on paper or excel files or in some other form of database. Due to ignorance by employees at client location, the data may not enter the new system in the desired manner, thus obstructing the smooth and efficient functioning of the system, besides creating an inventory of bugs. Best solution to

this malady is for the Vendor to obtain data from the client as per a standard template, validate it with a program and consider initial data entry as a service provided to the customer.

Software Errors and Bugs – Bugs, error and opportunities for improvement are integral part of software. Expecting HR Software to be picture-perfect and without any errors/ omissions is unfair. These bugs need not scare people since these can be resolved through mutual co-operation between the vendor and client. Once settled, they do not reappear. However, if new bugs surface with higher levels of exploitation of the software, these should be taken as encouraging signals both by the client and the vendor.

Work Flow Changes – When you install HRIS software, you also install some innovative globally accepted HR practices and workflows. If you have these practices for the first time, some of the members in your organization may not feel comfortable with the changes, especially the change of work flow.

Quote:

To quote an example, managers in an organization were very uncomfortable with their team members rating them using 360 Feed Back Form. They argued that the juniors do not have adequate competency to measure the performance of their managers.

Such changes should be handled very carefully as they can have significant emotional impact on the team members. HR should be ready to award benefit of doubt to the members who suffer a negative impact due to these changes and allow ample time for the new workflows to set in.

You need perseverance and commitment to introduce systems. Remember this if you are keen to implement HR software solutions

Human : Just as diamonds are measured by their carat value, humans can be measured by the depth in their personalities, which he said are represented by nine Ps: Passion, Positive Energy, Performance, Perseverance, Personality, People Skills, Perspective, Principles and Patriotism

Arindam Chaudhuri

INNOVATIVE BUSINESS ENTREPRENEURSHIP IN INDIA AND ECONOMIC GROWTH

Vivek Asati¹
Geetu Dhawan²
Kirti Tomar³

ABSTRACT

This introductory article shares the highlights of the articles in this national Conference on Ethics of technology and business in Entrepreneurship Management –this article suggests the importance to future orientation. Entrepreneurship is the professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people by launching an enterprise, Entrepreneurship is the risk taking by innovators called entrepreneurs in an economy. Typically, entrepreneurship involves the creation of new products, new ways to produce products, or new businesses. Innovation is the intrinsic characteristic of every developed nation. Innovation fuels a nation's growth, and a highly innovative country has the potential to reach the pinnacle of prosperity. This paper focuses on the importance of innovation in entrepreneurship development as it is only innovation, which made the products and services better than the others. This paper clearly depicts the current role of innovation in entrepreneurship development. It also highlights how these innovations can lead to economic growth of our country.

Key words: Entrepreneurship in India, growth of Indian economy, Government Role, innovation in business, companies registration.

INTRODUCTION:

Entrepreneurship is the transformation of an innovation into a sustainable enterprise that generates value. Innovation is about partnerships which entail advancing new and

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innovative ideas which are relevant to various communities. Human resource development and its capacity building are vital factors that enhance competitive innovation and thus lead to a successful and progressive entrepreneurial system. Government and strategic policymakers have a major role to play in creating a culture that accelerates and promotes entrepreneurship potential throughout society, Entrepreneurialism demands enthusiasm, commitment, dedication and persistency backed by matching intellect without which serious impediments can have devastating impact on the business and industrial environment of the country.

An entrepreneur is a person who is willing and able to convert a new idea or invention into a successful innovation. Invention means generation of new ideas whereas innovation means bringing that idea into life. Entrepreneurs are those persons who take the risk to bring those ideas into life.

The Objective of the study is to understand the role of innovation in entrepreneurship development in India, and also try to understand the Government support for innovative knowledge enterprises. Furthermore, it tries to examine the role of education studies in generation of innovative ideas. The main objective will be to suggest certain measures; this can be adopted to take the advantage of innovation. India has tremendous potential in the field. India offers a unique incubation environment for most „entrepreneurs□, greatly distinguishing it from other western democracies Recent surveys, such as those undertaken by Goldman Sachs and Price waterhouse Coopers, have estimated that India has the potential to be among the world’s leading economies by 2050. Further, India’s economy can potentially gain significantly from the country’s characteristic features a democratic open society, a strong technology base (with capacity for leapfrogging), unparalleled diversity, vibrant capital markets (including growing private equity and venture capital markets), an increasingly youthful population (50% of India is 25 years and younger), a sizeable market of a large number of customers with vast unmet needs as well as an environment of full and free competition in the private sector.

ACCORDING TO KNOWLEDGE COMMISSION REPORT: 2008

Economic liberalization has been a key catalyst to encourage Entrepreneurship. There are a number of initiatives at the central and state levels which aim to improve the ease of doing business. In fact, the ‘Doing Business Report 2008’ (published by the World Bank-IFC) states that India can jump 55 places from its current rank of 120th if some of the local best practices are adopted nationwide. Priority should be given to the MCA-21 project (initiated by the Ministry of Company Affairs) to fully automate processes of enforcement and compliance. Other suggestions to enhance Entrepreneurship include the following: meaningful implementation of the Single Window System; introducing a Single Composite

Application Form as already done in a few states; introducing a 'Single Unique Company Number' (for company, tax and social security registrations); reducing the frequency of tax payments for entrepreneurs from monthly to quarterly; creating specialized commercial courts; introducing Limited Liability Partnerships (LLPs); and creating 'one-stop shops' to provide all relevant information needed to start an entrepreneurial activity. There are a number of websites relating to Entrepreneurship in India. In this regard, NKC proposes to explore the possibility of having an all encompassing website on Entrepreneurship as a one-stop information portal for current and aspiring entrepreneurs. In addition, Entrepreneurship in India will also grow significantly with the spread of e-governance and quality infrastructure development

GOVERNMENT ROLE:

The government has to be investor and entrepreneur friendly, in order to exploit the true potential. The government on its part should give a plethora of incentives to new risk takers in order to make theirs rather than risky decision that is somewhat easier. These incentives could include tax benefits, land allocations, water and electricity supply etc. Novice risk takers should be provided with trouble shooters and mentors on behalf of the government, so as to choose the correct path and strategy. Banks and other financial institutions should also provide adequate credit to new ventures, so as to stimulate the business through good liquidity. Besides helping to establish companies, government should also regulate these companies in order to ensure that they abide by the highest standards of business ethics (Goswami and Dalmia, 2008).

INNOVATION CHANGE ENTREPRENEURSHIP DEVELOPMENT IN INDIA:

The salience of Entrepreneurship in India has intensified in recent times, particularly with the rise in knowledge-intensive services. New entrepreneurs who do not belong to traditional business communities have begun to emerge in large numbers. Entrepreneurship has grown rapidly, visibly so, creating wealth and generating employment, especially in the past twenty years. Crucial efforts initiated after economic liberalization — including systematic attempts to reduce the 'licence raj', greater efforts to make finance more easily accessible to entrepreneurs and other institutional support to 'techno-preneurs' have helped improve the climate for Entrepreneurship. The software industry, in particular, its initial growth arising largely out of the 'interstices inadvertently left untouched by the State', has today taken giant strides, with the top companies working 'within the market and with a fuller understanding of the rules of international commerce' Thus, the opportunities created by today's global knowledge economy coupled with the 'unshackling of indigenous enterprise', have contributed to making India a 'fertile ground' for Entrepreneurship.

The Entrepreneurship Pyramid in India (in terms of sectors and numbers of people engaged) is made up of the following:

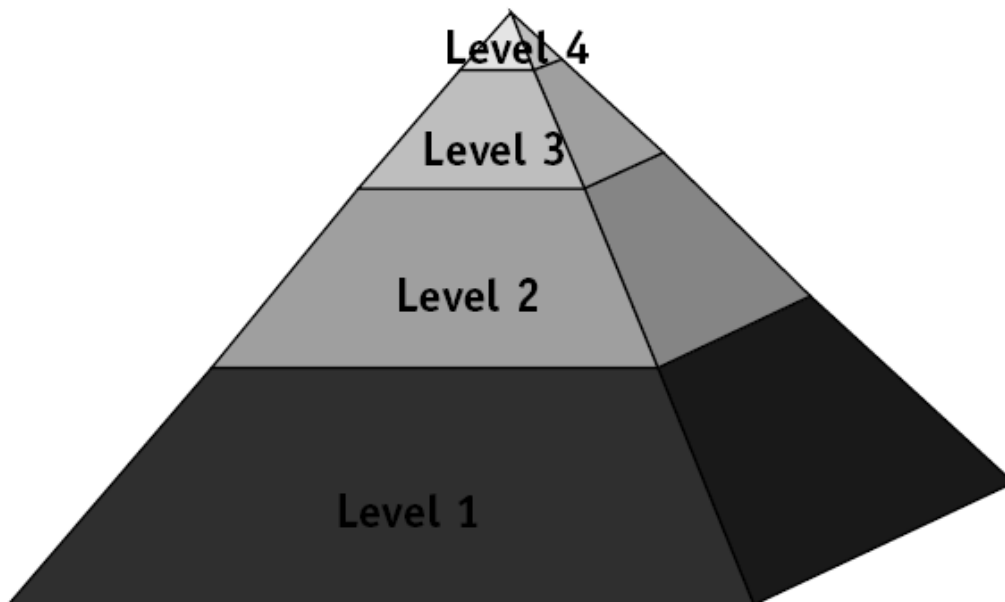


Fig-1 Entrepreneurship pyramid. Source: Knowledge Commission, India

- **Level 1:** Agriculture and other activities: Crop production, Plantation, Forestry, Livestock, Fishing, Mining and Quarrying.
- **Level 2:** Trading services: Wholesale and retail trade; Hotels and restaurants.
- **Level 3:** Old economy or traditional sectors: Manufacturing, Electricity, Gas and Water supply.
- **Level 4:** Emerging sectors (including knowledge intensive sectors): IT, Finance, Insurance and Business services, Construction, Community, Social and Personal Services, Supply Chain, and Transport- Storage- Communications etc. Figure 1.
- **Levels 2 and 3** (Trading and Manufacturing) of the aforementioned pyramid comprise of traditional areas of Entrepreneurship. Level 4, on the other hand, is an emerging/modern sector of Entrepreneurship with high growth rates. In future, the broadening of Levels 3 and 4 is expected with the activities from **Levels 1 and 2** migrating to the other levels. The number of new companies

registered (a proportion of which relate to Entrepreneurship) has in general been increasing over the past years (Figure 1).

Year-wise Registration of Non-Government Companies Limited (2006-07 to 2010-11)

Table-1

Year	Public Limited	Private Limited	Total
2006-07	1898	49694	51592
2007-08	2556	62694	65250
2008-09	2332	62166	64498
2009-10	1990	65519	67509
2010-11	2998	88588	91586

Out of 91586 Non-Government companies registered during the year 2010-11, 60218 companies or 65.8 per cent of the total were registered in the 5 States/ Maharashtra, West Bengal, Delhi, Andhra Pradesh and TamilNadu. Maharashtra occupied the top position with 16797 new registration (18.3 per cent) followed by West Bengal (18.0 per cent), Delhi (17.0 per cent), Andhra Pradesh (6.3 per cent) and Tamil Nadu (6.1 per cent). The other States and Union Territories together accounted for 31368 registrations of new Non- Government Companies.

Year 2011 the new listed company and area wise distribution is shown in fig-2 Source: Based on data received in report of year-2011 Ministry of Company Affairs.

Activity -wise Distribution of Newly Registered Companies (2010-11)

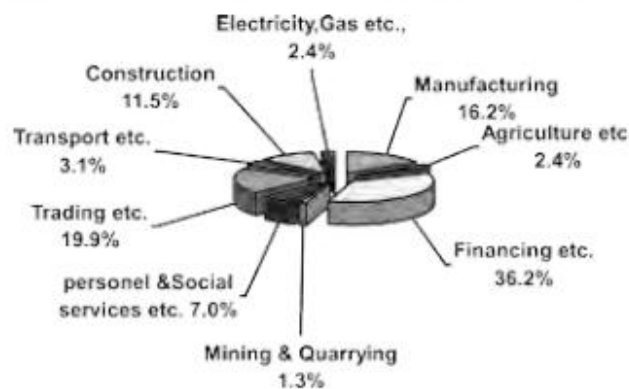


Fig-2

DRIVING THE ECONOMY THROUGH INNOVATION AND ENTREPRENEURSHIP:

Modern technologies are central to creation of wealth through business expansion leading to economic development. This is visible in the fast-paced technology-induced economic growth experienced by most countries, especially by rapidly growing economies such as India, China, Brazil, South Korea, among others. Increasing individual scientific contribution, nurturing entrepreneurial talent, promoting innovative competence, strategically prioritizing and investing in technologies and enhancing national economic wealth are some of the important Technology Management goals. Technology Management has emerged as a strategic and knowledge domain of interest to academicians, practitioners, and policy makers across the globe. Technology Management has also evolved into an inter-disciplinary concern which requires national and international collaborations and exchange of insights.

Entrepreneurship has regained its significance not only as a driving force of economic growth but also as a mechanism that can enable millions escape from poverty. The emergence of the entrepreneur as an active agent of socio-economic change coincided with a general disillusionment with state-dominated policies, which in turn have been associated with corruption and rent-seeking behaviors that *ceteris paribus* increase the level of poverty. Here, it is crucial to sketch a framework for understanding initiatives in the private sector as well as all those entities which can better coordinate their efforts.

SIGNIFICANCE OF ENTREPRENEURSHIP IN INDIAN ECONOMY:

During the past one decade or two, entrepreneurship has gained much significance as a catalyst of economic growth and poverty alleviation. Various initiatives and entities that promote capacity building and entrepreneurship development among the poor in India, especially rural areas are the bedrocks of this growth.

Though India has been acknowledged as a major growing economy in the world, many facts about the country remain unaltered. Even after six decades of economic planning, two decades of economic reforms, and commendable stride in the global information technology sector, India is unable to reduce the number of people living below the poverty line. While the percentage of people below the poverty line has declined from 36 per cent in 1993–94 to 27.5 per cent in 2004–05, the total number of people below the poverty threshold is still more than 300 million and comparable to the total population of Europe (314.6 million). India has been growing at an average annual rate of 10.2 per cent during 2002–07 and an estimated 7 per cent during 2009–10 in spite of the worst economic slowdown witnessed across the globe. But, despite these impressive growth rates, poverty in the subcontinent remains an issue. Even though the incidence of poverty has declined in India, one-fourth of the population still remains under poverty. According to a 2005 World Bank

estimate, 42 per cent of Indian population falls below the international poverty line of \$1.25 a day (PPP; in nominal terms, Rs. 21.6 a day in urban areas and Rs. 14.3 in rural areas); Although the Indian economy has grown steadily over the last two decades, its growth has been uneven when comparing different social groups, economic groups, geographic regions, and rural and urban areas. According to a recently released World Bank report, India is on track to meet its poverty-reduction goals.

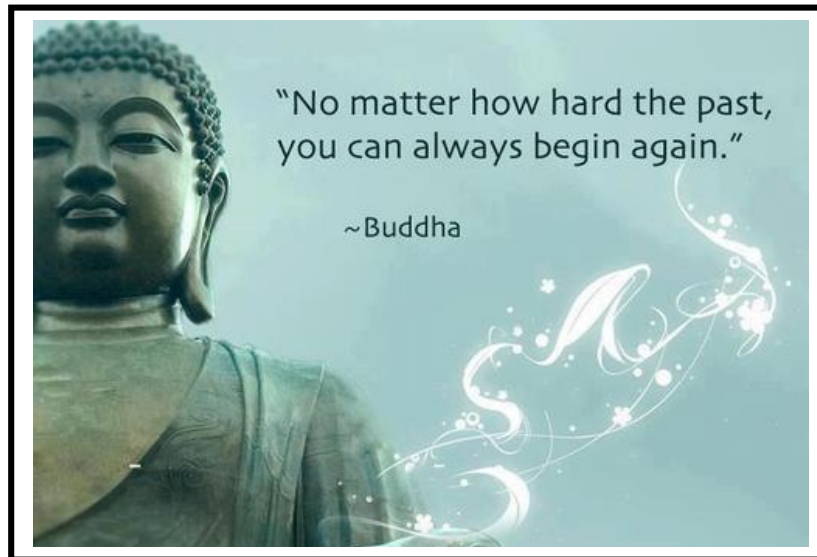
CONCLUSION:

An innovation is a change in market or society. It produces a greater yield for the user, greater wealth-producing capacity for society, higher value and greater satisfaction. The test of an innovation is always what it does for the user. Hence, entrepreneurship always needs to be market-focused, indeed, market-driven. Innovation must be purposeful. But innovation, almost by definition, has to be decentralized, ad hoc, autonomous, specific, and micro-economic. Planning as the term is commonly understood is actually incompatible with an entrepreneurial society and economy. India needs entrepreneurs for two reasons – first, to create employment and wealth and, second, to get the most out of existing opportunities. Practical knowledge based education system should be started that will create more interest in the students. Educational institutes should also work as regional information centers by keeping the record of databases of the research work done (Srinivasan, 2007). Government should also take the initiatives by not only providing adequate support in financial terms but also by rendering training facilities to the entrepreneurs as and when the need arises. To explore the possibility of having an all encompassing website on Entrepreneurship as a one-stop information portal for current and aspiring entrepreneurs. If India is able to use its true potential of becoming leader in entrepreneurial activities, then the resultant financial gain are always of benefit to the country. The budding sectors to innovate and in which Indian entrepreneurs can prove themselves the leaders are Bio-technology and Information Technology (Saxena, 2004).

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CARBON CREDIT ACCOUNTING

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Chandra Prakash Verma²

ABSTRACT

Carbon credit accounting is a very fine technique in which a company or government has paid a fixed amount of carbon dioxide washed out from the environment. It may provide a framework for rewarding people or companies who plant green trees.

Carbon credits encourage countries to reduce their green house gases emissions. Surplus credits that are required by overshooting the emission reduction targets can be sold in the global market.

In the nutshell, it is quite helpful to adopt the concept of carbon credit accounting since it helps to reduce the carbon emissions into our environment. The present research paper focuses on the pros and cons of the concept of carbon credit accounting.

Keywords: Green House Gas, Carbon Credit, Kyoto Protocol

INTRODUCTION & HISTORICAL BACKGROUND :

The concept of carbon credits came into existence as a result of increasing awareness of the need for controlling emissions. There was an Earth-Summit in 1993 at Rio-de-Generio Brazil. The **Intergovernmental Panel on Climate Change (IPCC)** has observed that:

Policies that provide a real or implicit price of carbon could create incentives for producers and consumers to significantly invest in low-Green House Gases products, technologies and processes. Such policies could include economic instruments, government funding and regulation while noting that a tradable permit system is one of the policy instruments that has been shown to be environmentally effective in the industrial sector, as long as there are reasonable levels of predictability over the initial allocation mechanism and long-term price.

Under the **Kyoto Protocol** i.e. an international agreement linked to the **United Nations Framework Convention on Climate Change (UNFCCC)** was adopted in Kyoto of Japan on Dec' 1997 or the 'caps' or 'quotas' for Greenhouse gases for the developed

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countries are known as “Assigned Amounts”. The quantity of the initial assigned amount is denominated in individual units called **Assigned Amount Units (AAUs)**. Each one represents allowance to emit one metric tons of carbon dioxide from the atmosphere.

Since 2005, the Kyoto mechanism has been adopted for carbondioxide trading by all the countries within the **European Union (EU)** under its **European Trading Scheme (ETS)** with the **European Commission (EC)** as its validating authority. From 2008, European Union participants must link with the other developed countries which ratified the protocol and trade the six most significant anthropogenic greenhouse gases. Similar schemes are being considered in the United States of America which has not ratified Kyoto and Australia whose ratification came into force in March 2008.

DEFINITIONS :

The **Collins English Dictionary** defines a carbon credit as *“a certificate showing that a government or company has paid to have a certain amount of carbon dioxide removed from the environment”*.

The **Environment Protection Authority of Victoria** defines a carbon credit as a *“generic term to assign a value to a reduction or offset of greenhouse gas emissions usually equivalent to one ton of carbon dioxide equivalent”*.

A carbon credit is a generic term for any tradable certificate or permit representing the right to emit one ton of carbon dioxide or the mass of another greenhouse gases with a carbondi oxide equivalent to one ton of carbon dioxide.

Carbon credits and carbon markets are a component of national and international attempts to mitigate the growth in concentrations of greenhouse gases. One carbon credit is equal to one metric ton of carbon dioxide or in carbon dioxide equivalent gases. Carbon trading is an application of an emissions trading approach. Greenhouse gas emissions are capped and then markets are used to allocate the emissions among the group of regulated sources.

OBJECTIVES & ADVANTAGES :

The main objectives and advantages of carbon credit accounting are selected by the signatories to the Kyoto Protocol as an alternative to carbon taxes. By treating emissions as a

market commodity some proponents insist it becomes easier for businesses to understand and manage as:

- The price may be more likely to be perceived as fair by those paying it.
- Investors in credits may have more control over their own costs.
- The flexible mechanisms of the Kyoto Protocol help to ensure that all investment goes into genuine sustainable carbon reduction schemes through an internationally agreed validation process.
- It may provide a framework for rewarding people or companies who plant trees or otherwise meet standards exclusively recognized as "green."

FUTURE PROSPECTS :

The principle of supplementary within the Kyoto Protocol means that internal abatement of emissions should take precedence before a country buys in carbon credits. However it also established the **Clean Development Mechanism (CDM)** as a flexible mechanism by which capped entities could develop real, measurable, permanent emissions reductions voluntarily in sectors outside the cap. Many criticisms of carbon credits stem from the fact that establishing an emission of Carbondioxide-equivalent greenhouse gases has truly been reduced involves a complex process. This process has evolved as the concept of a carbon project been refining over the past 10 years.

At present global warming issue has been given a serious thought. **John Dales**, an economist from Canada introduced us to the tradable rights to control pollution in 1968. Industries are projecting to be taking initiatives to fulfill their social responsibility and are also making profit in the offing. India too is quite bullish on the carbon trade markets. It is estimated that one third of the total Clean Development Mechanism projects have been registered with the United Nations Framework Convention on Climate Change till October'2011. India claims 31% of the total world carbon credit trade.

Carbon credits are treated as government grants, accounting for Research & Development expenses incurred on undertaking the Clean Development Mechanism projects etc. Bangalore Chamber of Commerce & Industry has mentioned that carbon credits accounting should be treated as services and tax. The Multi Commodity Exchange of India entered into an alliance with Chicago Climate Exchange in 2005 to introduce carbon trading in India which has been providing further liquidity and greater expanse to the market.

The goal is to allow market mechanisms to drive industrial and commercial processes in the direction of low emissions or less carbon intensive approaches than those used when there

is no cost to emitting carbon dioxide and other Green House Gases into the atmosphere. Since Green House Gases mitigation projects generate credits. This approach can be used to finance carbon reduction schemes between trading partners and around the world.

PROBLEMS AND DISADVANTAGES :

Besides providing many facilities and advantages the concept of carbon credit has some drawbacks also which are given as below:

- The Kyoto mechanism is the only international agreed mechanism for regulating carbon credit activities and includes checks for additional and overall effectiveness respectively.
- The United Nations Framework Convention on Climate Change is the only organization with a global mandate on the overall effectiveness of emission control systems although enforcement of decisions relies on national co-operation.
- As several countries responsible for a large proportion of global emissions (notably USA, Australia & China) have avoided mandatory caps, this also means that businesses in capped countries may perceive themselves to be working at a competitive disadvantage against those in uncapped countries as they are now paying for their carbon credit costs directly.

CONCLUSION :

This study has shown that during the process of carbon credit accounting the flexible mechanism of the **Kyoto Protocol (KP)** helps to ensure that all investment goes into genuine sustainable carbon reduction schemes through an International agreed validation process. Though not only does this ensure that overall emissions are reduced but also that the cost of emissions trading are carried fairly across all parties to the trading systems. The **Accounting Standard Board (ASB)** of the **Institute of Chartered Accountants of India (ICAI)** has also issued as there are no separate accounting standard for accounting, measurement and disclosures of carbon credits.

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ORGANIZED PHARMA RETAIL CHAINS: PROSPECTS AND ISSUES

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ABSTRACT

India is the most attractive retail market today with plethora of opportunities. The Indian retail market is growing with a rapid pace of about 25-30%. Drug & pharmaceutical industry plays a vital role in the health care of the any country. Organized pharma retailing is emerging as a very lucrative business for the corporate houses. The consolidation in drug distribution in India is in a formative stage but corporatization of the retail trade has already begun. It highlights the growth prospects for both the national and international players along with deficiencies and problems as well. It also examines the growing awareness and brand consciousness among people across different classes in India. The retail story is witnessing a paradigm shift in the Pharma industry. The big names have already entered or planning to enter the fray with their first salvos. Organized Pharma retail chains have begun firing and the small players better watch out that Retail chains are in a better position to offer better services to their customers.

Keywords: Organized retail

INTRODUCTION :

With growing awareness about health and fitness, corporate India is looking at pharma retailing as a lucrative business. Just after FMCGs, food and entertainment, pharma retailing is the very next big area in retail, with an increasing number of corporates entering into this segment. The substantial pharma retailing pie in India is estimated at about Rs 30,000 crores. As per some estimates, 15 per cent of the 51 lakh retail stores in India are chemists. Pharma retailing is going to follow the trend of becoming more organized and corporatized like other retailing formats of food, apparel etc. At present, organized pharma retail accounts for 3-4% of the total market. It will soon grow to capture 20-30% of the market. Subhiksha was the first to start a chain of super markets with medical shops in Tamil Nadu about a decade ago, it was one among the first organized retail chain of pharmacies to come up in India. Afterwards, numerous players have emerged in the country like Dr

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Morepen Lifespring and Tango, Medicine Shoppe, Global Healthline Pvt Ltd, Apollo Pharmacies, Emami group, Guardian Lifecare and regional players like Lifeken. There has been a rise in personal expenditure on healthcare. The Indian consumers are getting more and more concerned about their health and organized retail is providing the Indian consumer greater choice. According to the recent surveys the healthcare ranks as the 3rd on the Indian consumer's spending list, more than what they are spending in apparel or entertainment segment. Rising disposable income, changing lifestyles and growing awareness among the Indian middle and upper classes or about health, is responsible for this upward movement.

The companies are putting in major investments in this segment, but still there is long way before they actually manage to displace the position of the neighborhood chemist, due to their accessibility and size. They are positive, as a higher degree of credibility along with value-added services, which the organized retailers are providing, would attract consumers to these retail outlets.

Current Scenario :

Leading healthcare firms have drawn up rapid-fire plans to venture into the pharma retail space. This space is actually large. The pharma industry is a Rs 35,000-crore business, spread mainly through 6.5-7 lakh chemist shops. But there is a vacuum, which leaves enough room for big corporate houses to enter in this segment. Organized pharma retail is only 2% of the industry. It is expected to multiply in coming years. Apollo Pharmacy has more than 400 stores under its umbrella in the southern belts. It plans to take its store count to more than 1,500 in coming years. Medplus, which is a Hyderabad-based company, is doubling its stores from 250 to 500 in a year. Fortis Healthworld of Ranbaxy has plans for 1,000 stores in 200 cities within a short span of time. Guardian Lifecare, focused on eight cities in North India, wishes to net wider its scope in near future. Fortis HealthWorld, a Ranbaxy group healthcare services has announced its plans to set up 1,000 pharmacies by end of 2008. Anil Ambani has also bigger plans on organized retail.

Growth Drivers :

There are abundant reasons for the shoot up of Indian retail. Overall economic growth, the increasing purchasing power of the consumers, increasing middle class segment, Urbanization, Availability of credit facility are some of the contributing factors which has made organized retailing a very attractive business. These are resulting in changing preferences in demand for lifestyle goods. Customers are making their minds shift towards an organized retailing experience. One of the other key drivers for organized retail is the projected rise in mall growth. The number of malls is expected to rise to 600 by 2010 from 158 in 2005. The Indian Government is also very much supportive and is likely to spend \$150

billion over the next coming years to develop world class infrastructure, thus, helping in growth in the retail sector.

Size of Indian Pharma Retail Segment :

The \$4 billion domestic pharmaceuticals formulations industry is dominated by 5,00,000 retailers in the unorganized sector and is largely limited to the urban markets. Organized retail is at a very young stage in India unlike the developed countries, where the retail chains supply to 54 percent and 48 percent of the retail pharma sales respectively. Presently there are nearly few players having 500 outlets, in the organized retail sector in India. In the next three to five years, the growth of the organized retail is anticipated to be large but at the same time it is likely expected to be confined to only metros and tier-1 cities.

Factors Affecting Retailing of Pharma Products :

Present distribution system has resulted in several limitations in the quality and integrity of supply chain despite accounting for more than 30 percent of the retail cost of a drug, which is mainly because of its fragmented structure. This fragmented structure prevents retail pharma companies, distributors and retailers to invest sufficiently in the infrastructure in order to facilitate stock and secondary/tertiary sales visibility.

This has resulted in blocking of the planning process on one hand even while rendering the supply chain permeable for the entrance of counterparts. There are also some issues around unfair retail substitution and compliance to CGMP, which are injurious for the larger interest of the patients. Looking at these boundaries, there is a strong business case for pharma companies to favor organized pharma retail, which is having a very minute share of the pharma retail pie. One another important point is the rural penetration, which is being not addressed effectively by the present distribution network effectively. Pharma market is mostly urban.

With the augmentation in rural economy, there is a huge opportunity to be explored by deeper penetration into the rural market. This combined with good margins and overall boom in organized retail is making the big retailers look at pharma retail very favourably.

This will definitely improve the quality and integrity of the supply chain through better monitoring of the channel and improved compliance. The unfair retail practices will be controlled to a large extent and in the long run will help in reducing the channel margin and also the retail cost of drugs (by economies of scale and removal of intermediaries). Sale of genuine drugs will be the unique selling proposition (USP) of the organized retail in the near future.

Advantages of Organized Retail Pharma :

1. **Sales Rise :** Due to the co-promotion of the companies with these retail chains there will be rise in sales and building-up of a long-term relationship with the consumer.
2. **Efficient Information flow :** Computerized operations of organized retail pharma stores will make sure the efficient flow of information. Also due to the centralized purchases and back-end support, there will be a very little chance of fake medicines in the stores.
3. **Negligible loss due to expiry and stockouts :**Due to the computerized operations there will be very little or negligible loss due to expiry and stock outs for the retailers. Some others will undertake the promotion and advertising activities for them. Due to the back-end support provided by these other companies controlled inventory, there would be better margins and therefore more profits.
4. **Medicines below MRP :** The customers would be ultimately benefited by getting medicines below the MRP (Maximum retail price). Thus there will be always a price advantage for customers.
5. **Elimination of Channel Layer :** Organized retail will lead to removal of at least one layer of distributors and thus the customers would finally be benefited from the margins thus saved. The retail scene will change from the small chemists to organized retailers with some national and international players.
6. **Efficient supply chain management:** -This will make more efficient supply chain management due to tight inventory control and self-warehousing.
7. **More Loyal Customers:** -The value-added services provided by these organized retail companies in the form of free camps would help in building much more stronger and loyal customer base. Maintenance of patient's profile and database will give expert advice and help to the patient compliances and management thus resulting in long-term loyalty.
8. **Ambience:** -, Apart from providing an good shopping ambience at no extra cost, most of these branded pharma retail outlets are also providing value added services to their customers.

9. **Value added services:-** These pharma retailers also provide services like Home delivery, prescription records, and reminder services. They also consist of a state-of-the-art pharmacy, a special diabetic care section, self-diagnostic equipment, natural foods, baby care products, skin care, toiletries pharmacist, dieticians, and beauty consultants.
10. **Substitute Offer:** -Another advantage is that when a consumer usually visits a chemist with a prescription for a medicine, and that medicine is not available in the store they offer a substitute which gives them higher margins.

Issues in Organized Pharma Retail :

There are various issues in the growth of organized pharma retail, which are:

1. **Location :** Location is the most important ingredient for any business that relies on customers, and is typically the prime consideration in a customer's store choice. It is the decision regarding "Right Place, Right choice" Easy accessibility is the important area, which has to be taken care of.
2. **Competition from Local Chemists :** Competition from unorganized sector is also another major issue in front of organized pharma retailers. This is a low cost structure, mostly owner-operated with negligible real estate and labour costs. Familiarity with the Consumers that goes from generation to generation is the biggest advantage for the traditional retailing sector.
3. **SCM (Operations) :** Supply chain activities include the Scale of operations, which are carried out in the business. It is one of the biggest issues that the Pharma retailers have to resolve to combat with local chemists.
4. **Threat from International Players :** The Indian government has allowed 51% foreign direct investment (FDI) in the India retail sector to one-brand shops only. This has made the entry of global retail giants to the organized retail sector in India difficult. This issue has to be taken care of by the organized pharma retail sector.
5. **Shortage of Trained Manpower :** The Pharma retailers have difficulty in finding well-trained persons and they have to pay more in order to retain them, which again brings down their profit levels.
6. **Merchandising:** The primary goal of the most retailers is to sell the right kind of merchandise and nothing is more important than it which decides what finally goes on the store. Merchandising consists of activities involved

in acquiring particular goods and services and making them available at a place, time and quantity that enable the retailer to reach its goals.

7. **Efficient Mall management :** Mall management is going to be a major challenge for the retail industry. The Indian retail market lacks designated mall management firms.
8. **Legal and Regulatory Framework :** Government has to liberalize the regulatory framework in order to get better results.
9. **Cost of Land:** - High costs of land acquisition are another major issue in front of big pharma retail chains as the cost of real estate is rising day- by-day.

CONCLUSION :

The retail sector has played a phenomenal role throughout the world in increasing productivity. It is also the second largest industry in terms of numbers of employees and establishments. There is no doubt that the most of the developed economies are very much relying on their retail sector as a source of growth.

With the emerging scenario of Pharma retailing in the country, Retail Pharma chains are becoming like discount store retailing whereby the chains are sourcing directly from pharma companies as Customers are becoming more and more interested in walking into a one-stop shop for all their healthcare needs. Small chemists are likely to close shop with the emergence of big retail pharma chains promoted by pharma companies themselves, thereby marking the end of unorganized pharma retailing in the country. Pharma retailing will become the privilege of big retailing chains such as Medicine Shoppe or other pharma retail chains. But still the sector is in nascent stage and has to move with great caution and handle the problems more efficiently and effectively in order to reach the desired heights.

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Problem : Managers who are skilled communicators may also be good at covering up real problems.

Chris Argyris

HUMAN RESOURCE AUDIT: A HUMAN RESOURCE VALUATION TOOL

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ABSTRACT

The Human Resources (HR) Audit is a process of examining policies, procedures, documentation, systems, and practices with respect to an organization's HR functions. The purpose of the audit is to reveal the strengths and weaknesses in the productive human resources system, and any issues needing resolution. The audit works best when the focus is on analyzing and improving the HR function in the organization. The audit itself is a diagnostic tool, not a prescriptive instrument. It will help you identify what you are missing or need to improve, but it can't tell you what you need to do to address these issues. It is most useful when an organization is ready to act on the findings, and to evolve its HR function to a level where its full potential to support the organization's mission and objectives can be realized. HR Audit is a basic tool for the management of a company. Its objective is not only the control and quantifying of results, but also the adoption of a wider perspective that will aid in defining future line of action in the HRM field. Human resource audit could enable the appraisal of the performance of various managers. The basic function and management of human resources is also greatly facilitated. Hence human resource valuation and audit activity could be helpful in improving the efficiency of human resources in the changing business scenario.

INTRODUCTION :

An audit is a review and verification of completed transaction to see whether they represent a true state of affairs of the business or not. Thus, an audit is a verification and evaluation of business performance. Human Resource (HR) audit refers to an examination

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and evaluation of policies, procedures and practices to determine the degree of compliance it has with the existing legal obligation and labor laws. Human resource audit involves a formal, systematic and indepth analysis, investigation and comparison.

The primary aim of human resource audit is to determine whether the human resource policies and practices are consistent with organizational objectives. It is common business practice for companies to perform an audit of their financial records and accounting procedures. An audit may be legally required for some businesses as well as some retirement plans. Auditors are checking for the accuracy of transactions, proper reporting of assets and adherence to accounting standards. The auditor makes recommendations for corrective action and future direction. This type of audit is looked upon as a necessary part of doing business. Employees have a significant impact on the bottom line, so an audit of the HR function would be favorable.

Audits can be limited in scope focusing on specific areas that may need attention such as hiring practices, compensation and/or benefits, or they may be more extensive looking at the HR function as a whole. The purpose of conducting a human resource audit is to support the overall business plan of the organization. The process has three parts: to identify and prioritize management issues relating to human resources; identify gaps between the current practices and policies with that of the business objective; and to identify any legal difference and potential exposure. Unfortunately most companies who perform an audit only focus on compliance and miss those items that could really make a difference in one's business over the long term.

OBJECTIVES OF HUMAN RESOURCE AUDIT :

The main purpose of conducting a human resource audit is to support the overall business plan of the organization. The process has three parts: to identify and prioritize management issues relating to human resources; identify gaps between the current practices and policies with that of the business objective; and to identify any legal difference and potential exposure. The other objectives are:

- Ø To review the management system of acquiring, developing, allocating and utilizing human resources in an organization with a view to determining the effectiveness of these programs
- Ø To make the evaluation about the line managers' performance to which extent they have implemented the policies and programs initiated by the human resource department.

- Ø To identify and seek explanation about the loopholes existing in the management of human resources.
- Ø To evaluate human resource, staff and employees.

SCOPE OF HUMAN RESOURCE AUDIT :

Human resource is a very wide term as it covers the management of people at all levels. So, the scope of human resource audit is also wide in nature as it is not limited to a review of the performance of human resource department. It covers the following areas:

- Ø Audit of all the HR functions.
- Ø Audit of Human Resource Management policies, programmes and procedures.
- Ø Audit of Human resource management's role in achieving organization's mission, objectives, goals and strategies.
- Ø Responses of employees, trade unions and government to the practices and achievements.
- Ø Audit of corporate strategy regarding HR planning, staffing, IRs, remuneration and other HR activities.
- Ø Audit of the morale, motivation and job satisfaction of the employee.
- Ø Audit of the human resource results.
- Ø Audit of human resource climate.
- Ø Audit of managerial compliance.

NEEDS OF HUMAN RESOURCE AUDIT :

It is not essential to carry out human resource audit for an organization but employers voluntarily use it as a tool for evaluation and control of human resource function. Evaluation and critical review of human resource function is by no means less important than accounting and finance function. Therefore, the need for auditing human resource is as follows:

- Ø In recent years, changes have taken place in the working of management. Management now knows the importance of employees' identification and their participation in the activities of the organizations as an essential ingredient for successful making of the organization.
- Ø As an organization grows, continuous feedback is required to improve the performance of the employees. Human resource audit provides the employer with the required feedback.

- Ø Trade unions now a days are playing more active role in human resource management. They raise questions about the competence of management in industrial relation. Human resource audit helps management to meet this challenge.
- Ø Human resource audit helps in protecting the employee interest with the help of Central and State Government.
- Ø Due to rising labour cost and increasing opportunities for competitive advantage in human resource management, human resource audit has become a necessary and an intriguing part of an organization.

APPROACHES TO HUMAN RESOURCE AUDIT :

- *Comparative Approach:* in this approach the auditors identify another company as the model. The results of their organization are compared with those of the model company.
- *Outside Authority:* in this approach the auditors use standards set by an outside consultant as benchmark for comparison of own result.
- *Statistical Approach:* in this statistical measures of performance are developed based on the company's existing information.
- *Compliance approach:* in this the auditors review past actions to determine if those activities comply with legal requirements and company policies and procedures.
- *Management by Objectives (MBO):* this approach creates specific goals against which performance can be measured. Then the audit team researches actual performance and compares with objectives.

BENEFITS OF HUMAN RESOURCE AUDIT :

The evaluation and the study of the existing objectives, policies and practices of human resource management indicate to what extent they contribute to the organizational goals. Further, they indicate to what extent the practices are in accordance with the objectives. Management can review the human resource management policies in the light of the results of the audit and the changing environmental factors affecting human resource management. Human resource audit helps the management by providing accurate and reliable information at all levels. The benefits of human resource audit include:

- Ø It serves as a check on the activities and contribution of human resource department towards the organization.

- Ø It helps the management in generating wide understanding of both human resource policies and practices.
- Ø It helps in increasing the moral and job satisfaction of the employees.
- Ø It helps in developing sound Performance Appraisal Systems
- Ø It helps in carrying out systematic job analysis.
- Ø It helps in finding out the problems and thus providing solution.
- Ø It helps in reducing HR cost through more effective procedures.
- Ø Finding critical human resource problems.
- Ø Simulation of HR policies and practices.

AUDIT REPORT :

Audit report is prepared after examining and evaluating human resource policies, programmes and results, the auditor should submit a written report containing his findings, conclusion and recommendations. The report should be based solely on the findings and it should be submitted within a reasonable time. The following items should be included in the report:

1. Table of contents
2. Preface stating the objectives of audit.
3. Methodology of the audit programme.
4. Summary and conclusion, which is summarized and submitted to the top executives. Therefore, it should include recommendations with factual information.
5. Appendix, containing supporting data.

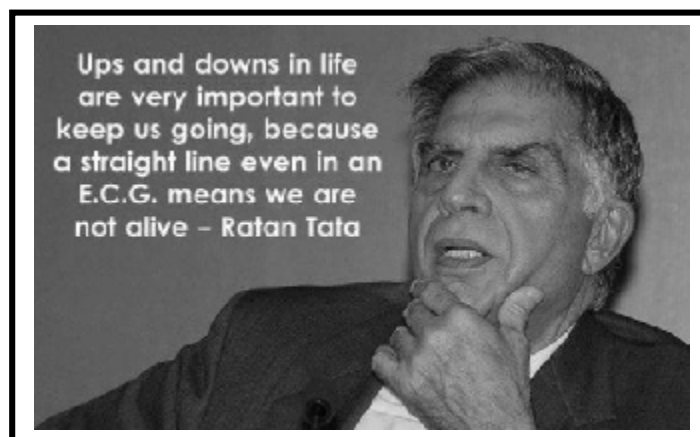
CONCLUSION :

The auditors always prepare and submit an audit report to authority of the organization, which may be clean or qualified. The clean report indicates the appreciative of the department's function, but the latter one represents the gaps in performance and therefore contains remarks and remedial measures. HR Audit is very much helpful to face the challenges and to increase the potentiality of the HR personnel in the organization. HR Audit helps take a look at how effectively all HR activities have been carried out. Audit of human resources could help in finding out the efficiency of every segment. Human resource audit could enable the appraisal of the performance of various managers. The basic function and management of human resources is also greatly facilitated. Hence human resource valuation

and audit activity could be helpful in improving the efficiency of human resources in the changing business scenario.

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