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Book Reviews



**Apeejay School of Management**

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## EDITORIAL

We are happy to present the 10<sup>th</sup> Volume of Apeejay Business Review to the community of scholars and practitioners. Over the last ten years, we have tried our best to provide an uninhibited forum to the scholars as well as the practicing managers to share their findings, observations, ideas, views and concerns through case studies, theoretical papers, conceptual papers, empirical papers and review articles. We hope, our endeavour to enrich 'Indian' literature on Management will continue in all earnestness.

In this issue we have published eight articles covering diverse streams of Management. We look forward to receiving valuable feedback from our discerning readers.

First article –'Paul Anthony Samuelson: An Unorthodox Economist' by Anindita Banerjee and Deepankar Chakrabarti is a tribute to the father of modern economics who passed into eternity in December 2009. Samuelson was the undisputed architect of modern economics. Throughout his life, he aggressively pursued a goal of ending inequality in the world by scientific analysis of economics. This paper is a modest attempt to revisit Samuelson's contributions and assess relevance of his ideas vis-à-vis emerging scenario in 21<sup>st</sup> century. It is organized into five sections: introduction, life and worldview, major contributions, criticism, and conclusion. The authors hope that this paper will lead to further research into Samuelson's ideas and principles using inter-disciplinary approach.

Soumendu Biswas provides a theoretical account of how society and consequent social-norms have changed in the post-industrial social setup in the second article titled 'Society, Culture, and Organizations in Post-Industrialization Era'. The paper puts in perspective the manner in which social changes have influenced

organizational processes and the needs and requirements of the corporate working within this societal framework. Further, the paper elaborates these dynamics with theoretical changes in the Indian corporate scenario. It may be realized, that India, in the post-liberalization period attained a society that is in keeping with the accepted definition of post-industrialization. The conclusion holds some implications of what organizations in a post-industrialized society must display in terms of the skills and potentials of their managers and suggests which of them must be developed and why.

In the third article titled 'TQM-based Global Quality Award Models: An Appraisal', Sangeeta Dodrajka has examined the criteria of some of the popular Indian and international award models. Indeed, the question of survival has gained relevance and the emphasis has shifted from the bottom-line results to the customer satisfaction and quality improvement. The Indian managers are adopting company-wide quality control programmes to increase the efficiency and productivity of the operations, products and services. Various agencies are conferring quality awards to encourage the adoption of better quality control practices to those corporations which have reached a certain level of efficiency. This paper may help the managers in drafting quality improvement strategy with an eye on the best option for their respective companies.

Purnima Singh and Vandana Talwar Sethi have made a comprehensive analysis of the impact of psychological capital and subjective well being on organizational as well as individual effectiveness in the fourth article titled 'Psychological Capital and Subjective Well-being in Corporate and Science & Technology Organizations: A Comparative Study'. They have taken a diverse sample comprising of corporate executives on the one hand academics/researchers on the other.

In the fifth article titled 'Consumers' Perceptions, Preferences and Patronage Behaviour for Retail Formats', Rajesh Kumar Sinha has examined the factors influencing shoppers' patronage behaviour of both organized and unorganized grocery retail outlets. This study provides useful insights about better prediction of shoppers' behaviour. Shoppers purchase from more than one outlet despite some preferred store or store format. This indicates that consumers' perception of outlets and preference do not result in patronizing of retail outlets. The paper also argues that situational factors should be considered for better predictability of consumers' purchase behaviour.

Swati Sharma has collated perceptual responses of aspiring managers on various dimensions of corporate social responsibility in the sixth article titled 'Corporate Social Responsibility in India: Trends and Outcomes'. Further, this paper examines the outcomes of corporate social responsibility vis-à-vis societal advancement, competitiveness, brand recall, and employee retention. The author suggests that the CSR activities integrated with business strategy often leads to higher productivity and profitability.

We are celebrating centenary year of the 'father of Management' –Peter F. Drucker. In the seventh article titled 'Management Philosophy of Peter F. Drucker' Srirang Jha has made a concerted effort to appraise the contributions of Drucker and explore relevance of his worldview in the 21<sup>st</sup> century. Introductory section of the article focuses on overall persona of Drucker while subsequent sections examine the various aspects of his life, influences, legacy, and major contributions. A section on criticism summarizes views of the critics of Drucker's philosophy. A comprehensive list of books and articles by Drucker has been provided as an

appendix to this article for the benefit of future researchers on the subject.

In the last article titled 'An Integrated Framework of Human Resource System for Organizational Effectiveness of Banks', Jaya Bhasin has examined the perceptual response of the customers based on their interface with the staff and officers often reflects organizational effectiveness of banks. The study was conducted in the rural branches of State Bank of India and Jammu Rural Bank. Perceptual response of the customers were assessed on diverse parameters such as effective communication, knowledge of handling customer, respect for customers, prompt response to customers, knowledge of procedural formalities, providing correct and timely information, etc. The results showed a positive correlation between Human Resource System and the Organizational Effectiveness as an outcome seen through perceptual response of customers. Based on the findings of this study, the author has suggested an integrated framework of Human Resource System for organizational effectiveness of banks using process management approach.

We would like to thank all our contributors, reviewers and readers for their continual support. Also, we sincerely call for your suggestions towards improving the quality of Apeejay Business Review.

– **Editors**

**Tribute**

## **Paul Anthony Samuelson: An Unorthodox Economist**

**Anindita Banerjee\* & Deepankar Chakrabarti\*\***

Paul Anthony Samuelson passed into eternity on 13 December 2009 at the age of 94. He was the undisputed architect of modern economics. Throughout his life, he aggressively pursued a goal of ending inequality in the world by scientific analysis of economics. This paper is a modest attempt to revisit Samuelson's contributions and assess relevance of his ideas vis-à-vis emerging scenario in 21<sup>st</sup> century. It is organized into five sections: introduction, life and worldview, major contributions, criticism, and conclusion. The authors hope that this paper will lead to further research into Samuelson's ideas and principles using interdisciplinary approach.

### **Introduction**

Paul Anthony Samuelson (1915-2009) was one of the pioneering economists of 20<sup>th</sup> century who dared to challenge the traditional theoretical framework of analysing any economic issue. His critique of contemporary economic problems was widely accepted even by his detractors; leave aside the policy makers and fellow academics. He contributed profusely on varied areas of economics ranging from mathematical economics to financial journalism. However, his major contributions lie in modern welfare economics, linear programming, Keynesian economics, economic dynamics, international trade theory, logic choice, maximization and macro-economics. Considering his over-arching influence, a noted economic historian, Parker (2002) termed Samuelson as 'the father of modern economics'. He also happened to be the

first American to receive the coveted Nobel Prize in Economics.

Samuelson instantly became famous with the publication of his ground-breaking work 'Economics: An Introductory Analysis' in 1948. The book decoded Keynesian economics for general public. Later economists have often used this phenomenal work for developing their own worldviews on various economic issues. Many scholars have observed that this book is the most precious legacy of Samuelson. Indeed, he was a passionate philosopher, pursuing underlying truth behind any economic problem in most scientific manner and constructing relevant theories in a number of sub-domains of economics. Samuelsonian theorem of impossibility places him in the league of great mathematicians such as Hilbert, Kurt Gödel, etc.

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This paper is a modest attempt to revisit Samuelson's contributions and assess relevance of his ideas vis-à-vis emerging scenario in 21<sup>st</sup> century. It is organized into five sections: introduction, life and worldviews, major contributions, criticism, and conclusion.

### **Life & Worldviews**

Samuelson was born in Gary, Indiana (USA) on 15 May 1915 in a prosperous and liberal Jewish family. His father, Frank Samuelson was a pharmacist who immigrated with his family to the newly emerging steel city of Gary from Poland during World War 1. Samuelson received his education at Chicago and Harvard. He graduated from University of Chicago in 1935. He obtained Master's degree in Economics in 1936 and Ph D in 1941 from Harvard University. He served as a Social Science Research Council pre-doctoral fellow during 1935-1937, a member of the Society of Fellows, Harvard University during 1937-1940, and a Ford Foundation Research Fellow during 1958-1959. Samuelson received the David A. Wells Prize in 1941 from Harvard University and the John Bates Clark Medal from the American Economic Association in 1947.

Samuelson entered academics quite early in his life. He started his teaching career as Assistant Professor at Massachusetts Institute of Technology in 1940 where he became full professor within a short span of time in 1947 at a young age of 32. Besides teaching, he took up wide ranging consultancy assignments with a number of organizations such as National Resources Planning Board, War Production Board and Office of War Mobilization and Reconstruction, United States Treasury, etc. Throughout his illustrious career, Samuelson published profusely both in popular newspapers as well as academic journals.

In 1970, Samuelson received the Nobel Prize in

Economics in recognition of his extra-ordinary contributions. In the citation, the Nobel Prize committee observed: 'More than any other contemporary economist, Samuelson has helped to raise the general analytical and methodological level in economic science. He has simply rewritten considerable parts of economic theory. He has also shown the fundamental unity of both the problems and analytical techniques in economics, partly by a systematic application of the methodology of maximization for a broad set of problems. This means that Samuelson's contributions range over a large number of different fields.'

While Samuelson was an outstanding scholar in his own right, he was greatly influenced by John Maynard Keynes. In fact, his phenomenal book 'Economics: An Introductory Analysis' is said to be an amalgamation of the Neo-classical and Keynesian theories. The second most important influence on Samuelson was his own life and experiences. He was a bystander to two of the major world events – the Great Depression and World War II. Most of his works are testimony to this proposition. Despite his great accomplishments, he remained modest throughout his life, naively admitting in one of his articles that he became an economist quite by chance, primarily because the analysis was so interesting and easy (Samuelson, 1992).

### **Major Contributions**

Samuelson pioneered the Neo-classical school by synthesizing Keynesian thought with neo-classical principles. He thus transformed economics from one that deliberated about issues to one that solved problems, answering questions about cause and effect with mathematical rigour and clarity. Until the late 1930s, Economics was typically understood in terms verbal explanations and diagrammatic models. Scenario changed as Samuelson's quest began unfolding in his scholarly works.

Samuelson published his first article – 'A Note on the Measurement of Utility' – at the age of 21 as a doctoral student at Harvard. In this paper he advanced the concept of 'revealed preference' which proved to be a useful basis for deriving a considerable part of the static theory of consumer's choice. Though originally intended as the theory of consumer behaviour free from any vestigial traces of the utility concept, it turned out to be complementary to the latter. Revealed preference theory has since become a standard part of the curriculum of consumer behaviour. However, his contributions to micro-economics are not limited to this theory alone. He also played a crucial role in ascertaining the modern theory of production and giving character to the cost function. He also made some important contributions towards advancing the theory of technical progress.

Samuelson's doctoral thesis turned out to be his magnum opus – Foundations of Economic Analysis. Taking cue from the classical thermodynamic methods (specifically Willard Gibbs' paper 'On the Equilibrium of Heterogeneous Substances' published in 1876), Samuelson established that all economic behaviour could be understood in terms of maximizing or minimizing subject to a constraint. Samuelson overshadowed a similar work by Hicks who had pioneered the concept in 1939 while relegating the mathematical component in the appendix (Fischer, 1987). Samuelson's mathematical endeavours infused new life and blood into economics.

In the realm of international trade, Samuelson developed the Stolper-Samuelson theorem wherein he explained how the movement from autarky to free trade affected the distribution of real income among different factors within nations. Further, he developed the Lerner-Samuelson theorem concerning complete equalisation – a case in which complete

specialisation is attained before it has become possible for factors prices to be equalised. He also resolved the age-old 'transfer problem' relating to terms of trade through his writings.

Samuelson's contributions in the area of finance are commendable though he started dabbling with stocks much later in his academic career. He studied the stock market and concluded that properly anticipated futures prices should fluctuate randomly. Samuelson was opposed to the world of unregulated free market capitalism. He felt that if we were to look at the behaviour of financial markets, we would find that instead of tending toward equilibrium, prices continue to fluctuate relative to the expectations of buyers and sellers. There are prolonged periods when prices are moving away from any theoretical equilibrium. Even if they eventually show a tendency to return, the equilibrium is not the same as it would have been without the intervening period.

Summarizing Samuelson's contribution in welfare economics Krugman (2009) observes: 'What does it mean to say that one economic outcome is better than another? This was a blurry concept before Samuelson came in, with much confusion about how to think about income distribution. Samuelson taught us how to use the concept of redistribution by an ethical observer to make sense of the concept of social welfare – and thereby also taught us the limits of that concept in the real world, where there is no such observer and redistribution usually doesn't happen.'

Samuelson added value to macroeconomics by demonstrating that the cyclical nature of business can be explained by combining the Kahn's accelerator theory of investment with the Keynesian income determination model. He proposed that the government interventions in the form of fiscal and monetary policies were required to achieve full employment level and once it reached this level, the market would work well on

its own, except at providing public goods and handling problems of externalities. Samuelson aptly observed: 'What the multiplier does give is the ratio of the total increase in the national income to the amount of investment, governmental and private. In other words, it does not tell us how much is to be multiplied. The effect upon private investment are often regarded as tertiary influences and receive little systematic attention' (Samuelson, 1939).

Samuelson wrote extensively and averaged almost one technical paper a month for more than fifty years. Collected Scientific Papers (1966-1986) – a collection of his works combining around three hundred thirty eight articles are compiled in five-volumes. Moreover, he edited a book *Inside the Economist's Mind: Conversations with Eminent Economists* along with William A. Barnett. Indeed, this book adds up to more than the sum of its parts. It provides a rare overview of the economics profession in a manner that reveals the relevancy of the personal motives and experiences of some of its leading modern contributors (Samuelson & Barnett 2007).

### **Criticism**

Several of Samuelson's theories and principles have been criticized by his fellow economists. Gordon's critique on Samuelson's published Doctoral thesis *Foundations of Economic Analysis* holds good even today: 'It has, as one of its main objectives, to demonstrate the existence of operational propositions in economic theory, and to show how they can be derived. By an operational proposition, Samuelson means a proposition which implies an "operation" of some kind whereby, in principle, at least, it can be tested; even though, for practical or financial reasons, it may be impossible to carry out such an operation in fact. It is the purpose of this comment to show that his methods are in all cases not sufficient to establish operational

propositions, in some cases are not necessary, and in some are either meaningless or positively misleading' (Gordon, 1955).

Samuelson's factor-price equalisation theorem, which suggests that there is a natural tendency in an international economy for the wages and profits to equalise amongst nations over a period of time, has been refuted by many scholars who contend that the international wage levels diverge and not converge over time, as is evident from the fact that the rich nations gain at the cost of developing nations. There are various political-economic factors which have been overlooked by Samuelson while formulating this theory.

Samuelson's Revealed Preference theory has gained some advantages over the Marshallian Utility Theory and Hicks-Allen Indifference Curves Theory of demand. However, Hicks in his later work 'A Revision of Demand Theory' does not consider the assumption of strong ordering as satisfactory and instead prefers weak ordering hypothesis. Further Majumdar (1958) criticised the Revealed Preference theory thus : 'It may be remembered that in all forms of welfare theory, indeed in any integral view of human activity, we have to assume that the individual can always compare his ends. If this axiom is not granted, the whole of welfare economics falls to the ground. And if this axiom is granted, then the idea of remaining on the same level of welfare while sacrificing something of one commodity for something else of another will emerge automatically.' In the area of macroeconomics, Samuelson's theories have been criticised for their inapplicability. One of the prominent critics Skousen (1994) believes that Samuelson created a 'false sense' that there is a unified way of thinking on how economies work. Skousen further observes that people are denied the opportunity to be exposed to the trends of privatization and supply-side economics that have significantly boosted economic activity in other nations.

## Conclusion

Samuelson, more than any other economist during the later half of 20<sup>th</sup> century, not only dominated but also embodied economics in his life-time. He has been credited with the proverbial reincarnation of economics, for which he has been both extolled and vilified and to be precise accredited with anything right or wrong associated with it.

Indeed, Samuelson's theories were always within the realm of realism in a way, as can be stated with his understanding that market needs active support and control from the government, whereas his contemporaries worked in the ideals of perfect market. Samuelson's emphasis on appropriate monetary and fiscal policy to assure smooth functioning of the economy and to attain full employment becomes even more contextual today: 'What is true for each is not necessarily true for all; conversely, what is true for all may be quite false for each individual. Especially where his own interests are at stake, an individual tends to look only at the immediate effects upon himself of an economic event. A worker thrown out of the employment in the buggy industry cannot be expected to reflect that new jobs have been created in the automobile industry. But we must be prepared to do so.' (Samuelson, 1948).

A scholar such as Samuelson is born once in a millennium. Even in his death, he lives graciously through his phenomenal legacy. We conclude this tribute with an obituary message by Krugman (2009).

'There have been hedgehogs; there have been foxes; and then there was Paul Samuelson. I'm referring, of course, to Isaiah Berlin's famous distinction among thinkers – foxes who know many things, and hedgehogs who know one big thing. What distinguished Paul Samuelson as an economic thinker, making him like nobody else,

past or present, was the fact that he knew – and taught us – many big things. No economist has ever had so many seminal ideas..... So let us praise Paul Anthony Samuelson, the incomparable economist. There has never been, and will never be, anyone to match him'.

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# Society, Culture and Organizations in Post-Industrialization Era

Soumendu Biswas\*

This paper is a theoretical account of how society and consequent social-norms have changed in the post-industrial social setup. The paper puts in perspective the manner in which social changes have influenced organizational processes and the needs and requirements of the corporate working within this societal framework. The paper elaborates these dynamics with theoretical changes in the Indian corporate scenario. It may be realized that India, in the post-liberalization period, attained a society that is in keeping with the accepted definition of post-industrialization. The conclusion holds some implications of what organizations in a post-industrialized society must display in terms of the skills and potentials of their managers and suggests which of them must be developed and why.

## Introduction

Organizational studies pertaining to the later half of the nineteenth century indicates a shift in the scale and complexity of socioeconomic and political activity beyond the administrative capacity of more personal and direct forms of control. As a result, formal organizations emerged as the strategic social units in industrial capitalist societies. This provided a social technology through which human, capital and cultural resources could be assembled and coordinated in a way that fulfilled the material and social needs of dominant groups within such newly formed industrial capitalist societies. Thus, formal organizations provided a set of structures and practices through which the requirements for efficient large-scale production and administration, and the power interests which they served, could be realized.

At the core of this set of structures and practices lay the principles of formalization and centralization. Formalization led to division of functional and administrative tasks such that the routinization of work could be pushed as far as was practically possible under prevailing conditions. Centralization was epitomized by

hierarchical mechanisms through which overall strategic command could be concentrated at the apex of the organization, while operational decision-making authority could be delegated downwards in a regulated manner. This combination of formalized work performance and centralized administrative control established an organizational framework through which management of socioeconomic and political activity could be realized in industrial capitalist societies.

With time this framework became modified in various ways in order to cope with the myriad impact of technological and economic innovations that required more macrobiotic organizational forms which departed from the inbuilt judgment of formal work and central control (Burns & Stalker, 1961). Over time, the modifications to highly specialized and centralized organizational designs suggested by the 'organic' model involving a move towards more flexible and adaptive ways of working and managing began to raise some very serious questions about the theoretical clarity and practical utility of the orthodox bureaucratic or mechanistic form.

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Nevertheless, functionally specialized and hierarchically structured organizational designs dominated the economic, social and political development of capitalist and subsequently socialist societies for much of the twentieth century. Both systems came to depend on the administrative machinery which formal or complex organizations provided as a necessary precondition for the management of large-scale economic and political activity, where the maintenance of social order became more problematic for ruling elites and classes. Indeed, the technical and political indispensability of formal organization for the rational administration and management of social life in modern societies led Presthus (1962) to argue that the latter were all 'organized societies' despite their ideological attributes and historical path. The twentieth century therefore, came to be known as the century of 'organization', in so far as modern industrial or for that matter post-industrial societies could not continue to exist in anything resembling their current institutional forms without the administrative mechanisms and techniques through which the rational direction and control of long-term socioeconomic and political development could be achieved (Bell, 1973). Formal organization provided the indispensable planning and steering mechanism which allowed modern industrial and post-industrial societies to exert a degree of self-control over their destinies which was simply inconceivable for traditional or, for that matter, 'market' societies.

However, later research and analysis (Castells, 1989; Lash & Urry, 1987; Piore & Sabel, 1984) argue that a process of 'disorganization' has taken hold in all advanced industrial societies which essentially weakens the strategic role and significance of structured organizations. This is so to the extent that the primary dynamics of late-twentieth-century technological, economic and cultural changes is seen to push in the

direction of ways of organizing that break with the formalizing and centralizing essential traits of earlier phases of capitalist-led development. Thus, the 'disorganizing dynamics' inherent in late twentieth-century capitalist accumulation seems to require much more organic and networked forms of organizations, in which formalized administrative structures and practices give way to configurationless flows of resources, people, ideas and technologies (Castells, 1989). Thus, informational flows rather than organizations become the units of work and decision-making.

Consequently, the sustained significance of organizations vis-à-vis management of social change becomes much more dubious and potentially superfluous in both intellectual and practical sense. Despite this, the 'disorganization' thesis is open to challenge on a number of grounds (Reed, 2004). First, it tends to treat organization as being synonymous with bureaucratic organization. While there is some justification for this view, it seriously underestimates the extent to which alternative organizational forms that break with established practice have always been available and used. Second, it tends to neglect the issue of how flows become organized and how organizational forms whatever their particular configuration structure the processes through which change occurs. Finally, it risks the acceptance of a rather naive and over-optimistic interpretation of long-term socioeconomic, political and cultural development, in which the power struggles that drive both the dynamics and outcomes of change are conspicuous by their absence.

In short, a methodical deliberation of the plurality of organizational forms through which social life is synchronized is likely to remain a major focus for social scientific research as it resists understanding and explaining the dynamics, structures and outcomes of socio-historical change in contemporary capitalist societies.

**Post-Industrial Societies**

If one compares the pre and post-industrial periods, one would realize that a whole paradigm shift has occurred not only in the way business is done, but also in the way the

collective identifies itself change in the global society. The comparison between these two kinds of societal-setup is presented below, and one can easily make out the pattern change in the global business scenario and parallel changes in the organizational social values and ethos.

**Table 1: Comparison between Industrial and Post-industrial Societies**

	Industrial Society	Post-industrial Society
Key institutions	The State, firms, unions, banks, nuclear family, secondary groups, political parties	Universities, research and cultural institutions, mass media, banking, unstable families. Primary and secondary groups
Principal resources	Means of production, primary materials, patents, productivity	Intelligence, knowledge, creativity, information, scientific and cultural laboratories
Dominant economic sector	Production of goods: manufacturing, transformation and distribution Secondary sector	Production of ideas and service industries: transport, commerce, finance, insurance, health, education, administration, scientific research, culture, Tertiary sector
Work place	Mill, factory, office, city, urbanism. Big is beautiful	Distribution of information, Cottage electronics, scientific laboratories, tele-work, urban, factories dispersed Appropriate dimensions.
Instrumentation	Energy, rigid instruments, production line Machine made	Electronics, computers, biogenetics, intellectual and appropriate technologies Machine made
Advantages	Mass consumption, geographical and social mobility, control of nature, egalitarianism	Mass education, accessibility to information, leisure, invention of nature, reduction of uncertainty
Disadvantages	Alienation, competition, waste, anomie, psychophysical fatigue, exploitation	Manipulation, multidirectional, multi control, standardization, demargination, unemployment, psychical fatigue

**Source:** web.gc.cuny.edu, 2004

As a case in point, one may look at manufacturing in the contemporary post-liberalized economic scenario. The claim that manufacturing industry and agriculture are shrinking and the relative importance of the service sector is increasing (Hasse & Leiulfstrud, 2002) may still not be an absolute truth but a trend towards this is undeniable. It may however be claimed that services predominantly have been added to industrial work – and to a lesser extent replaced it.

Rifkin (1995), Delors (1996), Mayor (1999), and Grantham (2000) provide a comprehensive view of major changes in society and the world of work, education, and leisure. Some of the most salient characteristics of this new post-industrial phase mentioned by these authors show the changes in socio-economic and technical changes witnessed.

- The decline of the nation-state, and failure of certain totalitarian regimes. Neoliberal approaches favour a free flow of trade and investment and reduction of the role of the state, mainly through privatization, globalization of markets, organizations, regulations, customs and norms.

- The ownership of techno-scientific knowledge determines economic power. Universities, laboratories, telecommunication and entertainment companies become vital institutions of this high-tech era. Infosys, Reliance Telecom, and Star TV and serve as models of this era. The service sector becomes the predominant force in the formation of the national economy. Although less predictable in its totality, future developments become more and more programmable by ways of techno-scientific innovations. Professional and scientific knowledge becomes the most marketable commodity.

- There is a considerable growth of the third sector, in terms of number, diversity, and importance, of voluntary and non-profit organizations.

- The move to a service society is marked by a great expansion in education, health, and other welfare services. Life expectancy is greatly increased by these new improvements. In developing countries there is an unprecedented pressure on education, health and other systems. Migratory pressures also increase, contributing to a growing social and cultural diversity inside many countries. A growing number of female workers enter the labour market. The number of workers of the service sector surpasses the number of workers in the industrial sector. The roles of men and women, the elder, and the family bear great changes.

- The traditional conflict between classes is replaced by conflicts among a multiplicity of groups with different ideologies, interests, and styles. Social movements are increasingly supported by the growing power of NGOs that represent these different groups. Individuals play both subaltern and dominant actions depending on the actual roles, making exploitation relations much less clear.

- The world of work suffers radical changes. There is an increasing global labour surplus followed by changes in demographic characteristics of the workforce and changes in the nature of jobs, job qualifications, organizations, and the workplace. A highly competitive and volatile environment brings high stress and instability at work. Mankind faces two conflicting aspects of the same reality created by the application of technology: technological redemption from work vs. technological unemployment, the unemployment generated by technologies that make certain tasks and jobs redundant.

- There is a great development of the arts and the entertainment industry (also called the free-time or leisure industry).
- There is a progressive de-linearization and de-synchronization of both time and spatial relations. Individuals, the economies and society as a whole become increasingly networked and interdependent. New information and communication technologies (ICT) allow instantaneous interactions at distance and the creation of a virtual living space over the urban space (e.g. electronic communities, cyber-relations, tele-work, and distant education). Work, education, leisure and domestic life become more integrated. Free time surpasses working time. New concepts such as lifelong learning, elder education, and career shift are challenging the traditional view of life as a linear sequence “education-work-retirement”.
- Valorization of feminine values such as emotion, aesthetic, co-operation, and subjectivity. Increasing ethical, social and ecological concerns with the impacts of new technologies. Valorization of quality of life. Raising individualism and quest for new spiritual values (e.g. growth of new age movement and post-modern religiosities). In the global village, personal identities become more complex. Individuals embody a multiplicity of roles and identities (e.g. national identity, cultural identity, ethnicity, occupational identity, etc.), sometimes even conflicting with each other.
- With the speed, volatility, and instability of the work environments, and the multiplicity of identities, communities and personal networks (electronic and non-electronic) acquire increasing importance in providing stability and reference to life and career paths.

## **Organizational Changes in Post-Industrial Societies**

In all sectors, jobs have been affected by or reorganized in terms of the following factors:

- Relations between the organizations and the macro-environment: competing in global markets; new regulations implied by political, economic, social, ethical, and ecological concerns; etc;
- Time distribution: the reduction of the working week and the increase of the age of retirement are being discussed worldwide. Traditional lifelong jobs are being replaced by more provisory ones, reshaped into team projects, part-time jobs etc;
- Spatial distribution: a high-flex and decentralized workplace, with the proliferation of distant work and virtual organizations, etc;
- Work hierarchy and structure, and work processes: changes in organizational structure and work hierarchy (e.g. situational leadership, project groups, autonomous work teams etc.); new management concepts and practices affecting work processes (e.g. Total Quality Management, just in time, learning organization, re-engineering, downsizing etc.); Use of new technologies: increasing use of new information and communication technologies in the workplace (intranets, web-based training, videoconference, e-commerce etc.); Skill requirements; new qualification requirements demanding training and retraining of workers, and affecting the acquisition of human resources; New working contract and relations between employer and employee: redistribution of rewards and responsibilities, temporary work contracts, workers become responsible for their career path, health care, retirement funds etc.; Quality of working life: on the one side, the “brain work” and collaborative work environments allow more

creative and joyful work; on the other side, the highly competitive environments create tension and stress.

It has been pointed out that, in the new work environments, workers need to (be able):

- To operate more independently
- To work in a less well-defined environment
- To think creatively, making decisions, to reason, solve problems
- Have a broader understanding of the systems in which they operate
- Have a more abstract or conceptual understanding of what they are doing
- To acquire, organize and interpret information
- Interaction with their co-workers
- Have more experience in general social skills such as group problem solving and negotiation

Managerial and higher level workers will have to:

- Learn to operate in a much more interactive environment (not only taken instructions from above)
- Take initiative outside their traditional areas of responsibility
- Learn to work with subordinates who take a more active role than before

These new knowledge workers will engage most probably, in not one, but several different jobs and work projects during their careers. The widely disseminated ideas that 'up' is the only way, that one can hold a lifelong job as long as it is well done, and that if one works hard at job hunting he/she will not remain unemployed are no longer valid (Harris-Bowlsbey 1996). According to Streumer and Bjorkquist (1998), "because of the growing instability of employment, workers need to know how to move efficiently from one job to another..." and to "...manage their own retirement funds, health care, and other personal items previously

taken care by employers". In fact, an "increased employee responsibility for his/her work and career path" rests among the top-ten organizational trends in the forthcoming years according to Streumer, Van der Klink and Van der Brink (1999). As a consequence, the ability of managing one's career, of choosing one's life-career goals, learning and working experiences in order to maintain career sustainability, becomes one of the most crucial strategic skills to be mastered.

### **The Culture-Society Interaction: Indian Scenario**

In a post-industrial society, the role of culture in how people relate to their work environment has become clearly exemplified. In India, for example, the transplanted Western forms of industrial organizations, which introduced technologically-determined forms of formal systems of rules and regulations were often bypassed, diluted or integrated into traditional cultural influences in order to get work done more effectively (Sinha, 1999; Tripathi, 1988). Because of its very weak industrial base at the time of its independence in 1947, India planned with the help of borrowed Western capital and technology. This was in particular reference to the development of a dominant public sector that would also lead the other sectors in creating wealth for nation building. Secondly, managers in post-independence India were in short supply and a large number of retired bureaucrats were hired and those in active services were deputed. With them, however, they brought the colonial model of bureaucracy which dominated the culture in these organizations.

The context-sensitivity of the Indian psyche however, shifted organizational behaviour in general and organizational and work-related culture in particular after the liberalization and privatization of the economy on a large scale in 1991. The demands of business and competition

required Indian managers to shed the garbs of bureaucracy and adopt more flexible and organic cultural norms. Indian managers realized that effective organizational functioning cannot come about without a good fit between effective management and corresponding employee characteristics, in the light of maximizing organizational goals (Komin, 1995). Thus, managerial practices in Indian organizations, especially HR practices underwent a sea change wherein the role of socio-cultural values played in affecting organizational processes and managerial actions (Blau & Schoenherr, 1971; Hall, 1972). A diagnostic model of this cultural-intervention and influence of socio-cultural norms and values is as follows.

**Conclusion**

The indications from the study above imply that managers have displayed a number of skills and approaches that have helped business cope with the exigencies of the environment. Some of the future implications of this are as follows.

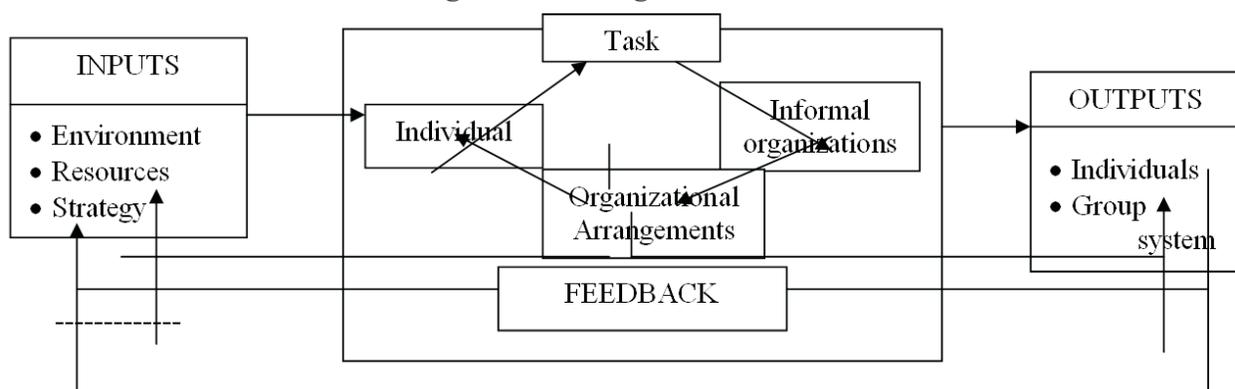
Network organizations are the going to be the mainstay of establishing a sustainable future in the form of alliances not only in terms of within-boundary, but also across-boundary alliances. The more the managers develop their networking and communicating abilities, faster will be the positive effect on the economy.

Workplace diversity is another challenge that is and shall be gaining impetus in the years to come. Diversity at work place and off it needs to be handled on a more global basis.

With the increase in business complexity, conflicts are going to increase which requires that conflict management skills of the managers be honed. This may be as true as inter-business conflict, as much as cross-cultural conflict. Creativity is another issue that needs to be addressed. As Kohli & Sinha (1995) suggest, the only way to find the limits of an innovative idea is to go beyond them and get absurd enough to get beyond what is impossible to find out what the limit is. Integrity and purposefulness will also be essential. One may be able to create almost anything that one dreams of given one's technical capabilities, but the question remains as to whether one tempers his creation with a sense of moral purpose. There needs to be a huge amount of integrity in the work one does, to be successful in fostering a sustainable economy for the future.

Leadership has to be characterized as transformational in order to learn to adjust and change continuously. This is primarily because with the opening up of the economy it has become very clear that continuous and unpredictable change shall be the norm of the foreseeable future. Benchmarking studies and self-auditing are going

**Figure 1: A Congruence Model**



Source: Komin, 1995

to assume greater roles. Companies that have made commitment to sustainability and have been restructuring how they operate around some of these principles are finding that these affect their bottom-line in a very positive way. Finally, with special reference to manufacturing industries, the post-liberalization era holds the message of full life cycle responsibility for their products from the time their materials come out of the ground to the time it ends up in a landfill.

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# TQM-based Global Quality Award Models: An Appraisal

**Sangeeta Dodrajka\***

With the increasing globalization and international competition, the buzz word is quality for the Indian business houses. The question of survival has gained relevance and the emphasis has shifted from the bottom-line results to the customer satisfaction and quality improvement. Corporations are applying for certification to international quality standards like ISO: 9000 and other relevant standards in order to have a better corporate image in the marketplace. The Indian managers are adopting company-wide quality control programmes to increase the efficiency and productivity of the operations, products and services. Various agencies are conferring quality awards to encourage the adoption of better quality control practices to those corporations which have reached a certain level of efficiency. The present study seeks to analyse the criteria of some of the popular Indian and international award models.

## **Introduction**

With the sweeping policy changes in the Indian business environment, the Indian businesses are facing global competition from some of the largest corporations of the world. The 'infant industry' argument has been replaced by 'the fittest should survive' philosophy. The challenges not only in terms of cost-effectiveness, sustainability but also increasing customer demands have forced the business organizations to design their processes more systematically. The professionalisation of management and separation of ownership from management has also led to widespread use of modern managerial techniques of decision-making. The organizations are aiming at zero-defect and KAIZEN to reduce their rework cost and overall cost of operations. The focus in the concept of quality has shifted from the 'policing approach' to 'defect prevention' at the first instance. The new techniques of marketing are

being evolved every day to woo the customer. The word 'quality' has gained a lot of relevance. Almost every large successful organisation has its own quality policy and a mission statement. Quality is no more an option but a necessity for survival in this environment.

## **Various Dimensions of Quality**

The word 'quality' has been derived from the Latin word 'qualis', which means, 'such as the thing really is'. Various authors have viewed quality differently. Juran (1974, 1988) described it as 'fitness to use'. Deming (1982) emphasized systems approach in effectively managing quality. According to Crosby (1979), quality is 'conformance to requirement; an achievable, measurable, profitable entity that can be installed once you have commitment and understanding and are prepared for hard work'. He also proposed zero-defect quality improvement programmes.

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Feigenbaum (1961) defined quality as 'value creation'. He observed that quality is a customer determination that is based on 'the customer's actual experience with the product or service, measured against his or her requirements - stated or unstated, conscious or unconscious or merely sensed, technically operational or entirely subjective - and always representing a moving target in a competitive market.' He also proposed the concept of organisation-wide quality control. Another definition given in the Organisation of International Standards (ISO) vocabulary and in ISO:9000 series is that 'quality is the totality of features and characteristics of a product or service that bear its ability to satisfy stated or implied needs.' Major definitions of quality are summarised in Table 1.1.

The above definitions mention three types of quality: quality of design, quality of conformance, and quality of performance. They are briefly described below:

Quality of Design means that the product has been designed to successfully satisfy a consumer need, real or perceived.

Quality of Conformance, or conformance to requirements, refers to the manufacture of the product or the provision of the service that meets the specific requirements set by the consumer.

Quality of Performance implies that the product or service performs the intended function as identified by the consumer.

However, Garvin (1984) identified five major approaches to the definition of quality, as shown in Table 1.2. These are: transcendent, product-based, manufacturing-based, user-based, and value-based approaches to defining quality. The underlying principles behind the definitions of quality range from basic philosophy to economics, marketing and operations management.

Quality has gained a lot of importance in today's dynamic business environment. The future holds promise and opportunities for individuals, organizations and the nation. The policy changes initiated at the macro-level motivate the Indian organizations to opt for world-class products and services. As per the art of Japanese Management, quality is a major factor, which has contributed to competitive edge that the Japanese companies have acquired.

**Table: 1.1 : Defining Quality**

S. No.	Name of Author	Definition
1.	Juran	Quality is fitness to use.
2.	Crosby	Quality means conformance to requirements
3.	Feigenbaum	Quality means best for certain customer conditions. These are: actual use and the selling price of the product.
4.	Edwards Deming	Quality consists of the capacity to satisfy wants

5.	Weinberg	Quality is simply a collection of attributes to suit a purpose. These can be dimensions, material, properties, performance and so on, which are usually, though not invariably measurable and expressible in units.
6.	Oakland	A predictable degree of uniformity and dependability at low cost and suited to the market.
7.	Bureau of Indian Standards	Quality is the totality of features and characteristics, which have a bearing on the ability to satisfy stated or implied needs.
8.	Pirsig	Quality is neither mind nor matter, but a third entity independent of the two. Even though quality cannot be defined, one knows what it is.

Adapted from: D.A. Garvin, "Competing on the Eight Dimensions of Quality", Harvard Business Review, vol. 65, no. 6 (1987), pp. 101–109.

**Table: 1.2 : Alternative Approaches to Definition of Product Quality**

S. No.	Approach	Definitional Variables	Underlying Principles
1.	Transcendent	Innate excellence	Philosophy
2.	Product-based	Quality of desired attributes	Economics
3.	Manufacturing-based	Conformance to requirements	Economics, Marketing, and Operations Management.
4.	User-based	Satisfaction of individual customer preferences	Operations Management.
5.	Value-based	Affordable excellence	Operations Management.

Source: D.A. Garvin, "What does Product Quality Really Mean?" Sloan Management Review, vol. 1 (1984), pp. 25- 43.

The concept of quality has assumed great significance due to recent changes in the world order and the increasing demand for exports. The world is becoming a 'global village' due to fast-changing technology and highly developed communication networks. However, ensuring certain specified levels of quality involves some costs, such as prevention and appraisal costs. Therefore, it becomes imperative to analyse the concept of quality cost before examining the concept of TQM. As quality involves cost, its measurement, control and management become inevitable. Quality costs may be defined as 'the costs incurred because poor quality can exist or because poor quality does exist'. Quality costs are, therefore, the costs incurred because quality standards are met, or alternatively, because quality standards are not met.

TQM implementation results in a lesser number of defective items produced and, hence, lesser rework. The total increase in prevention cost is easily offset by a major advantage in defect prevention. The effective implementation of TQM leads not only to reduced defects and customer complaints but also to increased customer satisfaction, which ultimately leads to increased market share.

### **Genesis of Total Quality Management**

Growing consciousness about quality among customers has driven the producers to adopt effective quality control techniques. The winners of tomorrow are those who pay attention to quality today. Quality assurance in all spheres of activities must start with quality consciousness within the organisation. There is a need to transform quality consciousness into a concerted effort for quality assurance and quality management. The marketplace of today

requires continuous improvement in business processes. This is precisely where TQM principles provide methodological guidelines.

As the use of statistical process control grew in the 1980s, industry realised the need to improve the entire system of providing a quality product or service. Methods of quality management were developed and utilised to encourage the design, production, marketing, sales, and service of quality products and services. The TQM philosophy revolves around quality. This integrated approach, involving all departments in a company in providing a quality product or service, came to be known as Total Quality Management.

Thus, TQM is a way of managing all aspects of a business in order to achieve the best results for the shareholders, as a result of providing superior customer satisfaction and employee motivation at the lowest possible cost, through the practice of continuous improvement and defect prevention, by involving all the employees in the organisation. Excellence has become a necessity for firms to survive in the global market, and this can only be achieved through TQM. It can be defined as the art of managing the whole to achieve excellence. TQM is not just about achieving certain standards of competitiveness or introducing new techniques, methods or processes rather it is about changing attitudes towards business and competitiveness. Quality is more compatible with human nature than cost and productivity. People take pride in doing good work and everyone likes to do well. Therefore, managing quality is the job of every employee of an organisation and not only that of the manager. It is about building up a quality culture based on changing attitudes and behavioural patterns.

## **Global Quality Award Models**

In today's highly competitive environment, the quality of a product has become the basic factor affecting the customer's buying decision. Quality has become the single most important force leading to organisational success and growth in the wake of international competition. No organisation can survive unless it develops the ability to assess its own competitive position. In order to facilitate continuous self-assessment of quality, a number of quality awards have been developed at both the national as well as international level.

The award models are models for business excellence, and are manifestations of the definitions of TQM, in a broad sense, regarding the whole organisation and all activities which take place in it, because the criteria in the awards are well-defined and generally accepted as important for each organisation. The award criteria are basically a collection of best-known business management and quality practices and principles. They are based on a set of core values and concepts. The major internationally renowned quality awards are: the Deming Prize (1951) in Japan, the Malcolm Baldrige National Quality Award (1987), given by the US government; the Australian Quality Award (1988), given by the government of Australia, and the European Quality Award (1991), given by European Foundation for Quality. Table 1.3 provides a comparison of these major global award criteria. All these award models seem to be significantly different. However, a closer scrutiny reveals a number of common factors among them. These awards are briefly described in the following section.

### **1. The Deming Prize Model**

The main objective of instituting the Deming Prize, named after the famous quality legend, Edward Deming, was to spread quality awareness throughout Japan. In fact, it has proved to be an effective tool for recognising the organizations that achieve distinctive performance improvements by following company-wide quality control (CWQC). The focus of the award is on the efficient management of policies, plans and information systems, and on the collection and transmission of quality control data, standardisation and future improvement plans. It provides prescriptive tools, techniques and practices of management. The Deming Prize gives an equal weightage to each factor and is not a competitive prize. It is conferred by the Japanese government for achieving a certain level of excellence to the Japanese companies.

### **2. The Malcolm Baldrige National Quality Award Model**

The Malcolm Baldrige National Quality Award Model (MBNQA) was initiated in 1987 to promote Total Quality Management in the US. It is given to those US organizations that demonstrate excellent performance in both the way they run their business and in the quality of their products or services. The award is administered by the National Institute of Standards and Technology, a division of the Department of Commerce. The seven critical factors, associated with this award are: leadership, strategic planning, information and analysis, human resource development, process management, customer focus and the business results. The major advantage of the Baldrige model is that it provides a common framework

for understanding and implementing various TQM theories, tools and approaches. The use of self-assessment against the MBNQA criteria has become a powerful TQM tool for the US organizations. Figure 1.1 gives an insight into the model.

### **3. The Australian Quality Award Model**

The Australian Quality Award model (AQA) is given to encourage the organizations to improve product and process quality, to achieve world-class standards and to provide a benchmark to other companies. The AQA award is not a competitive award, as there are no restrictions on the number of prizes, like the Deming prize of Japan. The main emphasis is on effective leadership, information analysis for effective policy formulation, customer-care, and taking along the human resources for the achievement of excellent business results. According to Abby and Hong (1996), the model is based on the premise that quality improvement requires an enlightened and influential leadership, which drives quality movement forward and nurtures an innovative and creative workforce capable of meeting customers' expectations. The AQA model is shown in Figure 1.2.

### **4. The European Quality Award Model (EQA)**

The European Foundation for Quality instituted this award in 1992. This model is prescriptive by nature and does not give any particular tools, methods, procedures or practices. It is based on the assumption that the end result is the by-product of managerial competence, policies and processes. The framework of the model is

supported by the relationship between outputs, viz., business results, customer satisfaction and acceptance by society, and inputs, like people management, policy and strategy, and processes. The model criteria are divided into eight practice elements having different weights. Customer focus/ satisfaction are being assigned the maximum points (20 per cent), followed by business results (15 per cent) processes (14 per cent), and leadership (10 per cent). Enablers have been given 50 per cent, as the results are also given a 50 per cent weightage.

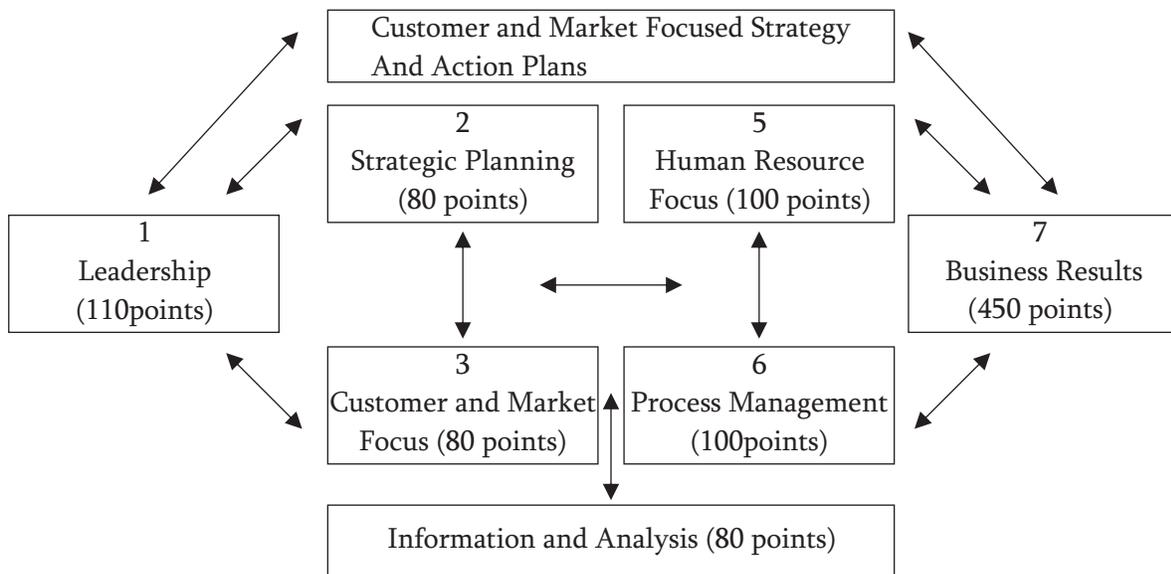
It is based on the principle that processes are the means by which the organisation harnesses and releases the talents of its people to produce results. The results aspect is concerned with what the company has achieved and is achieving, and the enablers with how the results are being achieved. The model does not stipulate any particular techniques, methods or procedures that should be in place. The organisation is expected to have undertaken at least one self-assessment cycle before applying for the award.

The primary objective of the award is to support, encourage and recognise the development of effective TQM approaches by European organizations. The EQA model emphasises that customer satisfaction, people satisfaction and the impact of TQM implementation on society—the results are achieved through leadership-driven policy and strategy, people management, resources and processes – the enablers – leading ultimately to excellence in business results.

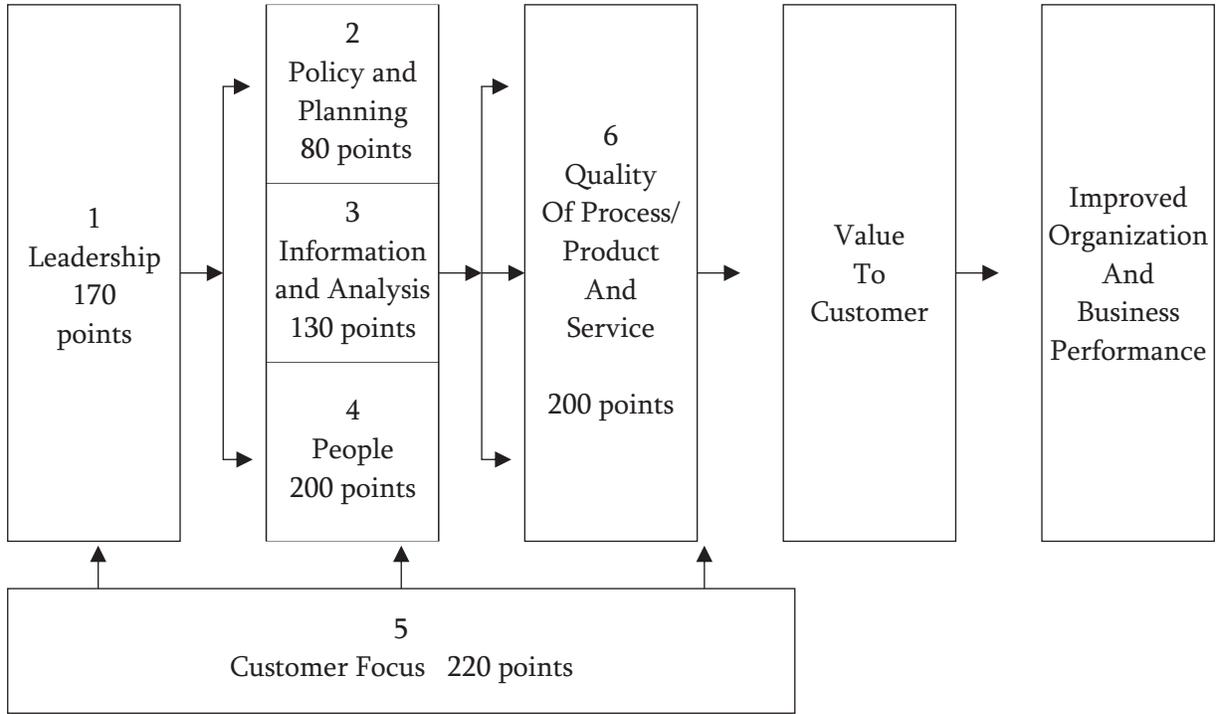
**Table: 1.3 : A Critique on Global Quality Award Criteria**

S.No.	Deming Prize (Japan)	Malcolm Baldrige (USA)	Australian Quality Award	European Quality Award
1.	Organisation and its management	Leadership	Leadership	Leadership
2.	Company policy and planning	Strategic planning	Policy and planning	Policy and strategy
3.	Collection, transmission and management of information	Information and analysis	Information and analysis	Resources
4.	Quality control education and dissemination	Human resource development	Human resource development	People management
5.	Analysis	Process Management	Processes and products	Processes
6.	Standardisation	--	--	--
7.	Control	Customer focus and satisfaction	Customer focus	People satisfaction, customer satisfaction
8.	Effects	Business Results	Business results	Business Results
9.	Future plans	--	--	Impact of TQM implementation on society

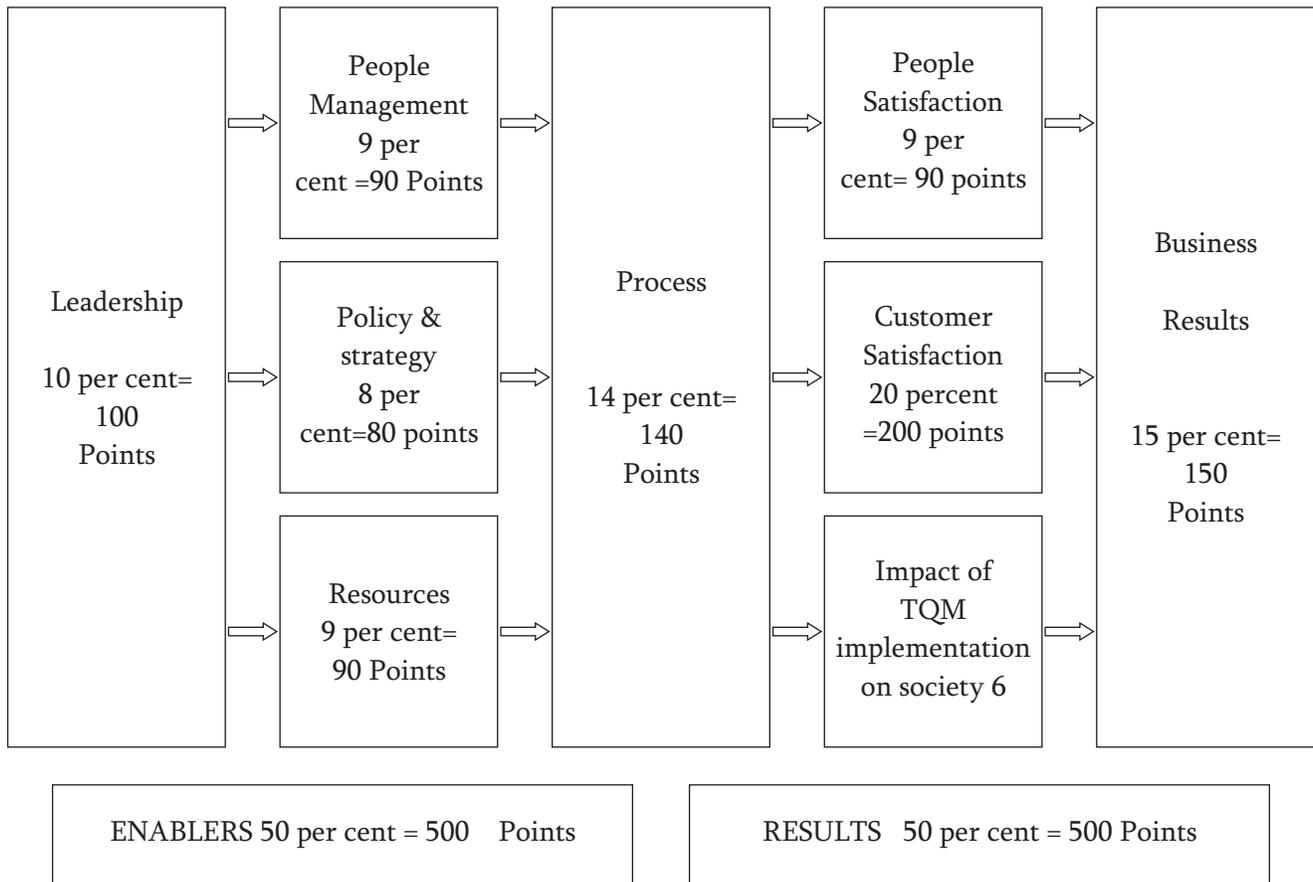
Adapted from: S.K. Agarwal, Unpublished thesis, I.I.T. Delhi,1999, p. 56.



**Figure 1. 1: Malcolm Baldrige National Quality Award**



**Figure 1.2: Australian Quality Award Model**



**Figure 1.3: European Quality Award Model**

The award insists on self-assessment by the organizations on a continuous basis. The model also recognises the need for developing human resources through employee involvement and process capability through continuous improvement. Figure 1.3 presents an overview of the EQA model. The Indian quality award conferred by the CII in association with the Export-Import Bank of India is based upon this award only.

### **An Appraisal**

As shown in Table 1.3, all the four award models have a different focus towards the criteria for evaluation. While the Deming Prize focuses on the control of processes, the MBNQ award stresses more on customer satisfaction, human resource development and the management of processes, with a special emphasis on business results. The Australian award model assigns the maximum weight to customer focus (220 points) followed by people management (200 points), the quality of product/process (200 points) and leadership (170 points). Greater emphasis is laid on value to the consumer and overall improved organisational performance.

The EQA model has four examination categories for the evaluation of business results. It also includes the social responsibility of business as an important criterion for evaluation. The technical approach of the Deming Prize in Japan can be attributed to the fact that the prize is being administered by, academic scientists and engineers (Deming and JUSE). The less technical organisational management approach of the MBNQA and EQA awards is due to the fact that they are formulated and administered by groups of managerial people. The total quality leadership and human resource development and management criteria in various national award models are effective and useful guides for performance improvement.

## **Indian Quality Awards**

In India, the need for quality improvement has been strongly felt by the business fraternity. To face global competition in a more liberalised scenario, a number of quality awards have been set up by the government of India, industry associations and professional bodies. There is no one widely accepted or acknowledged award in India but there are a number of awards, out of which the most coveted ones are: Golden Peacock Quality Award (1991), Rajiv Gandhi National Quality Award (1991), CII-EXIM Award for Business Excellence (1994), IMC Ram Krishna Bajaj National Quality Award (1995) and MAIT Quality Recognition Programme (1995).

### **1. Golden Peacock National Quality Award Model**

The award was instituted in India by a private institution, the Institute of Directors (IOD), to encourage total quality improvement in commercial, industrial as well as service organizations. The award is based more or less on MBQNA criteria. The maximum score is 1000 points. It is an annual award, which is given in five categories as follows:

Public and private undertakings; all sectors of industry and commerce; government and semi-government departments; trade and professional associations; and educational, service and research establishments. However, the implementation of the award lacks transparency and has not been able to generate nationwide recognition.

### **2. The Rajiv Gandhi National Quality Award**

The Rajiv Gandhi National Quality Award (RGNQA) was instituted by the Bureau of Indian Standards (BIS), in 1991 in order to encourage Indian manufacturing and service organizations to strive for excellence and to give special recognition to those who are considered to be the leaders of the

quality movement in India. The award is intended to generate interest and involvement of Indian industry in quality programmes, to drive our products and services to higher levels of quality and equip our industry to meet the challenges of domestic and international markets.

The main objectives of the award is to help Indian industry to improve quality by:

- Encouraging them to make significant improvement in quality for maximising consumer satisfaction and for successfully facing competition in the global market as well;
- Recognising the achievements of those organizations, which have improved the quality of their products and services and thereby set an example for others;
- Establishing guidelines and criteria that can be used by industry in evaluating their own quality improvement efforts; and
- Providing specific guidance to other organizations that wish to learn as to how they can achieve excellence in quality, by making available detailed information on the 'Quality Management Approach' adopted by award-winning organizations to change their culture and achieve eminence.

RGNQA is an annual award based on self-assessment by the company. It also indicates the extent to which the commitment is being deployed through every level of the organisation and in all the areas of activities. There are four awards given for – Large scale manufacturing organisation; Small scale manufacturing organisation; Service sector organisation; and one for best among all of them. In addition, there are six commendation certificates each for large scale and small scale manufacturing

organizations as per industrial sectors given below: Metallurgical industry, electrical and electronic industry, chemical industry, food and drug industry, textile industry, engineering and others. Further, there are four commendation certificates, one each for the following service sectors: finance, health care, utilities and others.

### **3. CII-EXIM Award for Business Excellence**

The CII-EXIM award for business excellence was instituted in 1994, by the Confederation of Indian Industry (CII) in association with, the Export-Import (EXIM) Bank of India. This model is based on the European Foundation for Quality (EQA) award model. The main objective of the award is to set up a challenge for the Indian industry to scale new heights and become world-class organizations with a thrust towards business excellence. This annual award is based on self-assessment by the organizations.

The application is invited in these categories:

- » Large-scale (annual sales more than Rs. 500 crores);
- » Medium-scale (annual sales Rs. 50 to Rs.500 crores); and
- » Small-scale (annual sales less than Rs. 50 crores).

### **4. The IMC Ramkrishna Bajaj National Quality Award**

The IMC Ramkrishna Bajaj National Quality Award was instituted by the Indian Merchants Chamber, in 1995. The main purpose was promoting quality standards, both in the processes and products, among Indian organizations, and in helping them achieve global standards. The Malcolm Baldrige Award criteria have been customised to suit Indian conditions with a special focus on exports, innovation, environment and safety considerations.

## 5. The MAIT Quality Recognition Programme

The Manufacturers' Association for Information Technology (MAIT) started a quality recognition programme in 1995. This model is also based on the European Quality Award model. The award has three levels. Level-1 indicates that the company is on the quality journey and the quality initiatives are being driven through better leadership, processes and customer focus. Level-2 recognition signifies that the organisation is being well-managed with quality initiatives taking the roots leading to good results. Level-3, added in 1997-98, signifies that the company is completely managed, quality initiatives are well integrated with the business and the company's performance is amongst the best in class. After level-3, the best of the Level-3 companies will be nominated as MAIT nominee for the CII-EXIM award for business excellence. The award is contributing significantly in the field of information technology in terms of quality improvement and performance excellence.

### Earlier Studies on Quality Awards

Different studies have covered various aspects of TQM practices and its impact on business performance. Most of the studies found a significant link between TQM implementation, getting a quality award and business performance. However, gaps have been found in the area of TQM maturity and its impact on business performance in Indian companies. Almost all the studies, barring a few, have been conducted outside India.

Keno (1983) studied 26 companies that had won the Deming application prize (a Japanese prize given to companies for their effective implementation of company-wide quality control) between 1961 and 1980. The study revealed that the financial performance of these

companies in terms of earning rate, productivity, growth rate, liquidity and net worth was above average for the respective industries.

Bemowski and Stratton (1995) (as quoted in Sam, 1997) investigated the usefulness of the MBNQA criteria. Surveys were conducted for a randomly selected sample of 3000 people worldwide. A response rate of 28 per cent was achieved. The conclusion was that the overall usefulness of the MBNQA criteria has met or exceeded the users' expectations and that the criteria were being used primarily to obtain information on how to achieve business excellence. However, the study failed to establish a link between MBNQA and organisational performance.

The Centre for Effective Organisation Surveys, based at the University of Southern California, US, conducted a survey of Fortune 1000 companies, examining employee-oriented improvement initiatives. Around three-quarters of the sample had a TQM initiative while a quarter of these had embarked upon TQM only after 1990. TQM was found to be more prevalent in manufacturing than in services. It was suggested that competitive pressures led to the adoption of TQM. It was found that TQM implementation was linked to organisational effectiveness.

### Conclusion

A number of quality awards are conferred by various agencies to encourage continuous quality improvement and company-wide quality control programmes in various countries. The study provides an insight into some of the popular national and international award models. These award models have used a number of dimensions of TQM in order to evaluate the relative effectiveness of the applicants. Some of the models are quite comprehensive and in tune with the ISO:9000-2000 quality standards. A critical comparison of Indian CII-EXIM award model has also been made

vis-à-vis ISO:9000 and TQM literature. The award focuses on achieving excellence in managing quality through a process of continuous improvement. Thus, it can be concluded that these award models not only add to the goodwill of these corporations but also improve the self-assessment process leading them to a path of continuous improvement, standardisation of their processes and enhanced customer satisfaction. As quality is not a destination rather a journey in itself, the ultimate objective is to achieve business excellence and market leadership. These award models not only help in self-assessment of the companies applying for the same but also indicate how far the quality road they have travelled which helps the other companies to benchmark their performance vis-a-vis their own operational performance.

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# Psychological Capital and Subjective Well-being in Corporate and Science & Technology Organizations: A Comparative Study

Purnima Singh\* & Vandana Talwar Sethi\*

Organizations today are facing immense challenges as a consequence of globalization, increasing diversity, changes in expectations of employees and increasing competition. All these have put pressure on management forcing them to focus on flexibility, innovation, speed-to-market, effectively developing and managing employees' knowledge, experiences, skills, expertise and worth. One emerging perspective which focuses on producing flourishing employees in organizations is positive organizational behaviour perspective. This perspective focuses on psychological strengths of employees. This paper has two main objectives; the first is to highlight the relevance of this perspective for management practices. We would then briefly discuss one concept from this perspective called Psychological Capital defined as "an individual's positive psychological state of development that is characterized by the following: (a) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (b) making a positive attribution (optimism) about succeeding not only at present but also future; (c) persevering towards goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (d) when beset by problems and adversity, sustaining and bouncing back and even beyond i.e. resiliency to attain success" (Luthans, Youssef, & Avolio, 2007, p.3). We believe that this set of positive strengths will enable employees to enhance his/her efficiency and effectiveness which helps to enhance overall profitability and efficiency of organizations.

## Introduction

Organizations today are faced with major demands which have ramifications for employee well-being and organizational productivity. Increased competition at the global level, finite resources, and rapid socio-political changes have ushered an era of increasing demands on all sorts of organizations. Much of earlier focus in Organizational Behaviour research over the years has been guided by what has been called 'the downward spiral of negativity' focusing on stress, burnout, alienation, absenteeism and withdrawal. Researchers have often attempted to suggest ways to overcome them or reduce their impact. It is true that people working in

organizations experience work related demand and stresses, and the contemporary demands on organizations are making things even worse.

The approach until recently has been referred to as the four D's approach (damage, disease, disorder and dysfunction) that focuses on the prevention of poor performance, low motivation and unwell-being (Bakker & Schaufeli, 2008). All of us will agree that organizations however, are also arenas where people spend a major part of their productive life, a place where people crave to realize their potentialities and creativity and make enduring interpersonal and social networks.

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For many, this stage in life which one may call 'organizational and work stage' is the most cherished phase. These experiences in one's organization help to shape the philosophy of work and life. Building positive organizations will meaningfully contribute to positive experiences of people in organizations, which will make this stage of life all the more meaningful and worthwhile.

Positive organizations give freedom to the employees to exploit their potentials. In turn, the organizations become flourishing with more engaged employees who are proactive, responsible, and committed to high quality performance standards and demonstrate more collaborative and citizenship behaviours. Thus a radical shift from the four D's approach is needed and this is where positive organizational behaviour (POB) becomes imperative (Bakker & Schaufeli, 2008).

Positive organizational behaviour studies positive human strengths and competencies as well as how the employees can be facilitated, assessed and managed to improve performance in different work settings. It has emerged from positive psychology, which aims at changing the focus of psychology by building positive qualities in people, and enabling individuals and communities to thrive and make life worth living. Further, positive organizational behaviour is 'the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed and effectively managed for performance improvement in today's work place' (Luthans, 2002). This approach is referred to as 'broaden and build' approach based on the assumption that positive emotions lead to openness, new experiences and a broadening of one's behavioural repertoire thereby leading to an enhancement of personal resources. This leads to

developing a reservoir of new as well as old resources, which can be used when confronted with future threats.

Positivity has numerous benefits for employees as well as organizations. It enhances creativity, productivity, larger social networks, stronger social support, richer social interaction, a more proactive life with renewed energy and flow, better health and longevity. POB can outweigh negativity often associated with organizational life ushering the positive spin, which would pave the way for more thriving and flourishing workplaces. Obviously, organizations adopting POB would see improvement in productivity, growth in shareholder return, satisfied employees, increased well-being and more committed workforce.

### **Positive Psychological Strengths**

The goal of positive organizational behaviour is to boost those capacities which are related to employee performance enhancement and well-being. These could include self-efficacy, optimism, hope, resiliency, subjective well-being, emotional intelligence, citizenship behaviours, creativity, wisdom and employee engagement. Some of the variables are briefly discussed below:

#### **1. Self-Efficacy**

Research has shown that efficacy beliefs influence both the level of motivation and performance at workplace. Emphasizing the importance of self-efficacy, Bandura (1997) asserted that 'unless people believe that they can produce desired effects and forestall undesired ones by their actions, they have little incentive to act'. Whatever other factors may operate as motivators, they are rooted in the core belief that one has the power to produce desired results. Moreover, self-efficacy also implies 'one's ability to mobilize the cognitive resources necessary to execute a specific course of action within a given context' (Stajkovic & Luthans, 1998).

## 2. Subjective Well-being

Subjective well-being or what has been referred to as people's affective and cognitive evaluations of their lives has been examined rigorously over the past three decades. Diener et. al. (1995) have focused on 'when', 'why' and 'what' of happiness or what is now referred to as subjective well-being (SWB). They have identified global judgments of one's life; satisfaction with important domains; positive affect (experience of many positive emotions and moods) and low levels of negative affect (experience of few unpleasant emotions and moods) as major components of life satisfaction.

## 3. Emotional Intelligence

Mayer & Salovey (1997) defined emotional intelligence as 'the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions'. Thus, it describes an individual's ability, capacity, or skill to perceive, assess, and manage the emotions of one's own self and that of others as well as that of the groups. Emotional intelligence has a large set of skills, which are relevant for functioning effectively in organizations.

## 4. Optimism

Optimism has significant impact on physical and psychological health, perseverance, motivation, and achievement. Optimism is a cognitive characteristic to define generalized outcome expectancy. According to Seligman (1998), optimism is 'an elucidation of the attributes of positive events to internal, permanent and pervasive causes and the negative events to external, temporary, and situation specific aspects'. This positive strength gives chance to an individual to take credit for his/her success, which ultimately boosts self-confidence. During adverse times, it protects them against delving in

depression. Optimism has been applied in organizational settings since long and it has been found to be important not only for employees but also for leaders (Avolio & Luthans, 2006; Jensen & Luthans, 2006; Luthans, Norman, & Hughes, 2006).

## 5. Resilience

Resilience is 'the capacity to rebound or bounce back from adversity, conflict, failure, or even positive events, progress, and increased responsibility' (Luthans, 2002). It is positively related with performance and other positive variables like job satisfaction, authentic leadership etc. (see Luthans, et. al., 2006).

## 6. Employee Engagement

A major challenge for organizations today is employee retention. Organizations are confronted with the arduous task of retaining talent as the employees now have more job opportunities in the offing. Employers are invariably making positive overtures to have more engaged employees. Thus employee engagement has emerged as a promising area of research under the umbrella of Positive Organizational Behaviour.

Self-efficacy, optimism, hope and resilience have been clubbed by Luthans, Youssef & Avolio (2007) as Psychological Capital or PsyCap which is defined as "an individual's positive psychological state of development and characterized by the following:

- (a) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks;
- (b) making a positive attribution (optimism) about succeeding not only at present but also future;
- (c) persevering towards goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and
- (d) when beset by problems and adversity, sustaining and bouncing back and even beyond i.e. resiliency to attain success.

Hence, PsyCap may be termed as a set of some positive strengths which enables employees to enhance his/her efficiency and effectiveness leading to overall profitability and efficiency of organizations.

**Psychological Capital and Subjective Well-being**

In a series of two studies on women employees in different kinds of organizations, one in science and technology research and teaching institutions and another in corporate sector, we examined the relationship of PsyCap and Subjective well-being (SWB). Subjective well-being refers to how people evaluate their lives, and includes variables such as life satisfaction and marital satisfaction, lack of depression and anxiety, and positive moods and emotions. A person's evaluation of his or her life may be in the form of both cognitions and affect. A person is said to have high SWB if she or he experiences life satisfaction and frequent joy, and only seldom experiences unpleasant emotions such as sadness and anger. Alternatively, a person is said to have low SWB if he or she is dissatisfied with life, experiences little joy and affection, and frequently feels negative emotions such as anger or anxiety. The cognitive and affective components of SWB are highly correlated. Positive relationship of PsyCap and subjective well-being is postulated.

**Study 1 Sample**

Data was collected from 130 women executives from 6 organizations – 2 Public Sector Undertakings and 4 Multinational Corporations. Equal number of respondents was randomly selected from both set of organizations.

**Measures**

The following measures were included in the study:

**1. Subjective Well-Being**

18 items from the subjective well-being scale (Nagpal and Sell, 1985) were used to measure Subjective Well-Being.

**2. Psychological Capital (PsyCap) Questionnaire**

Psychological strengths (Hope, Optimism, Resilience, and Self- efficacy) were measured using 24 item PsyCap questionnaire developed by Luthans et al. (2007). One item was later dropped. The final questionnaire consisted of 23 statements.

**Procedure**

A booklet consisting of the selected measures and a personal data sheet consisting of information related to age, salary, designation, marital status and educational qualifications were given to respondents.

**Table 1**

Variables	Psychological Capital	Efficacy	Hope	Resilience	Optimism	Subjective Well-being
PsyCap	1					
Efficacy	.804**	1				
Hope	.904**	.666**	1			
Resiliency	.837**	.594**	.644*	1		
Optimism	.709**	.332**	.587**	.485**	1	
Subjective Well-being	.104	.031	.102	.076	.214**	1

\*\*Correlation is significant at 0.01 level

\*Correlation is significant at 0.05 level

**Results**

The correlations presented in Table 1 show that PsyCap and its dimensions are positively related to subjective well-being.

Table 2 shows the correlations among PsyCap and its dimensions and subjective well-being.

**Study 2  
Sample**

293 females from various university departments and institutes of science and technology in the Northern Capital Region (Delhi), India participated in the study. The sample comprised three categories: Students (pursuing B- Tech) (N= 107), Research scholar/ Project staff ( N=101) and Faculty/Scientist ( N=85).The age range of the sample was( 18-59); (M=28.46; SD=10.25).

Measures and procedure were similar as in Study one.

**Conclusion**

In both the studies we examined the relationship between PsyCap and subjective well-being. Positive strengths encapsulated in the concept of PsyCap as well as the total PsyCap were positively related to subjective well-being. In case of

women executives (Study 1) although the correlation of PsyCap and subjective well-being was positive, it was found to be significant only for optimism. In general the results for both the studies taken together reveal overall positive correlations between PsyCap and subjective well being among women employees. These results suggest that management should attempt to develop psychological strengths among women employees. Having positive strengths facilitates women executives with psychological resources that empower them which in turn enable them to cope with the stresses and strains in life and have a positive subjective well-being. Building an organizational culture to support a positive environment is thus important for management in today's world.

Further, a radical shift in management practices is needed. We need to recognize employees as individuals with immense potentials only awaiting a turf to realize them. Positive organizational behaviour therefore envisages replacing the traditional negative model with a distinct wellness model. Management practices need to be changed to focus on positive human strengths and competencies, and their facilitation to improve performance at the contemporary workplaces.

**Table 2**

**Results : Study 2**

PsyCap(1)	1	2	3	4	5	6
	1					
Efficacy(2)	.83**	1				
Hope(3)	.83**	.62**	1			
Resiliency(4)	.79**	.56**	.50**	1		
Optimism(5)	.77**	.49**	.51**	.49**	1	
Subjective Well - being(6)	.59**	.44**	.51**	.48**	.45**	1

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## Consumers' Perceptions, Preferences and Patronage Behaviour for Retail Formats

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Robust retail sector ensures that manufacturers' products would be sold. Entrepreneurs would feel discouraged if they invent new products and find it difficult to place on the limited shelf-space owned by inefficient retailers. In this study, shoppers' preferences for organized and unorganized retail formats have been investigated. Such preferences were investigated along with perception of functional benefits offered by the two formats of retailing along with demographic and personal factors. This study resulted in useful insights about better prediction of shoppers' behaviour. Shoppers purchase from more than one outlet despite some preferred store or store format. This indicates that consumers' perception of outlets and preference do not result in patronizing of retail outlets. The paper also argues that situational factors should be considered for better predictability of consumers' purchase behaviour.

### Introduction

Many large corporate houses in India have entered or are planning to enter the retail space. The food and grocery retail sector is getting lot of attention from organized retail entrepreneurs. According to Technopack Advisers Pvt. Ltd. Data, approximately 60% of the total retail business was related to food and grocery (2006-07). But if we consider the pie of food and grocery retail for organized sector then the value is 0.7% (2006-2007). This indicates that there is a huge opportunity for organized retail formats in food and grocery retailing as compared to organized retailing of other types of product categories. It is one of the reasons why big business houses in India show interest to enter into food and grocery retailing. Business houses like Reliance Group, Future Group, RPG group,

Aditya Birla Group, ITC Ltd., Godrej Group and above else Bharti have entered into joint venture with Wal-Mart to start retail venture in India.

Indian consumers at the time of independence were having very low per capita income as compared to world standards. Retailing was more oriented towards basic necessities as compared to luxury items. Retailing was mainly mom-and-pop stores (Kirana sores). There were wet markets and bazaars. Co-operative stores and government PDS stores also had their presence. There was no evidence of supermarket even in 1960 (Westfall and Boyd, 1960, p. 14). There was dominance of counter-service formats and self-service formats were invisible. By the end of last century, almost 12 million counter-service formats were there in India.

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Majority of them were focused on food and grocery in the form of fast-moving consumer goods (FMCG) items. There were non-store retail formats in form of street vendors and mobile vendors. Such formats are still prevalent in huge numbers.

If we compare the past scenario with the present then it would be characterized by the entry of big business houses and emergence of modern retail formats. Following passages try to explore the reasons for such changes.

**Role of manufactures, retailers and consumers in the emergence of modern retail formats**

Role of manufacturers: There has been a rise in number of product categories, brands, variants of brands, commodity selling business becoming branded product business and numbers of stock

carrying units (SKU) in FMCG sector since 1980. Such developments are evident if we go by the following tables containing data provided by AC Nielson and ORGMARG (Sengupta, A. 2008).

While number of brands and SKUs have increased but the retail space has not increased at the same pace, notwithstanding, the growth in the number of retail outlets. Manufactures want to get the most of limited retail shelf-space. This trend is pushing for self-service retail formats where all kinds of brands and SKUs can be stored for buyers to see and select. Limited shelf-space can neither stock all variants and brands, nor is it possible for them to give an idea of what are available in the retail store. It can be argued the stores with more retail space, which is well managed, can provide better retail service to consumers

**Total number of brands**

	1979	1988	1998	Increase over the 20-year period (times)
Toilet soap	63	148	140	1.22
Toothpaste	28	27	76	1.71
Talcum powder	45	65	92	1.04
Shampoo	25	35	61	1.44

**Table1: Growth in numbers of brands**

**Total number of SKUs**

	1979	1988	1998	Increase over the 20-year period (times)
Toilet soap	85	197	386	3.54
Toothpaste	105	109	238	1.27
Talcum powder	122	171	354	1.90
Shampoo	135	260	558	3.13

**Table2: Number of SKUs in select FMCG categories**

Role of retailers: Over-the-counter retail stores cause many problems. First, retail salesperson remains too busy to service limited number of customers where lot of others have to wait and second, customers cannot see, know and evaluate what is available. Population is increasing and consumers' demand has also increased. This calls for scaling up of traditional format of doing retailing. If traditional retailers will not solve the stated problems then not only they would lose in terms of growth in revenue arising out of increasing affluence of consumers but also it would hurt manufacturers and economy as a whole.

Role of consumers: Consumers are becoming affluent. Population is growing. Consumers' lifestyle and preferences are changing. Consumers have less time to spend on the purchase of grocery items. Further they want better shopping experiences. They want to get feel and touch. Buyers want good quality products stocked and delivered in appropriate manner. Traditional format cannot serve such requirements which calls for change in their business model.

### **Importance of robust retail sector**

Retailing is not just business or mode of generating employment. Robust retail sector ensures that manufacturers' products would be sold. Manufacturers can manufacture more only if the retailers can stock them and sell them. Entrepreneurs would feel discouraged if they invent new products and find it difficult to place on the limited shelf-space owned by inefficient retailers. Manufacturing organizations' successes can result in economic prosperity by providing employment and improving the living conditions of citizens through successful retailing of novel and better quality products.

### **If organized food and grocery retailers are a threat to unorganized retailers ?**

In a study conducted by Indian Council for

Research on International Economic Relations on the initiative of Prime Minister's Office reported that unorganized retail outlet nearby an organized retailer would suffer a decline in their volume of business in the initial period but adverse impact weakens over a period of time. But the study failed to provide the reason behind this finding (Joseph et al., 2008).

Some studies indicate that retail outlets like Wal-Mart have resulted in closure of mom-and-pop stores (Wal-Mart Watch, 2005; Basker, 2005, Goetz and Swaminathan, 2006). Other studies report that Wal-Mart has had no statistically significant long-run impact on the overall size and profitability of the small business sector in the USA (Sobel and Dean, 2006). In Asia, with the exception of Hong Kong, Singapore and Malaysia, traditional channels still command more than half of the grocery retail market in the rest of the countries in Asia (KPMG, 2006).

But the experience in China and Indonesia shows that while both organized and unorganized sectors exist and also grew for the first 5-10 years, though at different rates, the structural changes started hitting the unorganized sector after the share of organized retail reached 25-30 per cent (Gulati and Reardon, 2007).

In India organized retailing has acquired a share of 30 to 40 percent of grocery sales in the top 6-7 cities of the country (Kakkar, 2008).

To address the growing concern over the loss of livelihood, organized large-scale retailers like Reliance Fresh is inviting small retailers as well as individuals to become franchisees on a revenue sharing model (Thakkar and Bhatt, 2007). The Bharti-Wal-Mart venture may follow the same model and offer employment opportunities to 60,000 people by 2015 (Times News Network, 2007).

Sales in Rs. crore

	Mar ' 09	Dec ' 08	Dec ' 07	Dec ' 06	Dec ' 05
Hindustan Unilever Ltd.	20,601.56	16,660.38	13,717.75	12,103.39	11,060.55
ITC Ltd.	15,582.73	13,947.53	12,369.30	9,790.53	7,639.45
Britannia Industries Ltd.	3,157.79	2,584.80	2,317.10	1,817.90	1,615.40
Nestle India Ltd.	4,335.11	1,090.91	3,647.18	2,944.19	2,643.89

**Table 3 : Increase in sales of FMCG companies****Rationale of the Study**

This study has been done for the purpose of supporting efforts towards predicting retail shoppers' behavior. If marketers would be able to know about factors influencing the consumer choice of retail outlet then retail space can be managed in a better way, resulting in benefits for marketers and as well as consumers.

Organized retailers are doing well in bigger cities in terms of volume of sales with surrounding mom-and-pop stores. But even today, big retailers fear venturing into smaller towns and villages. It is not that in smaller towns people do not need food and grocery items. Despite this many established retailers of modern kind are yet to venture in smaller cities. Reason may be that people have varied needs from retailers some of which may not be fulfilled by the retailers in the organized retailers. Unorganized retailers are still surviving even where there is a very strong presence of organized food and grocery outlets. People are still purchasing from unorganized outlets.

Despite so much of hoopla around organized retailers they faced problems during recent economic downturn. Expansion plan had been put on the back burner and modern retailers were facing the problem of decreasing footfall. At the same time FMCG companies' sales were rising during the period (see table: 3), which

indicates that general demand for grocery items had not declined. This indicates that people have different perceptions and shopping preferences for organized and unorganized retailers. Further, people want different kind of retail services as provided by the organized sector.

This study tried to understand that how people in an area, where both organized and unorganized retailers were operating, preferred to shop in the light of their perceptions of both types of retailers. This study focused on three aspects:

- i) Customer characteristics.
- ii) Perception of organized and unorganized retailers in terms of functional benefits and
- iii) Preference for retailer type to shop.

This study can give insight regarding: one, possibility of success of both types of retailers working in similar marketing environment as considered by the study; two, areas of improvement for becoming more competitive and three, to predict shoppers' behavior. Both retail formats can survive since our population and prosperity both are growing provided retailers differentiate themselves in valuable way to serve different segments of the market. Our economy will do the best if both types of retail outlets functions profitably.

## Review of Literature

Author	Findings
Enis and Paul, 1970; Dunn and Wrigley, 1984	Economically poor customers are likely to show store loyalty.
Knox and Walker, 2003	Reports a weak but significant relationship between involvement and brand loyalty in grocery markets
Miranda et al., 2005	Shoppers' intention to remain loyal to any store is influenced by factors like frequent-buyer reward schemes, travel distance, preference for an in-store delicatessen, size of the average grocery bill, store signage and the level of sale assistance
Shanon and Mandhachitara, 2005	Due to different culture, Indian grocery shoppers are required to be investigated separately to determine, what kind of grocery store attributes influence store patronage
Taylor, 2003	Grocery retailing is strongly affected by price competitiveness
Sullivan and Savitt, 1997	Credit purchase is a predictor of grocery shopping expenditures
Carpenter and Moore, 2006; Teller et al., 2006	Product selection, assortment and courtesy of personnel are also very important in determining retail store choice. Cleanliness is the most important attribute regardless of the type of grocery store
Solgaard and Han sen, 2003	Product assortment was found to be the single most important influencer for the choice between store types; price level and distance also being important drivers for consumers' choice between store formats; although quality and service were not found to be differentiator between retail store choice.
Singh and Powell, 2002	Grocery shoppers consider quality to be most important factor, followed by price, locality, range of products and parking
Fox et al., 2004	Spending vary much more across than within formats, and expenditures respond more to varying levels of assortment and promotion than price, although price sensitivity was most evident.
Seiders et al., 2000	Shoppers of food identified low price and assortment more often as the reason for store choice, traditional supermarket main shoppers were less willing to sacrifice spatial convenience or, in some cases, quality and assortment.
McDonald, 1991	Chinese supermarket shoppers regard store location, price and product variety as the most important retail store attributes influencing satisfaction.
Shanon and Mandhachitara, 2005	There is difference in the result of the studies of different researchers. Grocery shopping patterns vary with culture.
Baltas and Papastathopoulou, 2003	Private label is found to be a store selection criterion of low importance for grocery shoppers
Teller et al., 2006	Consumers are not able to perceive an important difference between home delivery and traditional grocery shopping

Moschis et al., 2004	Older consumers are price-conscious, have different expectations compared to younger grocery shoppers, they enjoy interactions more than younger consumers and prefer to shop in a store where they can receive special-assistance
East et al., 1994; Singh and Powell, 2002	Most people exhibit certain habits when they do their main visit to the supermarket and have a usual day and a usual time of day to shop.
Kim and Park, 1997	70% of shoppers visit grocery stores with random intervals and 30% with relatively fixed intervals. "Routine" shoppers spend more money for a given shopping trip but have difficulty in visiting grocery stores more often and in switching stores
Chetthamrongchai and Davies, 2000	Time orientation and shopping goals provide a clearer picture of consumer behavior than socio-demographic data or information on shopping attitudes
Bawa and Ghosh, 1999	For some households shopping may have a recreational aspect
Aylott and Mitchell, 1999	For some shoppers, grocery shopping is stressful
Bergadaa, 1990; Berry, 1979; Umesh et al., 1989; Chetthamrongchai and Davies, 2000	Time-pressured shoppers value certain specific store attributes
Darian and Cohen, 1995	Most time-poor consumers place a premium on saving mental energy and confirmed that consumers could be segmented on time pressure
Kenhove and Wulf, 2000	Integrates the demographic variable "income" and the situational variable "time pressure" for grocery retail shopping
Schmidt et al., 1994	In some countries like Germany and UK, consumers practice two-stop grocery shopping by frequenting a multiple and a limited line discounter on a regular basis.
Alawi, 1986; Tuncalp and Yavas, 1990	Multi-store shopping (MS) patterns is a one of the aspects of grocery shopping behavior pattern of consumers in developing countries due to dietary habits, preference for fresh food and fondness for cooking.
KPMG, 2006	Experience says that in China shoppers of developed cities are likely to shop weekly whereas in case of consumers from less developed cities would likely to shop daily
Smith and Carsky, 1996	Consumers with high involvement are likely to shop at different stores
Kakkar, 2008	Consumers split their patronages to multiple outlets rather than shopping from one place and they may do their major shopping trip monthly, weekly or fortnightly combined by top-up trips in which they purchase less
in.nielsen.in, 2008	Indian shoppers generally use the modern format for their weekly and monthly shopping needs and use traditional stores for "top-up" shopping.
Park et al., 1989	Unplanned buying impacts grocery-shopping behavior in a major way
Thomas and Garland, 1993	Written shopping list reduces the average expenditure whereas presence of children increases expenditure and time spent on shopping.

Sinha and Banerjee, 2004	In India nearness to the home and personal relations with the retailers are the major drivers of retail shopping behavior
Broadbridge and Calderwood, 2002	Traditional retailers should focus on local residents to beat modern retailers.
Smith and Sparks, 1997	Shoppers particularly who shop locally see local shops to performing social and community functions

**Table 4: Literature Review**

Factors that can influence the choice of retail format, identified from the above literature review are: economic status, income, promotional schemes, loyalty programs, cultural differences, price competition, credit sale, store location, product assortment, courtesy of personnel, cleanliness, quality, private label, age, habit, time and time orientation, recreational aspect, multi-store shopping habit, consumer involvement, personal relationship, major and minor shopping and regularity of shopping.

One fact is very clear from the above literature review that shoppers shop from more than one outlet. So the idea of having absolute loyalty towards any particular type of retail format is not true. Also going by the above review it can be said that there is no one single factor which influences the choice of consumers for retail formats. It is an indicator that researchers need to look at the problem of foot-fall prediction from the perspective of factors other than perception of any particular retail format as far as grocery retailing is concerned.

**Research questions**

1. If there exists any difference between the perceptions of organized and unorganized grocery retail formats, among shoppers, in terms of functional benefits?
2. If store format preference is dependent on the difference in perception measured in the research question 1?
3. If grocery store format choice is significantly related to demographic and personal factors?

**Research Methodology**

While doing the literature review important factors for the study were identified. Based on that, exploratory interviews of shoppers were performed to get the idea of how shoppers think in terms of functional benefits. On the basis of insights gained, a questionnaire was prepared with mostly closed ended questions. It contained ten functional benefit factors related questions to seek responses from respondents regarding perception using a three-point scale for rating. Factors considered in the study were:

1. Good discounts and gifts
2. Easy replacement and exchange
3. Helpful and courteous salesmen
4. Rendering of personal treatment
5. Taking of suggestions into account
6. Selling products on credit
7. Special treatment for being loyal
8. Better recommendation for products
9. Free home delivery
10. Adequacy of assortment

Though location is an important factor driving consumer choice but in this study spatial advantage does not play any role since in the geographical area of study both organized and unorganized retailers were equidistant to the customer.

Sample size was 100 and all the respondents were residents of East Delhi (Vivek Vihar, and Anand Vihar). The respondents were the shoppers coming out of retail outlets. Since all respondents were intercepted at modern format retail outlet

premises, it can be assumed that all have been exposed to both organized and unorganized form of retailing. Convenience sampling was practiced for the purpose of the study. The survey was done in the month of May and June 2009. For the purpose of data analysis SPSS software was used and relevant parametric and non-parametric tests were applied.

**Analysis of Data and Discussion**

**Research Question 1:** If there exists any difference between the perceptions of organized and unorganized retail formats among shoppers in terms of functional benefits?

Age	15-25	25-35	35-45	above 45	Total
Male	11	20	21	8	60
Female	8	17	6	9	40
Total	19	37	27	17	100

**Table 5**

FACTORS	MEAN ORGNIZED RETAIL	MEAN UNORGANIZED RETAIL	t-TEST (SIGNIFICANCE)	RESULT	HIGHER MEAN	Std.Dv. ORGANIZED	Std. Dv. UNORGANIZED
Good discounts and gifts	2.6	1.72	0.00	Sig. Diff	Organized	0.61955	0.81749
Easy replacement and exchange	1.67	2.55	0.00	Sig. Diff	Unorganized	0.69711	0.53889
Helpful and courteous salesmen	2.06	1.39	0.00	Sig. Diff	Organized	0.58292	0.58422
Give personal treatment	1.63	2.32	0.00	Sig. Diff	Unorganized	0.54411	0.85138
Take suggestions into account	1.44	2.12	0.00	Sig. Diff	Unorganized	0.55632	0.79493
Sell products on credit	1.12	2.33	0.00	Sig. Diff	Unorganized	0.3266	0.80472
Special treatment for being loyal	2.18	1.64	0.00	Sig. Diff	Organized	0.38612	0.65935
Better recommendation for products	1.43	2.55	0.00	Sig. Diff	Unorganized	0.63968	0.57516
Free home delivery	2.66	1.48	0.00	Sig. Diff	Organized	0.4761	0.577
Adequacy of assortment	1.62	1.85	0.041	Sig. Diff	Unorganized	0.64792	0.70173

**Table 6 : Difference between the perceptions of organized and unorganized retail formats**

From the table 6, it is evident that out of ten factors we considered for our study, respondents' perceptions of functional benefits of two types of store format were significantly different. Out of ten factors considered, it was found that unorganized sector has favorable mean as compared to organized grocery retailers. So the problem inherent in research question 1 has a solution that unorganized sector has favorable perception among respondents. It should be taken into account that not all factors have been considered but only functional benefits have been taken into account.

**Research Question 2:** If store format preference is dependent on the difference in perception measured in the research question 1?

If we go by the Table 7 and Table 8 then it is evident that there is no association between perceptions of functional benefits and preference for retail shop format. It can be argued that people may not shop just because of the fact that a retail outlet has superior functional benefits. Other factors do count.

**Research Question 3:** If store format choice is significantly related to demographic and personal factors?

**Cross tabulation**

		From where you purchase most of your requirement of grocery		Total
		organized	kirana and mandies	
Perceptually which type of format is superior in terms of functional benefit	ORGANIZED	8	15	23
	UNORGANIZED	24	36	60
	EQUAL	6	11	17
Total		38	62	100

**Table 7: Perceptually which type of format is superior in terms of functional benefit \* From where you purchase most of your requirement of grocery**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.256(a)	2	.880
N of Valid Cases	100		

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.46.

**Table 8: Chi-Square Test**

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.255(a)	1	.614
N of Valid Cases	100		

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 15.20.

**Table 9: From where you purchase most of your requirement of grocery \* gender of the respondent Cross tabulation**

From the Table 9, it is evident that gender has no impact on preference for any of the two types of retail format

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.463(a)	3	.482
N of Valid Cases	100		

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.46.

**Table 10: from where you purchase most of your requirement of grocery \* age of respondent Cross tabulation**

From the Table 10 it is evident that age has no impact on preference for any of the two types of retail format

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.035(a)	1	.852
N of Valid Cases	100		

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.44.

**Table 11: from where you purchase most of your requirement of grocery \* are you a frequent shopper Cross tabulation**

From the Table11 it is evident that being a regular shopper has no impact on preference for any of the two types of retail format.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.894(a)	4	.421
N of Valid Cases	100		

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.70

**Table 12: from where you purchase most of your requirement of grocery \* what is the monthly household income Cross tabulation**

From the Table 12 it is evident that income has no impact on preference for any of the two types of retail format.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.512(a)	4	.972
N of Valid Cases	100		

(a) 2 cells (20.0%) have expected count less than 5. The minimum expected count is 4.56.

**Table 13: from where you purchase most of your requirement of grocery \* what is the respondent occupation Cross tabulation**

From the Table 13 it is evident that occupation has no impact on preference for any of the two types of retail format.

**Conclusion**

From the data analysis it is clear that respondents have different perceptions of modern and traditional forms of grocery retailing, but it is not associated with their actual patronage behaviour. Also, individual demographic and personal factors are not related to the store patronage behavior. Further, the benefits on the basis of which responses were sought regarding perception for grocery outlets were functional in nature. On the basis of above findings it can be argued that perception of functional benefits,

demographic factors and personal factors have no impact on the overall patronage behavior of shoppers, towards different formats of grocery retailing.

In different words, it is evident that functional benefits have statistically insignificant impact on the grocery store format choice. It is also evident that demographics have little impact as well. It can be argued that actual choice of retail format is decided by factors other than functional benefits and it may include situational factors. The situational factors may

be any kind of sales promotion, availability of products, opinions of relatives or it can be verity seeking tendency and similar factors which cannot be accounted by demographic and personal factors. It can also be argued that managers need to think in terms of benefits other than functional benefits, demographic factors and personal factors and should take into account situational factors driving consumer choice.

Also it become evident while collecting the responses of respondent that they purchase from more than one outlet, despite having preference for any particular type of retail format, which

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again emphasizes the importance of situational factors, else everybody will be purchasing from just one outlet and which is not the case.

It can be concluded that retail formats may be designed to satisfy shoppers' situational needs. Better predictability of shoppers' behavior can lead to better management and creation of shelf-space, which can benefit industry, economy and consumers as well. Thus predicting shoppers' behavior should include situational factors to provide more accurate forecast. Further work is required to be done in this direction considering situational factors for model building.

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# Corporate Social Responsibility in India: Trends and Outcomes

Swati Sharma\*

This paper examines the outcomes of corporate social responsibility vis-à-vis societal advancement, competitiveness, brand recall, and employee retention. The author suggests that the CSR activities integrated with business strategy often leads to higher productivity and profitability. Further, there exists a strong correlation between increased sales volume, employee commitment and customer loyalty on the one hand and CSR on the other. In this paper, the author has collated perceptual responses of aspiring managers on various dimensions of corporate social responsibility.

## Introduction

Corporate Social Responsibility (CSR) is the buzz word in the business circles these days. It is widely considered to be a potent doze of medicine for all the obscure corporate ailments. Although CSR is a modern construct, giving back to the society is not a new concept for firms. Adam Smith in late 1770's propounded the concept of 'the invisible hand' to reveal how capitalist contributed to build the "domestic economy" by investing their capital domestically, inspite of the fact that they saw a higher probability of getting higher returns from investing in foreign countries.

However, CSR is more than philanthropic or brand-building exercise. Indeed, CSR can be practiced in various forms (Mintzberg, 1983). The purest form of CSR may be construed as corporate efforts sans any expected direct benefits accruing to the organization concerned. Nonetheless, confusion around the concept of CSR continues and scholars have diverse opinion far from any consensus on a universally accepted definition. While a few scholars believe that the firm should be socially responsible, there are others who feel that CSR should be left to the marketers as it leverages marketing efforts and

augment the company's brand (Lewis, 2003). World Council on Social Development has appropriately suggested that 'Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'.

The creation of properly socially responsible firms has been a long-drawn call. Scholars have visualized 'the virtuous firm' which 'pursues the external goods [e.g.: profits] in so far, and only in so far, as they are necessary to sustain and support the development of excellence in the [business] practice'. Unfortunately, many firms are applying CSR merely in order to comply with the stakeholders' expectations (Goyder, 2003). In this backdrop, it is imperative to examine CSR as a corporate strategy and concomitant outcomes for the concerned organization as well as the community and other stakeholders.

A firms business is to do business. As the agency theory states that managers are agents of the stockholders and should therefore give priority to serving them., the managers should

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maximize stockholders returns. On the contrary Friedman (1970, 1982) and Henderson & Watts (2001) have articulated that CSR threatens the basic principles of market economy where the managers are supposed to spend money which is not theirs in activities which are not increasing profits of the firms.

However, the stakeholders' perspective provides credence to CSR spending. Indeed, business can succeed only if industries maintain good relationships with all their stakeholders. These relationships can be strengthened, if organizations fulfill their obligations towards the stakeholders. The society provides infrastructure, etc. and in return, the enterprises are expected to act in a responsible manner. The firm cannot expose the community to unreasonable hazards in form of polluted air and toxic waste. Apart from taking up specific projects for their social responsibilities, the corporate sector is also expected to create wealth and employment. The stakeholders of a company have various expectations from the company. Table 1 provides a composite view on stakeholders' expectations.

### CSR: The Emerging Perspectives

There are three emerging perspectives on corporate social responsibility:

**Business Perspective:** According to this perspective, CSR is basically a new business strategy to maximize profits and reduce risks by winning the confidence of key stake holders.

**Eco-social Perspective:** CSR is both a value and strategy to ensuring the sustainability of business. Because it not only stresses the fact that business and markets are essentially aimed at the well-being of society but also strategy because it helps to reduce social tensions and facilitate markets. The corporate leaders understand the Global pollution and believe in optimization of renewable energy over profits.

**Rights-based Perspective:** This perspective emphasizes on transparency and accountability. It advocates that the stakeholders have a right to know about corporations and their business. In reality, CSR is now no more seen as a money spending activity. The smart corporations align their CSR with the company's mission and goals.

**Table 1 Stakeholders' Perspectives**

Stakeholders	Expectation	
	Primary	Secondary
Owners	Financial Returns	Added Value
Employers	Pay	Work Satisfaction
Customers	Supply of Goods and Services	Quality
Creditors	Credit worthiness	Security
Suppliers	Payment	Long term relationships
Community	Safety and Security	Contributions to the community
Government	Compliance	Improved competitiveness

They initiate pioneering programmes that draw on their core businesses to improve their local communities. Companies are engaged in creative programmes which are likely to be more fruitful both for the firms as well as the stakeholders. The communities can draw on institutional expertise that would otherwise be unavailable, and for the firms can strengthen the brand value.

There are several examples of CSR interventions which are unique. Coke has been involved in HIV/AIDS effort for several years, starting with a programme targeted at caring for its workforce and their families. More recently, it has used its distribution and transport networks and its advertising space to promote health awareness. Similarly, Citigroup has awarded grants to 145 microfinance partners in 50 countries. GE has focused on cleaner technology research.

### **CSR Interventions in India**

Globalization is the catch word of the world economy. Globalization has brought a challenge as well as an opportunity before the Indian companies. The Indian companies are now in competition with multinational corporations in all respects including CSR interventions. A survey conducted by TERI in 2001 indicated that Indian companies followed one of the following models:

**Ethical Model:** During independence movement, Mahatma Gandhi's notion of "Trusteeship" was adopted by the corporate houses (Example: TATA).

**Statist Model:** In the post-independence era, the boundaries between the state and society were clearly defined for the state enterprises. Elements of corporate responsibility, especially those relating to community and worker relationships, were enshrined in labour laws and management principles.

**Liberal Model:** This perspective suggested that companies were solely responsible to their owners. This approach was encapsulated by the American economist Milton Friedman, who in 1958 challenged the very notion of corporate responsibility for anything other than the economic bottom-line.

**Stakeholders Model:** Globalization gave birth to this model which talked of social obligation of the firms. This view is often associated with R. Edward Freeman, whose seminal analysis of the stakeholder approach to strategic management in 1984 brought stakeholders into the mainstream of management literature (Freeman, 1984). While business is expected to create wealth and provide opportunity for employment, society is expected to provide an environment conducive for business. This is exemplified in the manner TATA has contributed towards flourishing ancillary units in Jamshedpur and facilitated employments of thousands of semi-skilled and unskilled workers besides patronizing community development projects in the area.

An analysis conducted by the Work Foundation and the Virtuous Circle a strong correlation exists between increased sales volume (Brand Reputation and firm's competitiveness) and the perceived quality of line management, corporate culture, employee commitment and customer retention. The company's who placed CSR Policy and practice at the very heart of their business strategy gain most in terms of performance outcomes.

### **Moments of Truth**

All said and done, CSR still is at a very nascent stage in India. Some hard realities would illustrate this statement further:

Hindustan Lever was accused of to dumping over 300 mt of mercury outside its thermometer plant

at Kodiakanal in South India. The manufacturing facility was almost exclusively catering to US markets. Incidentally, HLL has been the favourite destination for the elite from India's premier business schools. Moreover, the company makes huge investments in providing 'humane and challenging environments' for its professional staff. A quote from HLL website is all the more ironic: 'We are committed to conducting our operations with integrity and with respect for the interests of our stakeholders. We are also committed to making continuous improvements in the management of our environmental impacts and to working towards our longer-term goal of developing a sustainable business'.

In 1984, 40 tons of the deadly gas methyl-isocyanides leaked from the Union Carbide plant in Bhopal. Around half a million people were exposed to the gas and more than 20,000 have died till date.

In 2001, the US-based Dow Chemical purchased Union Carbide, thereby acquiring its assets and liabilities. However it has refused to clean up the site, provide safe drinking water or compensate the victims, or even disclose the composition of the gas leak. Dow, like UCIL earlier, claims that it has no liability of the past. Paradoxically, the Dow's website has made claims similar to that of the HLL: 'Dow is committed to the principles of Sustainable Development, and its approximately 50,000 employees seek to balance economic, environmental and social responsibilities'.

In India, the American companies are not covered under a strict law such as Occupational Safety and Health Act. Unfortunately, several international conventions of the United Nations Environment Programme (UNEP) and International Labour Organization (ILO) etc. have not been ratified by the government of India, thereby giving a free ride to the MNCs at the cost of health of the poor and strain on natural resources of the country.

## Impact of CSR Interventions

In this section, the author intends to study the impact of CSR on firm's competitiveness, brand reputation and employee retention. The perceptual responses of 300 aspiring managers (read Management students) have been analyzed for the purpose. The respondents belonged to various B-Schools in Nagpur, Jalgaon and Pune in Maharashtra.

The survey captured the responses of aspiring managers on several issues connected to CSR interventions. Interestingly, majority of the aspiring managers (60%) considered CSR interventions as an investment while 30% of the respondents considered such efforts as cost and 10% of the respondents were undecided on the issue. Further, 79.36% of the respondents felt that benefits from CSR interventions accrued to both the firm as well as the beneficiary communities while 13% of the respondents believed that only the firms benefited from such efforts. Rest of the respondents (7.64%) considered society as the sole beneficiary of CSR activities.

The aspiring managers were asked to name five companies that came to their mind first in terms of their recall of good CSR programmes. Tata topped the perceptual popularity chart with 38% respondents naming it as first followed by Infosys (23%), Coco Cola (17%), Reliance (13%) and others (9%). Sector-wise brand recall based on CSR record put TCS on top in IT sector, ICICI in Banking sector, Tata in automobile sector, Xerox in office automation, Coco Cola in aerated drinks segment, and Taj in hotel sector. Further, the respondents suggested that these companies can improve the effectiveness of their CSR activities by focusing on reducing disparity, providing education and saving environment.

In the survey, 89% of the respondents agreed that the CSR activities should also extent to the

employees. However, when quizzed on whether they would join a company with CSR deeply ingrained in the corporate culture even if the compensation package were on a lower side or another company which does not care much about CSR but pays exceedingly well to the employee, most of the aspiring managers (57%) indicated a preference for the latter. This was probably the respondents were young student where the need of growth was dominating (McClelland's Need Theory).

Majority of the aspiring managers (79.99%) asserted that CSR programmes of the company usually enhanced job satisfaction of its employees. The respondents believed that the employees would have a higher degree of sense of job security in case the company indulged in CSR programme –assuming a humane and noble face of the firm. Further, most of the respondents (81%) affirmed that CSR would augment competitiveness of the concerned firms in terms of brand image, customer attraction, goodwill, and above all, employee satisfaction leading to organizational effectiveness.

### **Conclusion**

CSR plays a pivotal role in any corporate success story. Moreover, it has often been observed that CSR activities ingrained in the heart of business strategy generally leads to higher productivity and profitability. Unfortunately, only a few pioneering industrialists or corporate houses have taken CSR seriously while majority of the CEOs pay only lip-service to the concept. Considering tremendous benefits of CSR, more companies including the small and medium enterprises are likely to adopt CSR as value addition proposition while formulating their business strategies.

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# Management Philosophy of Peter F. Drucker: A Critique

Srirang Jha\*

This article is a tribute to the life and legacy of Peter F Drucker popularly held as 'father of modern management' in his centenary year. The author has made a concerted effort to appraise the contributions of Drucker and explore relevance of his worldview in the 21<sup>st</sup> century. Introductory section of the article focuses on overall persona of Drucker while subsequent sections examine various aspects of his life, influences, legacy, and major contributions. A section on criticism summarizes views of the critics of Drucker's philosophy.

## Introduction

Peter Ferdinand Drucker (1909–2005) is one of the most influential management gurus of our times. Indeed, Drucker drew strength, energy and a sense of fulfillment from his three-pronged career: writing, teaching and consulting (Rosenstein, 2009). Few would match him in terms of his wisdom, scholarship, competencies, intellectual curiosity, social consciousness and range of interests. No wonder, he is often called 'father of modern management'. He considered management as a way of life central to well-being of the society and economy rather than an academic discipline. This approach ensured that he had an ear of all and his appeal was not confined merely to the shop-floor and corporate offices. Drucker was a versatile genius who not only contributed significantly to fast emerging body of knowledge in management but also wrote copiously on society, economy and politics. Besides, he published two novels and a critique of Japanese art as well.

However, Drucker is known primarily for his philosophies and conceptualizations of contemporary management practices. He reflected on every subtle aspect of business in most incisive manner. Further, he indulged in exploring appropriate answers to the

fundamental questions of business organizations revolving around the distribution of power and responsibility, formulation of general and objective criteria of policy and action, and the selection and training of leaders. He realized the importance of human relationships within the corporations and extra-ordinary capabilities of individuals quite early in his career: 'Efficient and cheap production can always be reached, given human abilities and human organization. But without an able, responsible and enterprising leadership, willing and capable of taking the initiative, the most efficient institution cannot maintain its efficiency, let alone increase it' (Drucker, 1946).

While improvising internal organizational behaviour formed the building block of Drucker's philosophy, he identified economic performance as the specific function and contribution of the business enterprise and the reason for its existence (Drucker, 1964). All his ideas were devoted to enhancing the bottom-line of the companies. Outlining the purpose of business, Drucker (1986) categorically observed: 'The first social responsibility of business is to make enough profit to cover the costs of the future. In other words, the creation of wealth is of paramount importance'. But in addition to this focus on the bottom line, he

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believed that the truest success for business would come when it turned a social problem into an economic opportunity and economic benefit such that productive capacity and human competence increased, well-paid jobs created, and wealth produced'. So even if Drucker was obsessed with financial outcomes of the companies, his eyes were set on leadership and 'followership' (a term championed by Drucker himself) for ushering the desired results at the shop-floor. He really did not lose focus ever on ethic virtue while advocating organizational effectiveness measured in terms of profit margins and market share.

### **Life and Legacy**

Although a fixture in the history of American management, Drucker was a product of his European upbringing (Linkletter & Maciariello, 2009). He was born on November 19, 1909 in a small village named Kaasgraben in Vienna. His father Adolph Drucker was an economist and government official in Vienna while his mother Caroline Bondi practiced medicine. He was nurtured in an intellectual environment. After finishing high school in 1927, and much to the dismay of his father, Drucker left to take a clerk's job in an export firm and attend law school as a part-time student at Hamburg University.

In early 1929, Drucker published an article in a prestigious economic journal that predicted stocks would continue to rise in the bullish market. Shortly thereafter, the stock markets crashed in 1929. He pledged not to indulge in such presumptuous predictions ever after. Later he got a new job as a staff writer at Frankfurter General-Anzeiger, and the opportunity to complete his degree in securities law at the University of Frankfurt. After Drucker completed his degree, he worked part-time as a faculty while serving as an editor of a newspaper in Cologne.

The scenario changed in Germany from one of tolerance to one of hatred and irrationality after the failure of European capitalism and following the stock market crash. Drucker showed his liberal and forward-looking mindset by declining a job offer in the Foreign Office of the Nazi party. Rather, he vehemently opposed the Nazi regime and wrote a pamphlet, Friedrich Julius Stahl: Konservative Staatslehre und Geschichtliche Entwicklung (1933), on Friedrich Julius Stahl, who was an ecclesiastical lawyer and of Jewish descent. As a result, the Nazi regime confiscated and burned the pamphlets and made a decisive point to beleaguer the Jewish faculty at the university where Drucker had some teaching interest.

Anticipating more repression, Drucker fled Germany for England towards the end of 1933 and worked for a merchant-banking firm. There he married an old acquaintance Doris Schmitz. During his stay in England he began his first major work, *The End of Economic Man*. In 1937, he decided to shift his base to USA where he took up teaching assignments and became a freelance writer and consultant. He became a naturalized citizen of USA in 1943. He served as a faculty of Bennington College during 1942-49 and a professor of management at New York University during 1950-71. Later he joined Claremont Graduate University to launch first-ever Executive MBA programme. He served the university as Clarke Professor of Social Science & Management from 1971 till his death on 11 November 2005. In 1997, the university renamed its business school after Peter Drucker as a mark of respect for his contributions.

Thanks to his middle class background, Drucker was exposed to the broad tradition of European literature and philosophy – both classical and modern. Drucker himself acknowledged having been influenced by Plato, Aristotle, Goethe, Henri Bergson, Jan Christian Smuts, St Bonaventure among others. Critics have attributed significant

influence of Max Weber (Kanter, 1985), Emile Durkheim (Beatty, 1998), Soren Kierkegaard, Friedrich Julius Stahl, Alfred Sloan, and Joseph Schumpeter on Drucker's philosophy (Linkletter & Maciariello, 2009).

However, the utmost influence on Drucker was that of the Austrian School of Economics (ASE) reflected in the following strands of his worldview (Kiessling & Richey, 2004):

- An interdisciplinary approach and philosophical sophistication. The Austrian School was associated with realism and the attempts to describe these exchanges through philosophical sophistication and the willingness to draw on insights from many other disciplines. They thought that the recognition of principles of social questions lie outside the scope of technical economies and as a whole avoided the use of mathematics to explain their position. Drucker was critically reviewed for utilizing cross-disciplinary knowledge in developing his theories. His early associations with Schumpeter and his analysis of early Austrian School economic literature prodded him along this path. Drucker also avoided mathematical formulae and preferred to utilize observation and theoretical acumen much like the other Austrians.

- The vision of market competition as an endless dynamic process (creative destruction, entrepreneurship). The Austrian School recognized the free-market as the superior mechanism for the individual and consisted of "creative destruction" and the "entrepreneur". Drucker is credited with developing the concept of the "entrepreneur" and included a very similar concept to creative destruction called "dynamic disequilibrium". Drucker also admitted that his theoretical foundation was based partly on Schumpeter's work (member of the Austrian School).

- Firm as a social entity and as a depository of knowledge. The Austrian School repeatedly argued that the business institution was valuable to the society and the individual not only as a source of employment, but also as a social institution with an internal society. By the time Drucker had written his concepts of the firm as a social entity, the Austrian School had published many works on this concept. Drucker agreed with the Austrian School of thought early in his career, but revised and updated the concept to relate to the modern industry setting of the "knowledge worker", which did not alleviate the responsible social role the firm must play, but evolved the concept further.

- The role of the government. Both the ASE and Drucker were vehemently opposed to any governmental interference in the economy. Drucker's privatization and free-market policy inclination were identical to that of the Austrians.

- Schumpeter and the ASE. The long-term relationship and interaction between Schumpeter and Drucker indicate a direct influence of the former on Drucker's thought. In addition, Drucker would have read the works of his fellow compatriots during his study of economic thought and initiated a preliminary foundation from which he would eventually build.

Linkletter & Maciariello (2009) rightly observe: 'By the time he came to America in 1937, Drucker was more than ready to explore a new approach to the old questions. The modern business organization provided him with a potential solution to the problem of living as a free individual within the confines of American industrial society. In his writings, Drucker negotiated a path not just for the structure of organizations, but for the conceptualization of a moral system of meaningful human existence: 'Membership in the industrial community allows one to retain his or her individuality, while also serving a larger moral purpose'.

Drucker's worldview was imbued with free spirit as he refused to publish in obscure academic journals even at the risk of being labeled as headstrong generalist by academics. Perhaps this is why he was never offered an honourable position in the leading B-schools or universities of the world. Undeterred by such indifferent gesture of the academics, he published several books that turned out to be classics in management literature. For example, his book 'The Age of Discontinuity' published in 1969 served as precursor to several books on managing chaos and disruptive change in 1980s and 1990s.

Hutton & Holbeche (2007) have ascertained legacy of Drucker in terms of his five principles, four theories and seven key elements of post-war management development:

Five basic principles of management that stand test of time –

- » Setting objectives;
- » Organizing;
- » Motivating and communicating;
- » Establishing measures of performance; and
- » Developing people including self.

Four leading management theories of 20<sup>th</sup> century–

- » Management by Objectives;
- » Putting the customer first and stick to the knitting;
- » The role of the chief executive in corporate strategy; and
- » Structure follows strategy.

Seven Key elements of post-war management development –

- » Scientific management of work as the key to productivity;
- » Decentralization as a basic principle of organization;

- » Personnel management as the orderly way of fitting people into organizational structures;
- » Manager development to provide for the needs of tomorrow;
- » Managerial accounting –use of analysis and information as the foundation for firm decision making;
- » Marketing; and
- » Long-range planning.

Further, Hutton & Holbeche (2007) aptly observe: 'Drucker challenged conventional wisdom. One of key ideas throughout his writing is not to make assumptions about technology or markets but to look at the world upside down and build organized abandonment into your system'. Thus, he was far ahead of his times and addressed some of the most difficult questions faced by entrepreneurs, corporate executives, policy makers, social activists and general public. He published *The New Realities* in 1989 outlining imminent changes such as democratization of Soviet Union and emergence of transnational economies. He could also foresee privatization of public corporations, development of private pension funds, and emergence of overriding knowledge workers as reflected in his articles and books published throughout 1990s.

### **Major Contributions**

In the realm of management, Drucker espoused the value of 'Management by Objectives', and conceptualized the 'Knowledge Worker'. Moreover, he also examined the functioning of the government and non-profit organizations later in his career.

The concept of 'Management by Objectives' has often excited the managers across the globe. According to Drucker, managers can control their work and remove pressure imposed by a hierarchy by adopting the idea of 'Management by

Objectives'. However, objectives must be derived from what the business is, what it will be, and what it should be; must be operational and capable of conversion into specific targets and assignments; and must focus on the fundamentals so that the key resources of people, money, and physical facilities can be concentrated. Besides, objectives must be set in eight key areas viz. marketing, innovation, human organization, financial resources, physical resources, productivity, social responsibility, and profit requirements.

Drucker conceptualized knowledge workers almost six decade ago when few would have foreseen an advent of information age and evolution of a knowledge economy. He talked about knowledge workers and their ability to garner competitive advantage for the companies at a time when the owners/managers considered labour as a cost, factories were filled with manual labourers and an investment perspective on human resource management was nowhere in sight. 'The Age of Discontinuity' (1969) was his path-breaking book that set the tone for knowledge workers and provided a holistic treatment of an emerging trend. 'The Practice of Management' (1954) and 'Landmarks of Tomorrow' (1959) also provided subtle hints towards the rise of a new breed of workers who were rather inclined to use their mind instead of hands.

Throughout his life he pursued the entrepreneurs, business leaders and managers to adopt a culture that nurtured knowledge workers. In 'New Realities' (1989) Drucker rightly observed, 'the more knowledge-based an institution becomes, the more it depends on the willingness of individuals to take responsibility for contribution to the whole, for understanding the objectives, the values, the performance of the whole, and for making themselves understood by the other professionals, the other knowledge people in the

organization'. Outlining management challenges for 21<sup>st</sup> century, Drucker (1999) maintained that the most valuable assets of a 20th-century company were its production equipment while the most valuable asset of a 21<sup>st</sup> century institution, whether business or non-business, would be its knowledge workers and their productivity. Current scenario indeed validates Drucker's point of view in its entirety.

Drucker's views on the functioning of the government were also quite strong. He observed that the broad scope of the government's responsibilities resulted from its tendency to assume far more responsibilities than it could manage effectively. Drucker (1961, 1964, 1966, 1976, 1980, 1986), underscored the following inherent problems plaguing the government:

- a. broad scope and responsibilities and size of bureaucracy;
- b. an inability of the government to abandon policies and programmes that had become obsolete or unsuccessful and to transfer such activities to other organizations that might discharge them better;
- c. monopoly status of the government with regard to several essential functions such as money and credit, the administration of justice, infrastructure (such as electrical power and education), police and military power, and foreign policy ;
- d. frequently unclear missions and priorities;
- e. reluctance to experiment at local levels and to generate feedback before considering whether to create organizations, policies, or programmes with national jurisdiction or application.

Unfortunately, Drucker's views on public management have generally been overlooked by critics. However, Gazell (2000) observes: 'Drucker recognized the unique difficulties facing public management and complicating its quest for

greater effectiveness. Such problems extended beyond those of the business sector. He made clear his recognition that public managers face a harder challenge than their business counterparts. His many comments leave no doubt that he appreciated the magnitude of that undertaking. Finally, his observations reveal an underlying respect for the role of government and his desire to strengthen it by focusing its missions and priorities on what it must do and what it does best and identifying what it does poorly and should thus delegate to non-profits and businesses'.

Drucker recognized the emerging non-profit sector as early as 1968 when he began reflecting on the management of such organizations which did not exist for earning profits. He believed that managing non-profit organization was as difficult as managing business enterprises. Drucker (1980, 1985, 1990, 1992) identified five difficulties that inhibited effective management of a non-profit organizations:

- a. lack bottom-lines such as profits, sales or market share as measure of performance;
- b. concentrate on a single purpose and avoid pressures to increase their reach beyond their objective and competence;
- c. tend to equate success with budget size;
- d. serve multitude of constituents, some with vested interests in preserving ineffective but still desired activities; and
- e. tend towards righteousness and hence view their goals from an absolute perspective instead of cost-benefit perspective.

However, Drucker believed that non-profit organizations often sought total success despite such impossibility rather than simply the most return for their money and efforts even though these institutions failed to establish clear organizational structures, missions,

measurements of results, and systems of accountability.

Drucker saw non-profit organizations as an alternative to the government so far as administering welfare schemes were concerned. He suggested that 'non-profitization' might for modern societies be the way out of mismanagement by welfare bureaucracies' (Drucker, 1991). He further predicted that non-profit organizations would become increasingly important during the coming years as more and more of the tasks that government was expected to do during the last 30 or 40 years will have to be taken over by community organizations, that is, by non-profit organizations (Drucker, 1996). Indeed, Drucker's appreciation of the non-profit organizations ensured that this sector was not viewed merely as charity (Salamon and Anheier, 1996).

Drucker also contributed significantly towards bringing non-profit organizations into mainstream of academic discourses by espousing normative functions of such institutions in welfare State. He differed from two strongly held views i.e. either the non-profit organizations and the state should foster substantial partnerships or compete with each other in providing public service. Rather, Drucker believed that the role of the government should be replaced to the maximum extent possible with a greatly enlarged non-profit sector although he did not categorically outline which of the functions of the state should be turned over to the non-profit sector or what should be the practical boundary of this sector.

### **Criticism**

It is quite difficult to critically evaluate the management philosophy of Drucker as many of his ideas have been integrated as conventional shop-floor wisdom. CEOs and managers swear by

typical Drucker quotes. Yet, he has provided critics enough reason to dismiss his work as generalist and non-academic, journalistic and populist, fragmented and devoid of ground realities.

Drucker's worldview is driven by a business perspective. This poses an intellectual risk. As Guy & Hitchcock (2000) observe: 'While there is nothing inherently wrong in this approach, it does create a trap where the single perspective becomes the standard against which all other perspectives are compared'. They maintain that Drucker's comparison of corporations and government establishments is also flawed. While it makes sense to compare organizations such as General Motors, General Electric, and Sears, because they are similar in mission and purpose, it definitely does not make sense to compare government to corporations because the differences override the similarities. Public administration is set for failure if it is graded on a test designed on the norms for business (Guy & Hitchcock, 2000). Many critics have even labeled him as armchair philosopher because of his sweeping observations devoid of any empirical proofs.

Despite having an unqualified business perspective, Drucker has emphasized the need of running business enterprises with virtue ethic –something his critics generally failed to recognize. In fact, Kurzynski (2009) compares Drucker's management philosophy with the moral philosophy of Aristotle. Kurzynski (2009) rightly observes, 'Drucker believed that business, and the managers who manage them, have a purpose that transcends the individualist ethic of self-interest and profit-maximization characterized in America's capitalist ideology. Central to Drucker's philosophy of management is the idea that the business organization is a human and social organization – a community in and through which the worker could find purpose and

meaning in life'. A number of critics have branded Drucker as bottom-line oriented probably because he has not written much on ethics and morality of managers.

Several scholars, however, have raised questions on the validity of Drucker's expositions, finding not much to dismiss his worldview. They maintain that the writings of Drucker are generalist and journalistic in content and scope – something quite unacceptable by academics of all hues. Sweeping statements of Drucker invariably disturb the academics across all the disciplines. Often he is accused of indulgence in intellectual snobbery or journalistic flair due to his categorical refusal take note of the contributions of other scholars working on identical themes (Hays & Russ-Sellers, 2000).

## Conclusion

Drucker championed an interdisciplinary approach to deal with business problems that the enterprises during the second half of 20<sup>th</sup> century were facing. Thus he contributed towards expanding an inimitable body of knowledge on management while enriching the equally important economics, public administration and public policy. Besides, he often tried to integrate theories with management practices. Drucker always tried to foster innovation and entrepreneurship through his writings. He extended his consultancy services to all sorts of organizations that provided him essential ground to develop a holistic worldview on management, society, state and economy. His very first book 'The End of Economic Man' published in 1939 revolved around Drucker's indomitable faith in modern society – one that would provide a new creed not based on economic equality, but on some other undefined measure of freedom and equality. Drucker carried this futuristic faith throughout his illustrious career.

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[http://www.peterdrucker.at/en/biblio/biblio\\_02.html](http://www.peterdrucker.at/en/biblio/biblio_02.html)]

# An Integrated Framework of Human Resource System for Organizational Effectiveness of Banks

**Jaya Bhasin\***

Perceptual response of the customers based on their interface with the staff and officers often reflects organizational effectiveness of banks. The present study conducted in the rural branches of State Bank of India and Jammu Rural Bank conformed to this line of thought. Perceptual responses of the customers were assessed on diverse parameters such as effective communication, knowledge of handling customers, respect for customers, prompt response to customers, knowledge of procedural formalities, providing correct and timely information, etc. The results showed a positive correlation between Human Resource System and the organizational effectiveness as a outcome seen through perceptual responses of the customers. Based on the findings of this study, the author has suggested an integrated framework of Human Resource System for organizational effectiveness of banks using process management approach.

## Introduction

Organizational effectiveness is defined and conceptualized in different ways and no agreement is found in different approaches. A large volume of literature is available on the concept and working of organizational effectiveness. Various terms are used interchangeably, such as efficiency, productivity, profitability, organizational growth, etc. to denote organizational effectiveness. In fact, effectiveness may be defined as the degree to which an organization realizes its goals. Moreover, it can also be seen in terms of the survival of the organization. An organization remains effective as long as it uses its resources in an efficient manner and continues to contribute to the larger system.

Campbell (1970) found thirty criteria to measure organizational effectiveness based on meta-analysis and rightly observed: 'Since an organization can be effective or ineffective on a number of different facets that may be relatively independent of one another, organizational effectiveness has no operational definition'. Barnard (1968) viewed organization

effectiveness as the degree to which operative goals were attained while the concept of efficiency represented the cost/benefit rate incurred in the pursuits of these goals.

Initially focused on the achievement of goals (goal models), the organizational effectiveness models gradually considered the resources and processes necessary to attain these goals (system models), the powerful constituencies gravitating around the organization (strategic-constituencies model), the values on which the evaluation of effectiveness are grounded (competing values model) and the absence of ineffectiveness factors as a source of effectiveness (ineffectiveness model).

Thus effectiveness appears to be related to goals which are extremely focused. Efficiency is used in engineering path for accomplishing the goals and it refers to the relationship between input and output. Organizational effectiveness can therefore be defined in terms of bargaining position as reflected in the ability of the organization in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources. The resources

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getting ability of the organization is not the only aspect of organizational performance because the input of the resources is only one of the two major cyclic phases in system model of organization, the other one being output. From this viewpoint, the mobilization of resources is a necessary but not a sufficient condition for organizational effectiveness.

The concept of organizational effectiveness includes all the three dimensions of organization –the importation of resources, their use and their exportation in some output that facilitates mobilizing further inputs. By focusing on the ability of the organization to exploit its environment in the acquisition of resources in the area of competition over scarce and valued resources, performance of both like and unlike organizations can be assessed and evaluated comparatively. The comparative aspect of inter organizational relations implies that an assessment of organizational effectiveness is possible only where some form of competition takes place. Blau (1964) observes that competition promotes hierarchical differentiation between more or less successful organizations and exchange promotes

horizontal differentiation between specialized organizations of diverse sort. Broadly, organizational effectiveness can be defined with four main components: systemic, social, technical and ecological as shown in the figure 1 (Barnard, 1968).

The systemic component is termed as sustainability of the organization implying that the stability and growth of the organization have been secured through the quality of goods and services and the protection of financial resources. It could be assessed with three criteria: the quality of the goods and services, the satisfaction of business partners (customers, shareholders, creditors and suppliers) and organizational competitiveness. To achieve the results related with this component however, the managers should pay attention to the other components of organizational performance, through which the added value is created and secured.

The social component is covered under the worth of the personnel which may be assessed with five criteria: personnel health and safety, employee commitment, organizational climate, competencies and employee performance. The



**Figure 1: Organizational Effectiveness Model.** Source: Barnard (1968)

technical component implies processes efficiency, proper use of techniques and the technologies, particularly in the areas of operations systems and finance management. It is assessed with three criteria: resource economy, productivity and general profitability. The ecological component of performance is the legitimacy of the organization. It describes the position of the organization in its environment based on the evaluation of the external groups such as the community, the government and the various interests groups. It could be assessed with three criteria: respect for the regulations, social responsibility, and environmental responsibility.

Each organization has a purpose and is managed in order to accomplish it and continue to exist as long as the managers ensure quality of the products and services and the satisfaction of the main stakeholders. However, these results are made possible through the work done by the personnel committed to the organization. In other words, the organization is likely to survive as long as the management invests in the people, the processes and the environment. Meanwhile, managers tend to put their attention to the results that are valued by the Board of Directors ( Finkelstein & Hambrick,1996). That is, if their own performance is assessed with the profitability criterion or the profit per share, they would tend to score well on this criterion. As Tom Peters writes:” What gets measures, gets done”. Managers who stick too closely to the financial performance indicators tend to adopt a lean management system. Managers who are solely interested in financial performance not only adopt a short term perspective that can be harmful to the organization's durability, but they also may be harmful to the other stakeholders ( De Busk et al; 2003).

The short term perspective is a vicious circle which could lead to the disintegration of the organization. In order to have managers giving

attention to other relevant issues, their score sheet should also include parameters such as health and safety of employees, commitment, social responsibility, environmental responsibility, etc. If these aspects would be as valued as the financial criteria, there is a fair chance that the employees will be more committed and engaged as the managers would endeavour to organize work in a way that is challenging and meaningful besides providing job autonomy and required support (Karasek & Theorell, 1990; Morin, 2003).

### **Factors affecting Organizational Effectiveness**

**Size of the organization:** As the organization grows, it increases in size in the number of functional departments, the number of employees with different responsibilities and so on. This will give rise to the problems of communication and coordination.

**Strategy:** Strategy also influences the structure of the organization. Strategies can be broadly classified as stability strategy and growth strategy. Organizational effectiveness depends on the types of the strategies adopted by the management.

**Design:** Organizational design determines the effectiveness. The transition from a highly structured to an amorphous organizational structure determines the organizational effectiveness.

**Technology:** Technology is a combination of tools, techniques and know how. Simple and routine low technology jobs would not need any complex organization. Here a classical structure would be more suitable. But where technology is complex in terms of problem solving requirements and higher interdependence among members of the work force, the organic structure brings out optimal results.

**Environment:** A sound climate is extremely important for the achievement of organizational

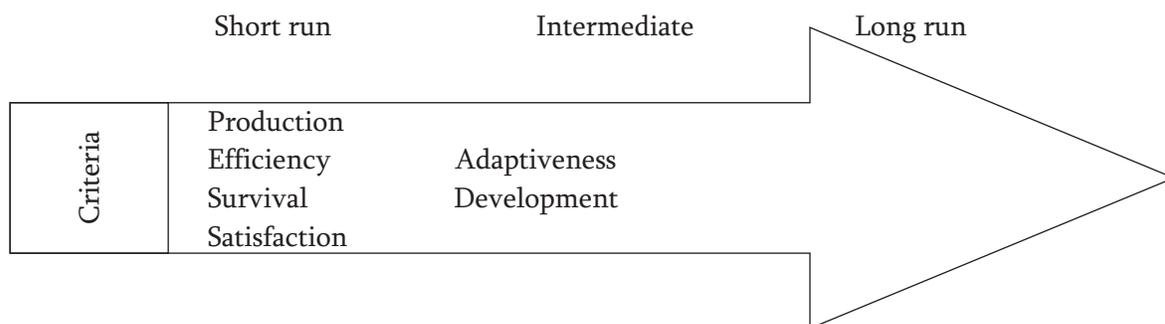
goals. The organizational climate is associated with job performance, job satisfaction, stress level and the morale of employees. The concept of organizational effectiveness has passed through different phases of development. These phases may be classified as a) Single – Variate, b) Multi-Variate and c) Pragmatic

**Single Variate:** The early approach up to 1950's may be described as a single variate approach. During this period the concept of effectiveness was confined to the realization of goals. Goal was taken to be “survival” for the organization. If an organization succeeds in achieving its goal it is apt to “survive” otherwise it will die. This was the simple interpretation of the concept of effectiveness. In this perspective, Chris Argyris defines organizational effectiveness “ as the state of a system when it manifests increasing inputs for constant or decreasing outputs and it does so continuously.”

**Multi- Variate:** There was proliferation of organizational effectiveness studies in 1960s and 1970s. A researcher could identify as many as thirty criteria for judging the effectiveness of the organization. Even these criteria can be multifaceted in nature ranging from general measures in form of quality, morale, production to accidents and absenteeism. This list of criteria can be made more exhaustive by adding some more

criteria. All the identified criteria may not be relevant to every organization. Also, each of the criteria is not necessarily dependant on the other.

**Pragmatic:** The concept of organizational effectiveness in present era is based on the synthesis of all the dimensions. While there is much disagreement on the “one single universally accepted variable” of effectiveness, there is one dimension that is generally agreed upon is TIME, i.e. whether or not the organization sustains itself over time in the environment. Survival of the organization is the long run measure of effectiveness. But to see the organization survive, management must have adequate indicators. The short run indicators comprise of production, efficiency and satisfaction measurements; the intermediate indicators include adaptive ness and development. The relationship between time dimension and these effectiveness criteria are shown in the figure The figure 1.2 shows the variables affecting organizational effectiveness, further it is stated that there is no fixed relationship among these variables. For instance, though it is generally agreed that production leads to satisfaction, these two are not always positively related. Also, the measures of production, satisfaction and efficiency are relatively more concrete, specific, verifiable and objective than the intermediate measures of adaptive ness and development.



**Figure 1.2: Relationship between Time Dimension and Effectiveness Criteria**

Source: Tandon, S, “ Organizational Effectiveness”, Organizational Behavior of Banking Sector in India, Mohit Publications, N. Delhi, pp29-43

Research on Human Resource Strategy to sustain Business Excellence (Hari Nair, 2006) shows that Human Resource stands out in three stages:

- » Commencement: This ensures right person at the right place, clarity of goals and more customer focus.
- » Practicing: To practice the culture of Total Peoples Management and Total Quality Management with an apparent career succession and talent management ensures involved, aggravated and enthusiastic workforce.
- » Breakthrough: Manpower setting up through mechanized Human Resource Information Systems ensures systematic, speedy and much effective decision making.

This crafts Human Resource as a strategic partner, change leader, subject expert and a front line champion and customers' satisfaction reflects the application of human resource systems indices in the organization (Hari Nair, 2006).

After the systematic evaluation of the contents of data, SPSS was used to simplify the data by reducing a large number of variables to smaller manageable figures through a scree test/plot under factor analysis ( Sharma et. al, 2001; Sharma

,1995;Singh, 1998). Therefore, the factors finally emerged were put under scree test so as to know which of them are contributing significantly to the total variance in the results obtained. This test examines the graph of eigen values which stop factoring at the point where these values begin to for a straight line with almost horizontal slope b. (fig 1.3).The findings are on the basis of data gathered with as many as 30 variables within the domain of Organizational Effectiveness as perceived by customers of the State Bank of India and Jammu Rural Bank

**Measurement Analysis**

The factorial mean of factor 1, “Communication and Motivation” is 3.3. Nearly 45% of the customers from both the banks (70% of the customers from SBI and 18% of the customers from JRB) feel that employees communication is effective and convincing,71% of the customers from both the banks (86% of the employees from SBI and 34% of the customers from JRB) feel that employees are seen motivating their colleagues for smooth functioning of the bank branch. Nearly 42% of the customers from both the banks feel that the bank personnel are not always motivated to do the work, 88% of the customers from SBI feel that the bank personnel are always motivated to

**QUANTITATIVE VALIDATION**

**Adequacy and Scale Purification**

The face and content validity of the constructed instruments were duly tested. The Kaiser- Meyer – Olkin values for the aforesaid variables as depicted in the table 1.1 indicate the high degree of construct validity.

**Table 1.1: Reliability, Cronbach's Alpha and Adequacy**

	Split-half Reliability		Cronbach’s Alpha	KMO
<b>Before factor-analysis</b>	0.848	0.952	0.947	0.84-0.920
<b>After factor-analysis</b>	0.858	0.986	0.948	

**Scree Plot - Perceptual Response of Customers**

do the work but 80% of the customers from JRB feel that the bank personnel are not motivated to do the work. About 33% of the customers from both the banks feel that team spirit is not of very high order in the branch and also a similar percentage of customers feel that bank personnel don't discuss the problems openly and try to solve them rather than accusing each other. Nearly 90% of the customers from both the banks (80% of the customers from SBI and 50% of the customers from JRB) feel that Bank staff takes pains and makes efforts to improve themselves, also 90% of the customers from both the banks (80% of the customers from SBI and 0% of the customers from JRB) feel that employees take initiatives to do things on their own without waiting for instructions from supervisors. Nearly 80% of the customers from both the banks feel that the employees treat their customers with respect and try to come up to their expectations. Nearly 60% of the customers from SBI feel that the employees treat their customers with respect and try to come up to their expectations while only 4 to 5% of the customers from JRB feel the same.

The factorial mean of factor 2 “ Customer Handling” is 3.1. Nearly 90% of the customers from both the banks feel that customers requests are handled properly and promptly, employees provide correct and timely information to its clients, bank personnel handle the new customers intelligently with patience and courtesy and nearly 95% of the customers from both the banks feel that new customers are helped in various procedural formalities to be fulfilled, employees have a sense of responsibility and sincerity towards the job, bank personnel are as responsive as private sector and employees often motivate new customers for their bank. Only 7% of the customers from JRB, while 60% of the customers from SBI, feel that the customers' requests are handled properly and promptly. None of the customers from the JRB and 60% of the customers

from The State Bank of India feel that the employees provide correct and timely information to its clients. Nearly 5% of the customers from JRB and 50% of the customers from SBI feel that bank personnel handle the new customers intelligently with patience and courtesy and nearly 32% of the customers from JRB and 55% of the customers from SBI feel that new customers are helped in various procedural formalities to be fulfilled. Only 27% of the customers from JRB while 48% of the customers from SBI feel that employees have a sense of responsibility and sincerity towards the job and 12% of the customers from JRB while 45% of the customers from SBI feel that the bank personnel are as responsive as private sector and 13.6% of the customers from JRB and 35% of the customers from SBI feel that employees often motivate new customers for their bank.

The factorial mean of factor 3, “Work Knowledge” is 4.11. Nearly 42 % ( 81 % of the customers from JRB and a similar percentage of employees from SBI) of the customers from JRB and SBI feel that the employees have a clear insight into rural banking system. Nearly, 35 % of the customers feel that the employees are well versed with various new rural development schemes framed by the Government from time to time for rural poor.

About 44.7% of the customers from both the banks feel that each bank personnel perform well in other counters whenever concerned person is not available. Nearly 50% of the customers from both the banks (85% of the customers from SBI, 91.6% of the customers from JRB) are of the view that the staff members perform their job with integrity, honesty and discipline, there exists a cordial relationship within the bank employees at various levels and employees have a clear insight into maintenance of records effectively. Only 32% of the customers from both the banks (80% of the customers from SBI, 91.5% customers from JRB) feel that the bank personnel make the customers

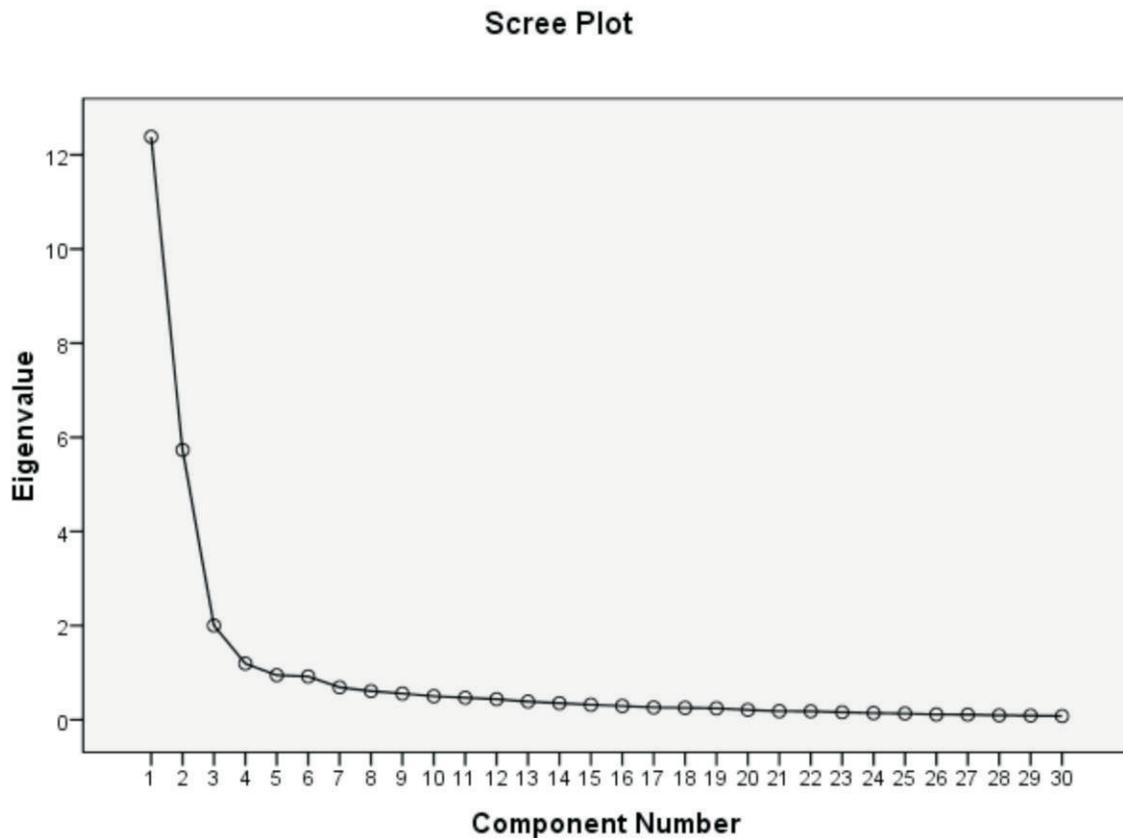
understand the procedural formalities to be fulfilled for deposit mobilization/ loaning pattern. About 42% of the customers from both the banks feel that the persons lacking competence to do a particular job are not helped by their colleagues to perform better.

The measurement analysis shows that the factorial mean of factor 4, "Trust among the employees" is 4.9. Nearly 37% of the customers from both the banks feel that employees in the bank trust each other. About 99% of the customers from SBI and

100% customers from JRB feel that the employees in the bank trust each other.

**Factor Statements –SBI AND JRB**

The table 1.2 on the factor wise descriptive statements of SBI and JRB show that for the 12 statements on the first factor on "Communication and motivation" the mean scores for SBI are towards "highly satisfied" and those of the Jammu Rural Bank are towards "dissatisfied". The mean scores for SBI are :



**Figure 1.3: Scree Plot Perceptual Response of Customers**

**Table 1.2: Factor Statements– Perceptual Response of Customers( JRB and SBI)**

<b>SNo.</b>	<b>Statement</b>	<b>Mean</b>	<b>SD</b>	<b>FL</b>	<b>Comm.</b>	<b>VE</b>	<b>EV</b>	<b>KMO</b>
Factor1	Communication & Motivation	3.3				32.179	9.10	0.920
1.	Effective Communication	3.19	1.34	0.752	0.612			
2.	Knowledge to handle customer	3.017	1.27	0.827	0.782			
3.	Motivating Colleagues	3.339	1.35	0.839	0.801			
4.	Self motivation	3.151	1.35	0.912	0.856			
5.	Knowledge for higher jobs	3.321	1.30	0.824	0.714			
6.	Encouraged for creativity	3.348	1.28	0.876	0.793			
7.	High team spirit	4.062	0.951	0.812	0.713			
8.	Open Communication	3.616	1.156	0.773	0.797			
9.	Self improvement	3.508	1.154	0.707	0.663			
10.	Self Initiative	3.125	1.302	0.823	0.815			
11.	Respect for Customers	2.946	1.314	0.737	0.796			
12.	Come upto customer's expectations	3.035	1.251	0.658	0.779			
Factor2	Customer Handling	3.1				18.81	5.268	0.920
1	Prompt response to customers	3.07	1.10	0.766	0.838			
2.	Correct and timely information	3.00	1.17	0.635	0.819			
3.	Handle new customers efficiently	3.10	1.10	0.624	0.748			
4.	Procure forms for new customers	3.33	1.08	0.773	0.733			
5.	Sense of Responsibility	3.23	1.07	0.793	0.726			
6.	Responsive as private sector	3.06	0.998	0.773	0.767			
7.	Motivate New Customers	3.01	1.03	0.785	0.693			
Factor3	Work Knowledge	4.11				18.21	5.100	0.920

8.	Mutual Help	4.50	0.615	0.799	0.655			
Factor4	Trust among Employees	4.91				4.38	1.226	0.920
1	Trust	4.91	0.304	0.692	0.685			

### Demographic Analysis of Perceptual Responses of Customers

The comparative analysis across SBI and JRB along demographic parameters for Perceptual Response of Customers is done under the following subheads:

- (i) Comparison along Gender
- (ii) Comparison along Age
- (iii) Comparison along Occupation
- (iv) Comparison along Qualification
- (v) Comparison along Service
- (I) Comparison along Gender

The comparative analysis of Perceptual Response of customers for the State Bank of India and Jammu Rural Bank along Gender is done by mean score analysis and application of F Test

**Table 1.3: Perceptual Response of Customers on the basis of Gender ( Mean Scores)**

Gender	JRB( No.)	SBI(No.)	JRB ( Mean)	SBI ( Mean)
Male	29	26	3.13	4.14
Female	30	27	3.19	4.211

**Table 1.4: Comparison of Perceptual Response of Customers on the basis of Gender (F Test)**

Sources of Variation	SS	Df	MS	F	P Value
Male - Female (Rows)	0.00422	1	0.00422	169	0.048875
JRB- SBI( columns)	1.030	1	1.0302	411209	0.003136
Error	2.5E-.05	1	2.5 E- .05		
Total	1.0344	3			

It is evident from the table 1.3 that the mean score of Perceptual Response of Customers on the basis of gender is highest for females from the State Bank of India ( $\bar{x}$  =4.21) followed by males from SBI ( $\bar{x}$  =4.14). The mean scores of the customers from JRB are towards average ( $\bar{x}$  =3.19 for females and 3.13 for males). This means that the customers from SBI are towards “highly satisfied” level.

Table 1.4 shows that the F calculated value is more than the P Value so the null hypothesis that *there is no perceptual variation in the response of customers on the basis of gender* is rejected.

Also, the F calculated value for JRB-SBI (411209) is greater than the P value (0.0031) so the null hypothesis that *there is no perceptual variation in the response of customers on the basis of gender in SBI and JRB* is rejected.

**Comparison along Age**

The comparative analysis of Perceptual Response of customers for the State Bank of India and Jammu Rural Bank along Age is done by mean score analysis and application of F Test. The table 1.5 shows that the mean score of Perceptual Response of Customers for SBI is highest for age group 40-50 years (X=4.35), followed by the age group 50 and above X=4.14, then age group 20-30 with X=4.16 and age group 30-40 with X=4.12. The least mean score is for the age group <20 years X= 3.89. It is clear from the table that the mean scores for JRB range between X=3.07 to 3.27, which shows the scores are towards “average”. The comparison of the mean scores show that the scores for SBI are higher than the mean scores for JRB It is clear from

the table 1.6 that F Calculated value (0.237) is less than the P value (0.903) so the null hypothesis that *there is no perceptual variation of response of customers on the basis of age* is accepted.

It is also clear from the table that the F calculated value (84.395) is greater than the corresponding P value (0.0007) so the null hypothesis *that there is no perceptual difference between the response of customers on the basis of age in JRB and SBI* is rejected.

**(I) Comparison along Occupation**

The comparative analysis of Perceptual Response of customers for the State Bank of India and Jammu Rural Bank along Occupation is done by mean score analysis and application of F Test.

**Table 1.5: Perceptual Response of Customers on the basis of Age ( Mean Score)**

Age	JRB( No.)	SBI( No.)	JRB( Mean)	SBI ( Mean)
<20	3	3	3.25	3.89
20-30	15	16	3.14	4.16
30-40	20	21	3.16	4.129
40-50	18	12	3.07	4.35
50 and above	3	1	3.27	4.14

**Table 1.6: Comparison of Perceptual Response of Customers on the basis of Age ( F Test)**

Sources of Variation	SS	Df	MS	F Value	P Value	F Crit
Rows	0.025	4	0.006	0.237	0.903	6.388
( columns)	2.28	1	2.28	84.395	0.0007	7.708
Error	0.108	4	0.02			
Total	2.417					

**Table 1.7: Perceptual Response of Customers on the basis of Occupation**

Occupation	JRB ( NO.)	SBI ( No.)	JRB ( Mean)	SBI ( Mean)
SHG	10	13	3.12	4.28
Service	6	13	3.20	4.05
Housewife/no occupation	4	2	3.125	4.32
Self employed/ entrepreneur	21	9	3.122	3.95
Agriculture	18	16	3.15	4.29

It is clear from the table 1.7 that the highest mean score for SBI is for Housewife/ No Occupation ( $\bar{x} = 4.32$ ), followed by Agriculture ( $\bar{x} = 4.29$ ), followed by SHG with mean score ( $x = 4.28$ ), followed by Service ( $x = 4.05$ ) and finally self employed ( $x = 3.95$ ). The mean score for JRB ranges between 3.12 to 3.20. The mean scores for SBI are higher as compared to Jammu Rural Bank which shows higher level of satisfaction among customers of State Bank of India.

It is evident from the table 1.8 that the F calculated (0.788) value is greater than the P value for occupation, so the null hypothesis that there is no perceptual variation of the customers response on the basis of occupation is rejected. Also, for JRB – SBI the F calculated (164.97) is greater than the P

value, so the null hypothesis that there is no perceptual variation of the customers response on the basis of occupation among the banks is rejected.

**(I) Comparison along Qualification**

The comparative analysis of Perceptual Response of customers for the State Bank of India and Jammu Rural Bank along Qualification is done by mean score analysis and application of F Test.

It is evident from the table 1.9 that the mean scores for JRB are less than the mean scores for SBI. Also, the mean scores for SBI lie between  $x = 4.01$  to 4.59 while the mean scores of JRB lie between 0 to 3.19 which shows a lower level of satisfaction among the customers of Jammu Rural Bank as compared to the State Bank of India.

**Table 1.8: Comparison of Perceptual Response of Customers on the basis of Occupation**

Sources of Variation	SS	Df	MS	F	P Value
Rows (Occupation)	0.051	4	0.012	0.788	0.588
JRB – SBI (Columns)	2.68	1	2.68	164.97	0.00021
Error	0.065	4	0.016		
Total	2.799	9			

**Table 1.9: Perceptual Response of Customers on the basis of Qualification**

Qualification	JRB	SBI	JRB( Mean)	SBI ( Mean)
<Matric	52	34	3.13	4.14
Graduation	3	8	3.19	4.04
Post Grad	4	7	3.13	4.59
Above PG	0	4	0	4.01

**Table 1.10: Comparison of Perceptual Response of Customers on the basis of Qualification**

It is clear from the table 1.10 that the F calculated value (1.349) for Qualification is greater than the P value (0.405) so the null hypothesis that there is no perceptual variation of response of customers on the basis of Qualification is rejected. Also, the F calculated value for JRB- SBI (6.178) is greater than the P Value so the null hypothesis that there is no perceptual variation of response of customers on the basis of Qualification among JRB and SBI is rejected.

### (I) Comparison along Service

The comparative analysis of Perceptual Response of customers for the State Bank of India and Jammu Rural Bank along Service is done by mean score analysis and application of F Test.

It is evident from the table 1.11 that the mean scores for JRB are less than the mean scores for SBI. Also, the mean scores for SBI lie between  $x = 4.05$  to 4.39 while the mean scores of JRB lie between 3.09 to 3.16 which shows a lower level of satisfaction among the customers of Jammu Rural Bank as compared to the State Bank Of India.

It is clear from the table 1.12 that the F Calculated Value (41.94) is greater than P Value (0.005) for Service so the null hypothesis that there is no perceptual variation of the customers' response on the basis of service is rejected. Also, for JRB –SBI the F calculated (8.25) is greater than the P value (0.06), so the null hypothesis that there is no perceptual variation of the customers response on the basis of service among the banks is rejected.

Sources of Variation	SS	Df	MS	F	P Value
Qualification (Rows)	4.400	3	1.466	1.349	0.405
JRB- SBI( columns)	6.716	1	6.716	6.178	0.088
Error	3.26	3	1.087		
Total	14.377	7			

**Table 1.11: Perceptual Response of Customers on the basis of Service**

Service	JRB(No.)	SBI(No.)	JRB ( Mean)	SBI(Mean)
Account	7	6	3.09	4.05
Loan	10	11	3.08	4.39
All	32	36	3.16	4.13

**Table 1.12: Comparison of Perceptual Response of Customers on the basis of Service**

Sources of Variation	SS	Df	MS	F	P Value
Service (Rows)	20.01	3	6.67	41.94	0.005
JRB-SBI (columns)	1.31	1	1.31	8.25	0.06
Error	0.477	3	0.159		
Total	21.800	7			

## Application of Quantitative Techniques

### Application of t -test

The comparative analysis of the Perceptual Response of Customers among SBI and JRB is done by using t test.

**Table 1.13 : Comparison of Perceptual Response of Customers: SBI and JRB ( t Test)**

S.No	Factor	SBI( Mean)	JRB( Mean)	t Test
1	Communication and Motivation	4.33	2.37	26.0**
2	Customer Handling	3.64	2.65	6.54**
3	Work Knowledge	4.30	4.49	1.77*
4	Trust among Employees	4.96	4.88	1.41*

*\*Significant at 0.25 Level*

*\*\* Significant at 0.25 and 0.05 level*

The comparative analysis of Perceptual Response of Customers between SBI and JRB by using t test in table 1.13 shows that there is a significant level of difference between the responses of customers of JRB and SBI in Factor 1 and 2 at .025 and .05 level of significance and Factor 3 and 4 at 0.025 level of significance. The hypothesis that there is no significant difference between the means of Customers from JRB and SBI is thus, rejected.

### Correlation between Human Resource Systems and Perceptual Response of Customers

The comparison between the application of Human Resource Systems in State Bank of India and The Jammu Rural Bank is done by Correlating Mean Scores of Human Resource Systems and Perceptual Response of Customers for both the banks. The analysis shows that the Mean Score for Human Resource Systems (SBI) is 3.7 with N=138 and Standard deviation 0.45. The Mean Score for Perceptual Response of Customers is 4.3 with N=53 and Standard Deviation is 0.53. The Karl's Pearson's Coefficient of correlation sig. (2 tailed) is worked out as 0.749, which shows a high

positive correlation for The State Bank of India. The comparative analysis shows that a similar study when conducted for the Jammu Rural Bank, the mean score for Human Resource Systems with N=172 is 2.84 and the mean score for Perceptual Response of Customers is 3.20 with N=59, Karl Pearson's Coefficient of correlation is 0.214. This shows that there is a positive correlation between Human Resource Systems and the Organizational Effectiveness as a outcome seen through Perceptual Response of Customers.

### Conclusion

The present study reveals that banks in the rural area should implement an integrated framework of human resource system for attaining organizational effectiveness. Any such intervention should be backed up with technology-based management information system for timely and informed decision making. The comparative analysis of the SBI and JRB shows that there is an urgent need to network the branches of the JRB for timely generation and consolidation of data from various branches

spread in the interiors. In short, both the rural banks and especially the Jammu Rural Bank have to reorient the human resource systems to attain organizational effectiveness.

At present, the major focus of rural banks is efficiency by superior product positioning and higher employee productivity skills. The competition in the rural banking industry is also likely to intensify in the near future. Accordingly, the rural banks also need to transit from being inwardly focused to becoming true market-facing banks.

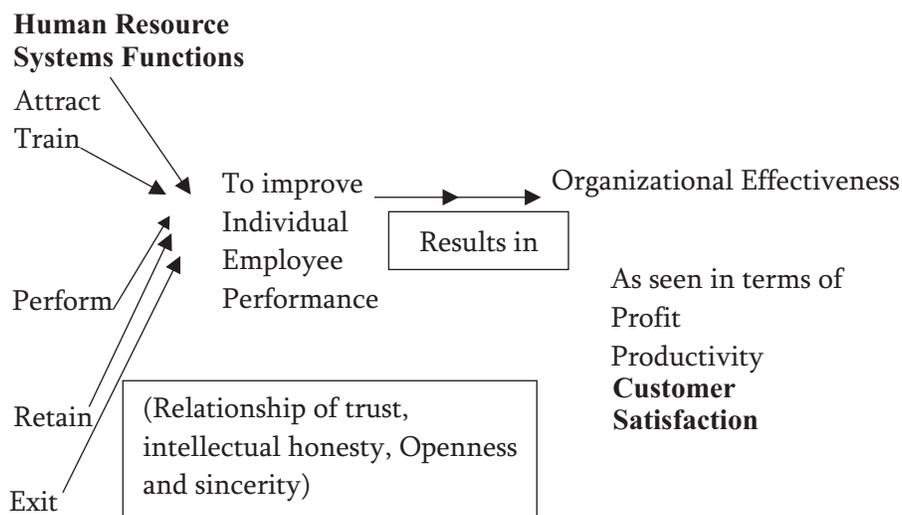
The analysis of Perceptual Response of Customers shows the importance of Human Resource Systems for achieving organizational excellence. Clearly, the approach to Human Resource Systems will have to change in tune with the fast changing banking networked environment. SBI for example, carries out Training and Development Programmes regularly but specific Training Programmes for rural banking have to be developed. The focus must shift from generalist orientation of the staff to knowledge orientation, i.e. the ability to imbibe and absorb technology. ICT (Information Communication Technology) has to be imbibed in the rural areas. There is an

urgent need for training for up gradation of different types of skills for redeployment, for changing the mindset and attitudes. The rural banks under study should revamp their human resource departments and evolve appropriate policies to make the best use of their human capital.

In this backdrop, the proposed model which suggests the schematic linkage of Human Resource Systems with Organizational Effectiveness is shown as Figure 1.4.

The Model (figure 1.4) argues for a fit between the environment and the human resource systems. The organizations should strive hard to achieve a culture of service excellence by establishing practices and procedures to reward the behaviors, which support this culture of trust, openness, honesty and sincerity. The performing culture is the bedrock of every organization, but, there are two major challenges in developing a performing culture, one is the performance oriented mindset and the other is developing a positive work culture.

Human Resource Management Systems needs to act as a facilitator by developing a process management approach to enable the organization to identify the gaps in people's capability. This would ensure a



**Figure 1.4: Linking Human Resource Systems and Organizational Effectiveness**

systematic capability improvement in the organization. Human Resource is vital resource for organizational effectiveness as it appreciates with the passage of time. The human resource has got unlimited capacities and capabilities that can be developed with proper and balanced linkages between the human resource systems and the organizational goals. The study reveals that the factors like involvement, sincerity, creativity and dedication of human resources to the jobs are the outcome of the organizational work environment and organizational culture. The organization should therefore, create a culture that enhances employees' growth and fulfills their expectations.

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## Book Review

# Mergers and Acquisitions

By A P Dash

## Mergers and Acquisitions

By A P Dash

I. K. International Publishing House Pvt. Ltd., New Delhi

Pages: 262, Price: Rs 345/-

Mergers and Acquisitions (M&As) is an important mode of business re-organization besides being an in-organic method to enter into new business sectors. This is despite the fact that a large number of such transactions fail to deliver the results. M&A deals are complex transactions and may be evaluated from diverse perspectives – strategic, financial, human resources, cultural or logistics etc. While evaluating from the financial perspective, the aspects involved are: valuation, due diligence, besides regulatory issues.

The book has eleven chapters in all, which cover a wide spectrum of issues. Chapter 1 to 3 may be grouped as the introductory part of the book, as they cover the fundamentals aspects of mergers and takeovers. Chapter 1 presents the current trends in cross-border mergers & acquisitions. Chapter 2 introduces some basic terms associated with mergers such as takeovers, acquisitions, absorption, consolidation etc. and highlights the differences amongst these terms with suitable examples. It also discusses the motives and different types of mergers, besides briefly outlining the regulatory framework in India. Chapter 3 – genesis.

A valuation aspect of the target company is the most critical issue in the entire M&A exercise. This is dealt with in chapter 4. The chapter introduces the various methods of valuation and illustrates the DCF method with an example. A detailed discussion on the valuation aspects of various other methods would have added to the utility of this chapter. Chapter 5 discusses the regulatory framework relating to M&As in India.

It traces the evolution of the SEBI Takeover Code and discusses its main provisions. Here also, detailed discussions of the extant takeover code including the practical implications of the same would be useful. Further, a discussion on the procedural aspects such as Public Announcements, Open Offers, and similar Takeover codes in major countries would be of interest to practicing executives. Chapter 6 outlines the legal provisions of MRTP Act and the Companies Act as they apply in cases of M&As, besides discussing the provisions of Anti-trust regulations in the US.

Chapter 7 deals with the due diligence process which is required to be carried out to verify and confirm the various claims being made. It highlights the different areas of concern which need to be probed thoroughly. Chapter 8 discusses the cultural and issues of integration between the acquiring and acquirer companies. Chapter 9 and 10 take a strategic view of M&As. While chapter 9 deals with sources of value creation in M&As, chapter 10 discusses the potential reasons of failure of M&A deals. The highlight of the book is the last chapter which contains discussion on 4 recent cases of M&As.

On the whole, the book may prove beneficial to the target audience of students of business management programmes and company executives alike.

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## Book Review

# Management Information Systems

By Mahadeo Jaiswal & Monika Mittal

### Management Information Systems

By Mahadeo Jaiswal & Monika Mittal

Oxford University Press, New Delhi

Pages: 623, Price: Rs. 310

Information Systems are one of the major tools available to business managers for achieving operational excellence, developing new products & services, improving decision making & achieving competitive advantage. "Management Information Systems" by Mahadeo Jaiswal & Monika Mittal, deals with management of information in an organization using tools and techniques over diverse communication channels, including human resources and information technology. MIS makes a serious attempt to provide an in-depth knowledge of core concepts along with practical issues related to various aspects of MIS in the context of the developing world while relating it to the global scenario. It tries to extend innovative tools and methods to better handle the strategic applications of information and communication technology in improving business effectiveness and decision making, knowledge management systems, enterprise application and planning, installation and use of IT architecture.

Information Systems have become essential for helping organizations operate in a global economy. The authors have done a great job by bringing this book of contemporary and futuristic relevance for our knowledge economy. They have dealt with this field of knowledge with the aptness of great educators so that even individuals with little knowledge of IT can understand the fundamentals and applications of MIS in a comprehensive manner.

MIS are a foundation for conducting business today. MIS support the major functional areas of the business like sales & marketing systems, manufacturing & production systems, finance & accounting systems, human resource systems etc. So this book would be a valuable guide to any student concerned with increasing the expertise in the area of MIS and those individuals involved in improving business effectiveness and decision making on the basis of Information Systems.

The book starts with a precise introduction to MIS and the role of information systems in different organizations in terms of creating new methods of business as well as opportunities for new businesses for example, e-auction and e-services are new methods of business, and IT enabled services, business process outsourcing etc. is new business opportunities.

Telecommunication technology is part of the basic infrastructure of any industry today eliminating the concept of geographical boundaries. In chapter 3 the author talks about the various technologies associated with telecommunications and the relevance of computer networks. The author writes, it has become essential to study computer networks in order to design and implement a network as per the need of an organization. Different networks use different protocols such as CSMA/CD, TCP/IP, Slotted Aloha, WAP etc. The writer discusses TCP/IP in great detail that has become the dominant model

of achieving connectivity among disparate networks. It is the connectivity model used in the Internet.

The importance of data as a resource is being realized by the business world. To convert this data into information and knowledge, the data has to be stored in databases such as relational databases. Chapter on Database Management specifies the necessity for businesses to be able to access the data resources stored in multiple as well as remote locations and hence explains distributed and composite information systems. It also explicates how data warehouses could be used for decision support as well as for operational support.

Information systems support the marketing function at a number of points in the marketing cycle. They help in making the traditional marketing processes more information intensive and thus lead to reduction in the distribution and operational overheads of the marketing function. Author discusses a number of simple application packages such as MS-Excel, MS-Access, Oracle, DB2 etc, which enable the collection of data. The conclusion in my opinion is that, any information system deployed has to be flexible and compatible within a range of technologies and the business environment to be successful in delivering results.

Chapter seven treats Enterprise Information Systems such as ERP, SCM and CRM that are increasingly being adopted by firms worldwide, forcing them to transform their business processes and practices while bringing changes to their structure in order to establish global business networking. In this chapter the authors have designed the dimensions of e-business.

Likewise, the chapter on Intelligent Information Systems contains what is, I think, a typically fatal, though seemingly reasonable flaw. It treats Risk Management is still a relatively new area for most enterprises, and those that focus on it tend to

worry about business continuity. On page 385, we get a screen shot of business analytics using SPSS which is commonly used business analytic software. Analysis of the data can also be done using business intelligence tools.

There are many complementary or alternative approaches to Information System Development (ISD). The book deals well with dual activities of analyzing business systems and designing computerized information systems that support them. Such technical accounts of ISD are usually based on linear process models such as the waterfall model. Prototyping, another very common approach dispenses with the linear process models. Rapid Application Development (RAD) combines prototyping with some elements of structural approach. Thus, the business systems planning, enterprise modeling, and critical success factor approaches discussed by the author try to align business systems planning with information systems planning and development.

The business environment is changing due to the emergence of information and communication technologies. The electronic networks are posing new challenges in terms of security of their information systems and data. The author writes “an effective information security policy and its enforcement in alignment with information risk management leads to improved trust on IT enablement of business. The author talks about various Information Security Management standards and practices e.g. BS7799, COBIT evolving in different countries. One can find holistic information and insight on risk management framework. The book winds up with a chapter on how to implement Information Systems. Organizations are spending a substantial amount of their financial and managerial resources in implementing information systems, however very few of them have been able to realize the actual benefits out of such investment. Studies reveal that up to 90% of IS projects fail to

meet their goals; 80% are time and cost overrun; and about 40% are abandoned. Some of the well-known IS success measurement models like Delone and MecLean model, the Seddon's model and the organization transformational models have been discussed. These models measure the success or failure of IS implementation.

The book also carries Exercises and Case Study sections in each chapter, explaining large number of relevant cases in the field of MIS. This book compares well with the other available books on

the topic on two counts. First, it simplicity in the dealing a practical subject and second, price. The book can definitely help students across disciplines, interested in developing expertise in the area of MIS. The book will be equally useful for the technical specialists who can apply Information Systems to business operations while making critical decisions.

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# Apeejay Business Review

(A Bi-annual Journal of Apeejay School of Management, New Delhi)

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