

SĀMARTHYA

A collection of thought provoking articles by IOFS
probationary officers.



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The background of the page is a faded, grayscale image of a military tank. Several soldiers in uniform are visible around the tank, some standing and others in motion. The tank is positioned diagonally across the frame, with its turret and main gun barrel pointing towards the upper left. The entire scene is enclosed within a decorative border consisting of a repeating diamond pattern.

Preface

In the course of our probationary training of IOFS- 2019(Batch II),after having a wonderful time during Technical Module training at DIAT Pune , we came back to NADP in the mid of March 2020, as the coronavirus pandemic began spreading in India. Soon, at NADP , we were allotted a fresh set of projects on diverse topics related to management by our APD C. Ramachandran Sir and Course Director K.L. Vishwakarma Sir to give fodder to our idle minds, which were witnessing a global pandemic for the first time. It was a good time to channelize our inner energy into something productive and valuable.

Thus we made our projects on topics assigned to us and also made presentations on the same topic. It enriched our understanding on the topics and also made us good presenters. The valuable feedback from our respected PD Sanjay Pattanayak Sir , Prem Prakash Sir and K.L. Vishwakarma Sir was of immense value and was incorporated later on.

This e-magazine is an effort by the House Journal Society in the same direction to compile and present these projects in a lucid manner. I thank all the respected officers at NADP who have contributed in the digital publication of this e-magazine.

Regards
Vipul Bajpai
Secretary
House Journal Society
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INDUSTRIAL ESTATES AS CAPTIVE FEEDER TO LARGE MANUFACTURING CORPORATIONS



1

AMAN HARLALKA

ABSTRACT

With the ever increasing competitiveness in the business sector including the manufacturing sector, the path to survival and making profits to sustain the business running has resulted in innovative cost cutting and optimizing methods. The margins for many companies are becoming smaller and smaller due to increasing demands from the customers to obtain lower prices. In manufacturing companies, supply chain expenses play a colossal role in the cost of the final product. Organizations focus on reducing costs in their supply chains to increase the net income. The report is focused on studying the importance of utilizing industrial estates under a business corporation to establish raw material and/ or semi finished product industries and thereby its advantages and disadvantages.

Keywords

Supply Chain Costs, Outsourcing, Captive Feeder.

INTRODUCTION

There is high pressure on companies to in-

crease profit and at the same time the customers are demanding lower prices; therefore the companies have to cut cost in all areas. The only way to stay competitive and to keep customers is to provide a reasonable price of the product. Supply chain costs compose around 55% of the total product cost. According to management researchers, making changes to the supply chain helps to lower cost and enables a company to more easily compete based on the price. Cutting cost in a company increases net income.

Procurement of raw material plays a very critical role in a supply chain especially for large manufacturing corporations producing a variety of items. In the era where organizations are searching for cost saving innovative ideas due to the increasing cost pressures, the procurement function provides an opportunity to these organizations to remain competitive. Procurement of raw materials in any supply chain has to face the problems like shortage of raw material, quality and lack of continuous supply of raw material, inadequately trained man force, infrastructure and technological deficiencies.

1. Supply chain, Supply chain management and Supply chain cost:

Supply chain is the overall process of the product movement starting from the supplier to the end customer. The goal of the supply chain is to control all planning functions. This includes the planning of supply, demand, inventory, logistics capacity and sourcing. Determining the costs of products can enable management to discern, which are viable, which costs more, and which contribute most to the bottom line. Understanding the savings of product costs can be a key to improving the viability of product.

There are many definitions of Supply Chain Management (SCM) in the literature. The definitions focus on different things. There is cost focus, customer service and inventory cost focus and the flow focus. SCM is the process of strategically managing the movement and storage of materials, parts and finished inventory from suppliers through the firm to customers. SCM is a coordinated approach for managing the flow of goods from suppliers to ultimate customers, and that the goal is to meet customer service objectives while minimising inventory and related costs. SCM can also be defined as the management of upstream and downstream relationships with suppliers and customers to deliver superior customer value at less cost to the supply chain as a whole.

2. Most significant sources of Supply Chain Costs:

Supply Chain Cost is defined as all relevant costs in the supply chain of the company, or organization. Supply Chain Cost is divided into 6 main categories: Manufacturing cost, Administration cost, Warehouse cost, Distribution cost, Capital cost and Installation cost.

The traditional objective of supply chain management is to minimize the total supply chain cost to meet fixed and given demand.

This total cost may include the following:

- Raw material and other acquisition costs.
- Inbound transportation cost
- Facility investment costs
- Direct and indirect manufacturing cost.
- Direct and indirect distribution cost
- Inventory holding cost
- Interfacility transportation cost
- Outbound transportation cost

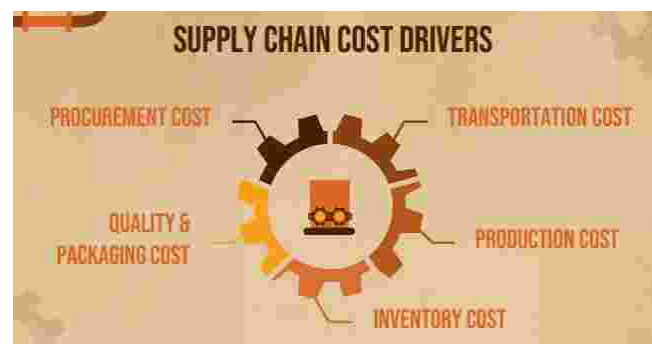


Figure depicting supply chain cost drivers

3. Outsourcing, some advantages and disadvantages:

Supplier and customer markets have become more global and have forced companies to consider restructuring their supply chains to take advantage of opportunities in terms of costs, competence, etc. at different locations. One way to take advantage of opportunities in other locations is to outsource parts of the production to suppliers. Most of the definitions of outsourcing imply that activities and products previously made in-house are now performed by an external source. Production outsourcing implies change from in-house material supply to purchasing materials from a supplier; therefore, production outsourcing can affect material supply in terms of delivery, reliability, lead times, and product quality. Outsourcing is seen as an opportunity for organizations to achieve cost reduction and strategic goals. A significant strategic goal of outsourcing is to allow companies to refocus their resources on core business and one important approach to reach cost re-

duction goals is to produce in low-cost countries, thus decreasing labour costs by utilising the low wages in these areas.

Supplier related risks of outsourcing relate to the risk of increased dependency on the supply of materials from a source outside the company. Thereby, supplier related risks result in a risk of not receiving ordered materials on time leading to materials shortages. Materials availability and thus materials supply is for a producing company an important issue as lack of materials can lead to delayed deliveries to customers and/or extra costs. The outcome of supplier related risks can be an inability to meet customer requirements.

4. Captive Feeder Industry on the Industrial Estate:

An organization having a large industrial estate can establish factories on its own land under its direct control or as a subsidiary or even can sublet the land to an independent factory to supply the required raw materials/ semi-finished products.

5. Advantages of Captive Feeder Industry on the Industrial Estate:

The main advantage for a manufacturer is in the direct cost cutting in transportation and logistics as the raw material supplier factory is within in its own industrial estate. In case of subletting the land to an independent supplier, rent is also earned for the land on which captive feeder industry is established.

The main organization has a much better control in the process of outsourcing. The apprehensions regarding raw material delivery due to events like traffic, natural calamity at other locations are alleviated.

Reliability and any doubts about the process of manufacturing of raw materials by the feeder industry can be physically inspected by the managers of the main manufacturing industry

due to close physical proximity.

Packaging costs are reduced to a large extent as the raw materials/ semi finished products are to be delivered to a nearby facility. So extensive packaging to prevent damage during long transportation is reduced.

CONCLUSION:

Importance of the supply chain in the business environment is steadily increasing. Establishment of a self-owned or an independent captive feeder raw material / semi finished product industry on industrial estate for a manufacturing corporation has direct benefits in terms of logistics, transportation, delivery, reliability, packaging, etc. The only issue for a large manufacturing corporation to adopt this method of raw material/ semi finished product supply is to owning a large industrial estate. Also, all the benefits of outsourcing are directly gained by this process of acquiring raw material / semi-finished products.

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CAPITAL INVESTMENT VS JOINT VENTURES - SCOPE FOR ORGANIZATIONS LIKE OFB

2

AMRENDRA PRATAP
CHAUHAN

WHAT IS JOINT VENTURE?

Joint Venture can be defined as a partnership between two or more parties (companies or individuals) coming together to form a separate legal entity with an intention to carry out certain commercial objectives. The parties coming together to form Joint Venture take an active role in decision making.

In the Joint Venture, 'joint' literally means coming together and 'venture' means a project or an investment. In Joint Venture, each party contributes finance, technology, marketing techniques or physical assets as required for the project. What makes Joint Venture different and beneficial from other modes of investment is that when Joint Ventures are created between two or more parties, the Joint business in no manner interferes or affects the individual business of the respective parties. Therefore, they are free and independent to maintain their respective businesses whilst handling Joint Venture.

WHAT ARE THE KINDS OF JOINT VENTURE?

Joint Ventures are namely of two kinds:

1. Equity Joint Venture

2. Contractual Joint venture

Equity Joint Venture

In Equity Joint Venture, a separate legal entity is created under which various parties provide for the required resources to fulfill their objectives. This type of venture is usually suited for long-term broad projects.

Contractual Joint Venture

Contractual Joint Venture, on the other hand, doesn't necessarily require for creating a separate entity, thus projects involved in it are of temporary nature, formed only for limited period.

MAIN REASONS WHY COMPANIES FORM JOINT VENTURES:

Leverage Resources

A joint venture can take advantage of the combined resources of both companies to achieve the goal of the venture. One company might have a well established manufacturing process, while the other company might have superior distribution channels.

Cost Savings

By using economies of scale, both companies in the JV can leverage their production at a lower per-unit cost than they would separately. This is particularly appropriate with technology advances that are costly to implement.

Combined Expertise

Two companies or parties forming a joint venture might each have unique backgrounds, skill sets, and expertise. When combined through a JV, each company can benefit from the other's expertise and talent within their company.

Advantages of joint venture

- Access to new markets and distribution networks
- Increased capacity.
- Sharing of risks and costs (i.e. liability) with a partner
- Access to new knowledge and expertise, including specialized staff
- Access to greater resources, for example technology and finance

Joint ventures often enable growth without having to borrow funds or look for outside investors. You may be able to:

- Use your joint venture partner's customer database to market your product
- Offer your partner's services and products to your existing customers
- Join forces in purchasing, research and development

Joint ventures are especially popular with businesses operating in different countries, eg. within the transport and travel industries.

DISADVANTAGES OF JOINT VENTURE

Joint ventures can pose **significant risks** relating to liabilities and the potential for conflicts and disputes between partners.

Problems are likely to arise if:

- The objectives of the venture are unclear
- The communication between partners is not great
- The partners expect different things from the joint venture
- The level of expertise and investment isn't equally matched
- The work and resources aren't distributed equally
- The different cultures and management styles pose barriers to co-operation.

WHAT IS A CAPITAL INVESTMENT?

Capital investment is a sum of money provided to/invested by a company to further its business objectives. The term also can refer to a company's acquisition of long-term assets such as real estate, manufacturing plants, and machinery.

The Disadvantages of Capital Investment

The first funding option for capital investment is always a company's own operating cash flow, but that may not be enough to cover the anticipated cost. It is more likely that the company will resort to outside financing to make up for any internal shortfall.

Capital investment is meant to benefit a company in the long run, but it nonetheless can have short-term downsides. Intensive, ongoing capital investment tends to reduce earnings growth in the short term, and that is never a

popular move among stockholders of a public company. Moreover, the total amount of debt a company has on the books is a figure that is closely watched by stock owners and analysts.

Few Common type of capital

investment:

- Infrastructure
- Construction
- Land & building
- Computing
- Vehicle
- Machine

Strategic Investment: An another alternative

Smaller companies prefer acquiring funds from Strategic Investment and not forming any Joint Venture with them is that when investments are raised from the strategic alliance, the autonomous status and independence of these smaller companies are still intact, they are free to operate and work in the manner they prefer. Also, in this kind of investment, smaller companies can avail funds from more than one company, which is definitely not possible in the Joint Venture. Investing companies too prefer Strategic Investment over joint ventures as less risk is involved and profits are made to available only when smaller companies are doing well.

CASE STUDY OF JVs

TATA Starbucks Private Limited – Recent Successful Venture

Joint Venture has proved to be very successful in India and this can be understood from one of the recent successful venture – *TATA Starbucks private limited*. It was formerly known as, Tata Starbucks Limited. It is a joint venture between two major companies, Starbucks Corporation,

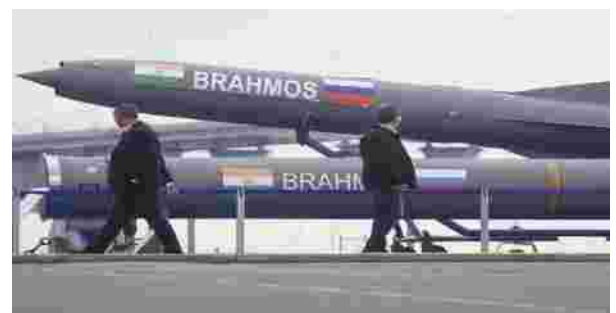
which is a coffee house chain company with headquarters in Washington, US and TATA Global Beverages, an Indian company. Starbucks had intentions of accessing Indian markets in the early 2007 but it was only in 2012 that a 50-50 joint venture with TATA Global Beverages was formed. Today TATA Starbucks Private Limited owns and operates Starbucks outlets in various parts of India. The venture goes with a brand name called “Starbucks, A TATA Alliance”.

Vistara – TATA SIA Airlines Ltd:

Vistara is a joint venture of Tata Sons Private Limited and Singapore Airlines Limited (SIA), wherein Tata Sons holds 51% stake in partnership and Singapore Airlines owns 49% stake. The company is registered as TATA SIA Airlines Limited.

JVs IN DEFENSE SECTOR:

- **Brahmos Aerospace** :The name BrahMos is derived from names of Brahmaputra river of India and Russia’s capital, Moscow. India’s entry into supersonic missile club was led by BrahMos Aerospace, a JV between India’s Defense Research and Development Organization (DRDO) and Russia’s NOP Mashinostroyeniya.



BrahMos Aerospace made history in 2001 when it tested the world’s fastest

cruise missile capable of flying at supersonic speeds of Mach-2.8 to Mach-3 BrahMos Aerospace currently makes surface-to-surface, air and sea-launched variants of BrahMos missiles.

- In October 2017, Dassault Aviation and Reliance Group laid the foundation stone of the Dassault Reliance Aerospace Limited (DRAL) manufacturing facility in Mihaan, Nagpur.

SCOPE OF ORDNANCE FACTORIES IN JVs:

As we discussed, joint venture may be formed by considering finance, technology, marketing techniques or physical assets as required for the project. Ordnance factories have good scope in forming the JV as OFB got sufficient amount of asset, technologies etc & in order to establish foreign acceptance of OFB product, a JV can be formed between OFB & foreign based company. Apart from that, for development or introduction of new product that require new technology or some other access, that can also be obtained through JV without putting much capital investment.

India-Russia joint venture (JV): The joint venture formed between three companies. The Ordnance Factory Board (OFB) owns the controlling stakes of 50.5% while Kalashnikov owns 42% stake followed by 7.5% stake owned by Rosonboronexport. An Indian CEO from the Indian Army leads the company. The company has been licensed to produce 750,000 AK-203 assault rifles chambered for 7.62×39mm.

CONCLUSION

Thus after analyzing both Joint Venture and capital Investment, it can be observed that while making the investment decision in profit worthy projects, it is important for every growing company, the final decision should be made only after considering all the aspects. The best method is the method which suits one's situation and only after taking legal advice, measuring one's risk capacity and analyzing the markets should one decide between the Joint Venture and capital Investment.

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CAN JOINT VENTURE IMPART NEW DYNAMISM TO OLD ORGANIZATIONS



3

HIMANSHU SINGH

WHAT IS A JOINT VENTURE?

A Joint Venture may be defined as any arrangement whereby two or more parties co-operate to run a business or to achieve a commercial objective. This co-operation may take various forms, such as equity-based or contractual JVs. It may be on a long term basis involving the running of a business in perpetuity or on a limited basis involving the realization of a particular project. It may involve an entirely new business, or an existing business that is expected to significantly benefit from the introduction of the new participant. A JV is therefore, a highly flexible concept.

The nature of any particular JV will depend to a great extent on its own underlying facts and characteristics and on the resources and wishes of the involved parties. Overall, a JV may be summarized as a symbiotic business alliance between two or more companies whereby the complimentary resources of the partners are mutually shared and put to use. It is an effective business strategy for enhancing marketing, po-

sitioning and client acquisition which has stood the test of time. The alliance can be a formal contractual agreement or an informal understanding between the parties.

TYPES OF JOINT VENTURES

Joint ventures (JVs) may be either contractual or structural, or both. They may be broad based or narrowly defined. The main classification of JVs is that it is either

- Equity / Corporate JV
- Contractual JV.

An **Equity JV** is an arrangement whereby a separate legal entity is created in accordance with the agreement of two or more parties. The parties undertake to provide money or other resources as their contribution to the assets or other capital of that legal entity. This structure is best suited to long-term, broad based JVs.

The **Contractual JV** might be used where the establishment of a separate legal entity is not needed or the creation of such a separate legal entity is not feasible. This agreement can be entered into in situations where the project involves a temporary task or a limited activity or is for a limited term.

Example of some JV in India:

- **Tata Motors & Fiat:** The JV will manufacture cars from Tata & Fiat stables. Tata Motors will also buy diesel engines for its cars from Fiat, while Fiat will distribute Tata cars in Europe.
- **Mahindra & Renault:** This JV is the market entry strategy for Renault. The JV will manufacture Renault's Logan cars in India. Renault will gain market knowledge - while Mahindra's will learn how to make good cars, and leverage its dealership network to additional profits.

NEED FOR JOINT VENTURE

Joint ventures are very common – and in fact, more common than one might think. Particularly, JVs are quite prevalent amongst big business. Oil and gas companies are common allies when it comes to forming joint ventures for drilling purposes. Electronics joint ventures, such as Sony Ericsson, fuel innovation and global access to untapped markets.

Here's a look at why big businesses form JVs.

REASONS TO FORM A JV

- **Spreading Costs and risks** – In a JV partners can **share costs and risks** associated with marketing, product development, and other expenses, reducing the financial burden.
- **Improving access to financial resources** – Together JV partners might have better credit or more assets to access bigger

resources for loans and grants than could have been obtained on their own.

- **Access to new technologies and customers** - People might want access to technological resources that couldn't have been afforded on their own, or vice versa. Sharing innovative and proprietary technology can improve products, as well as their own understanding of technological processes.
- **Improving Access to New Markets** – The JV partners can combine customer contacts and together even form a joint product that accesses new markets.
- **Economies of scale and advantages of size** - Economies of scale can be achieved when two or more firms pool their resources together, maximizing efficiency based on the project's needs. Cooperative strategies also allow small companies to join together to compete against an industry giant. Companies of different sizes may also benefit from joining together. The large company offers its capital and resources in exchange for the efficiencies or innovations found at the smaller company.
- **Synergistic Reasons** – People may find JV partners with whom you can create synergy, which produces a greater result together than doing it on your own.
- **Share and Improve Technology and Skills** – Two innovative companies can share technology to improve upon each other's ideas and skills.
- **Diversification** – There could be many **diversification reasons**: access to diverse markets, development of diverse products, diversifies the innovative working force, etc.

REASONS FOR FAILURE OF A JOINT VENTURE

- Inadequate preplanning for the joint venture.
- The hoped-for technology never developed.

- Agreements could not be reached on alternative approaches to solving the basic objectives of the joint venture.
- People with expertise in one company refused to share knowledge with their counterparts in the joint venture.
- Parent companies are unable to share ,control or compromise on difficult issues.

HOW TO MAKE A JOINT VENTURE SUCCESSFUL?

- It is indicated that Joint ventures mostly failed due to potential problem and cultural variations.
- It is suggested that following are the measures to make Joint venture successful; don't accept a JV agreement to quickly, weigh the pros and cons.
- Get to know a partner by initially doing a limited project together, if a small project is successful, bigger projects are more feasible.
- Companies with similar culture and relatively equal financial resources work best together; keep this in mind when looking for an appropriate partner
- Protect companies' core business through legal means, such as unassailable patents; if this is not possible, don't let the partner learn your methods.
- The Joint enterprise must fit the corporate strategy of both partners, if this is not the case their will inevitably be conflicts.
- Keep the mission of the joint enterprise small and well defined.
- Give the joint enterprise autonomy to function on its own and set up mechanisms to monitor its results, it should be separate entity from both parents
- Learn from the Joint enterprise and use in the parents organization.
- Limit the time frame of joint enterprise and review its progress frequently .

THE FUTURE OF JOINT VENTURES

It is almost certain that the number of joint ventures will continue to increase in the near future. More and more companies are adopting the joint venture approach as a part of their growth strategies, particularly in the international arena. Foreign companies can benefit mutually by combining their technological and monetary resources and taking advantage of respective market conditions. Thus, international joint ventures are becoming the norm rather than the exception—and in more industries than ever before.

Joint ventures may grow in importance so much in the next few years that many companies could lose their national identities. There could be a growth in the activities of multinational corporations to the point where joint ventures will be virtually unrecognizable. In fact, some companies, especially those in capital-intensive industries, have already lost sight of the fact that they engage constantly in joint ventures because they have become so commonplace.

SUMMARY OF VARIOUS ADMINISTRATIVE REFORMS IN INDIA

SOORAJ BEN K R



4

INTRODUCTION

Public Administration is a continuous process, in this sense; it is an always undergoing reform. Reforms are an obvious response to new challenges confronting state institutions managing public affairs¹. Hence Administrative Reforms are ever continuing processes in any state to ensure the state and its authorities combat with and be able to respond the latest changes in the society and the country as a whole in the most efficient and effective manner.

In India, administrative reforms have received continuous attention since Independence. There was a transformation of administrative machinery from an instrument of colonial rule and law and order state to that of democracy and development state. New administration was required

for more efficient, responsive and sensitive implementation of programmes related to socio-economic development and improvement of public services.

With India becoming republic the objectives for the development of the country was spelt out. The focus shifted to the social and economic development of the country. Attention was directed to people-oriented administration. Administration had to be responsive to the development needs of the people. Thus, there was a need to reform the administration to suit the needs of independent India. The Government of India undertook various measures for bringing in reforms in administration. It constituted various committees and commissions and organised conferences to suggest reforms in administration.

ADMINISTRATIVE RE-FORMS IN INDIA

The Administrative reforms, thus undertaken in India post-Independence can be divided into 5 main phases, based on the type of administrative reforms focussed upon on each stage and the rate of change that took place in them. Each of these phases saw different attitudes and preferences in India in terms of the objective of administrative reforms. These are

1. Evolutionary Phase: 1947 to 1969
2. Experimental Phase: 1970 to 1984
3. Reformist Phase: 1985 to 1995
4. Mainstreaming Phase: 1996 to 2008
5. Post Crisis Phase: 2008 to Present

EVOLUTIONARY PHASE RE-FORMS (1947 TO 1969)

This phase saw the first set of transformation of our administrative system from a purely colonial one to suit the needs of a democratic polity, despite keeping several if not many features of the previous administrative system intact. Various committees were constituted, mainly to reorganise and revamp the administrative system as a whole to introduce the holy grail of 'accountability' into the system.

By 1960s, the second half of this phase, the inadequacy of our bureaucracy in handling the developmental challenges was gravely felt, leading to the first Administrative Reforms Commission being setup in 1966 under the leadership of Shri. Morarji R Desai, and later under Shri Hanumanthaiyawith the goal of making public administration a fit instrument for bringing social and economic development of the country and making administration responsive to the needs of the people.

The various committees constituted and the

changes they brought in administration during this phase are:

1. Gopal Swami Ayyanger Committee (1949): "Report on Reorganisation of Administrative Machinery": dealt with organizational changes, improvement in the calibre of personnel and improvements in methods of transaction of governmental business. This led to the idea of setting up of O&M division and recommendation on Cabinet secretary's role as the conscience keeper of civil servants was accepted.

2. Gorwala Committee (1951): 'Report on Public Administration' and Report on Efficient Conduct of State Enterprises': which was the first attempt to look at the administrative system after ushering in of the system of planning in the country? The committee focused on whether the then administrative machinery and methods were adequate to the requirement of planned development. It underlined the need for having a clean, efficient and impartial administration.

3. Paul. H. Appleby Reports, 1953 & 1956: In continuation of these efforts, the Government of India invited an American expert, Mr. Paul. H. Appleby to suggest reforms in Indian administration. Appleby submitted two reports, and as a result, an Organisation and Methods (O & M) Division was set up in March 1954, in the Cabinet Secretariat for improving the speed and quality of the government business and streamlining its procedures.

4. Santhanam Committee on Combating Corruption 1962: The Committee on Prevention of Corruption (Santhanam Committee) made a range of recommendations to fight the menace of corruption. It *recommended the constitution of the Central Vigilance Commission*, and administrative vigilance divisions in all

Departments and major organizations of the Government. The Committee suggested rules to be framed for governing the conduct of civil servants. Some suggested changes in the rules were filing of assets and liabilities statement instead of immoveable property statement by government servants, rules regarding receipt of gifts and raising of contributions, and rules regarding dealing in stocks and speculations.

Thus, Santhanam committee addressed the 'elephant in the room' of Indian Administrative system – 'corruption'. The 2 organisations which gained wide range of powers and responsibilities via the Santhanam committee recommendations; CVC (directly) and CBI(Indirectly) to-day remains the bulwarks of Indian democratic system, hence marks and important point in administrative reforms of India.

First Administrative Reforms Commission, 1966:

The most important committee setup during the evolutionary phase of Indian administrative reforms in the First ARC under the leadership of Shri. Morarji Desai (later headed by K. Hanumanthaiya). The Indian government appointed the Administrative Reforms Commission to make a comprehensive review of the working of the Indian administrative system and to make recommendations relating to the establishment of the Lokpal and Lokayukta, centre state relations, and some other important recommendations related to the technique of administration etc.

The Commission was mandated to give consideration to the need for ensuring the highest standards of efficiency and integrity in the public services, and for making public administration a fit instrument for carrying out the social and economic policies of the Government and achieving social and economic goals of development, as also one which is

responsive to the people. In particular, the Commission is to consider the following

1. The machinery of the Government of India and its procedures of work;
2. The machinery for planning at all levels;
3. Center-State relationships;
4. Financial administration;
5. Personnel administration;
6. Economic administration;
7. Administration at the State level;
8. District administration;
9. Agricultural administration; and
10. Problems of redress of citizen's grievances.

The constitution and submitting of reports by the first ARC is considered to be the end of evolutionary phase in Indian administrative reform and the beginning of the second phase, Experimental phase of reforms.

EXPERIMENTAL PHASE OF REFORMS (1970-1984)

The implementation of first ARC recommendations took more than a decade, which is called the experimental phase of reforms in Indian administration. Several of the recommendations of ARC were implemented including setting up of department of Administrative Reforms and department of personnel, Desk office system, performance budgeting etc.

The recommendations were wide reaching, which led to a complete revamp of administrative system of India, albeit retaining several of its colonial characteristics including License Raj and Mai-Baap system. However, First ARC was the first attempt by the Government to cover almost all dimensions of administration in a comprehensive way to overhaul Indian system of administration.

This, along with a few other committees and their recommendations changed the face of Indian administration in a relatively short period of time. These committees include:

1. Kothari Committee, 1976

The Committee on recruitment and selection methods under the chairmanship of Shri Kothari was set up in 1976 by the UPSC to examine and report on the system of recruitment to All India Services and Central Group A and B Services. The committee in its report recommended for single examination for the AIS and Central Group A non-technical services.

2. Economic Reforms Commission, 1981

The Commission was set up with L K Jha as the chairman. The main functions assigned to the Commission related to the study of the important areas of economic administration with a view to suggest reforms. The Commission submitted a number of reports to the Government of India, which advocated the rationalisation and modification of the economic administrative system to pave way for a new economic order.

3. Sarkaria Commission on Centre-State Relations, 1983

Sarkaria Commission was set up in June 1983 to examine the relationship and balance of power between state and central governments and suggest changes within the framework of the Constitution. The recommendations of the commission included establishment of an Inter-State Council under Article 263, sparing use of article 356, rationalisation on selection of Governors among many others. Thus Sarkaria Commission was indeed important, whose recommendations, along with various judicial interventions helped preserve the federal fabric of our government and constitution.

REFORMIST PHASE OF REFORMS (1991-1996)

Economic Reforms of 1991

The year 1991 saw India face an unprecedented financial crisis. The crisis was triggered by a major Balance of Payments situation. The crisis situation was converted into a golden opportunity to reform the country's economic situation and make-up and introduce fundamental changes in economic policy. The government brought in structural reforms and stabilisation policies. India's Prime Minister, when the New Economic Policy (NEP) was introduced was P V Narasimha Rao and the Finance Minister was Dr. Manmohan Singh.

The branches of the new economic policy were threefold:

1. Liberalisation
2. Privatisation
3. Globalisation

The government sought to open up the Indian economy through these measures and gear India from a Soviet-model economy to a market economy. This is an ongoing process and the initiation was done in 1991.

73rd and 74th Constitutional Amendment – True Decentralisation and True Democracy

The two amendments in 1992-93 led to the establishment of a third tier of government in all states of the country, realising the Gandhian ideal of decentralisation and true democracy through Gram Sabhas. Funds, functions and Functionaries were allocated to the third tier to make them real decentralised bodies of administration rather than just show pieces, as was the case earlier in several states.

MAINSTREAMING PHASE OF REFORMS (1996 - 2008)

Conference of Chief Secretaries, 1996:

A Conference of Chief secretaries of the state and union territories was organised by the Department of Administrative Reforms & Public Grievances (AR & PG) on 20th November 1996. The focus of the Conference was on having an accountable, open and citizen-friendly government and on improving the performance and integrity of the public services.

The follow-up actions of the Conference included:

- 1) Setting up of an inter-ministerial Working Group on Right to Information and Transparency headed by Shri H.D. Hourie;
- 2) Formulation of citizen's charters by all ministries with public interface;
- 3) Steps to provide timely disposal of departmental enquiries and vigilance proceedings;
- 4) Developing grievance redressal machinery; and
- 5) Initiating civil service reforms especially including the transfers and promotions in Centre and States

Chief Minister's Conference, 1997:

In pursuance of the objectives of accountability, transparency, and responsiveness set out by the Conference of Chief Secretaries, a national debate was generated.. This debate culminated in an Action Plan for effective and responsive government. The Action Plan was discussed and adopted in the Conference of Chief Ministers on 24th May 1997, to be implemented by both the Centre and the State governments.

The Second Administrative Reforms Commission:

The Second Administrative Reforms Commission was set up on August 31, 2005 by the government of India under the chairmanship of Shri. Veerappa Moily to prepare a detailed blueprint for revamping the public administrative system. The commission was asked to suggest measures to achieve a 'proactive, responsive, accountable, sustainable and efficient administration for the country at all levels of the government.'

The commission has presented the following 15 Reports to the Government for consideration

- Right to Information: Master Key to Good Governance (First report)
- Unlocking human capital: Entitlements and Governance – a Case Study relating to MGNREGA (Second Report)
- Crisis Management from Despair to Hope (Third report)
- Ethics in Governance (Fourth Report)
- Public order (Fifth Report)
- Local Governance (Sixth Report)
- Capacity Building for Conflict Resolution (Seventh Report)
- Combating Terrorism Protecting by Righteousness (Eight Report)
- Social Capital-A Shared Destiny (Ninth Report)
- Refurbishing of Personal Administration-Scaling new Heights (Tenth Report)
- Promoting e-governance: The smart way Forward (Eleventh Report)
- Citizen Centric Administration – The Heart of Governance (Twelfth Report)
- Organizational Structure of Government of India (Thirteenth Report)
- Strengthening Financial management System (Fourteenth Report)
- State and District Administration (Fifteenth Report)

Through these reports, the 2nd ARC gave wide

ranging recommendations for the Government of India to revamp its administration in line with the 21st Century needs.

POST CRISIS PHAWSE RE-FORMS (2008-PRESENT)

Lokpal and Lokayukta Act

Lokpal and Lokayukta are India's anti-corruption ombudsmen at centre and state levels respectively, to look into corruption charges against certain categories of public servants. Lokpal and Lokayuktas Act, 2013 provides for the appointment of a Lokpal at the Centre and Lokayuktas in States, its structure, jurisdiction and powers.

In 1966, the First Administrative Reforms Commission recommended the setting up of two independent authorities- at the central and state level. Lokpal bill was passed in Lok Sabha in 1968 but it lapsed with its dissolution. Several attempts were made since then to pass the bill. Later, the Commission to Review the Working of the Constitution and the Second Administrative Reforms Commission also recommended its establishment.

Thus the constitution of Lokpal and Lokayukta is probably one of the most important developments in anti-corruption reforms of administration post crisis.

NITI Aayog and End of Planning Commission

Planning has been in Indian psyche as our leaders came under influence of the socialist clime of erstwhile USSR. Planning commission served as the planning vehicle for close to six decades with a focus on control and command approach. Planning Commission was replaced by a new institution – NITI AAYOG on January 1, 2015 with emphasis on 'Bottom-Up' approach to envisage the vision of Maximum

Governance, Minimum Government, echoing the spirit of 'Cooperative Federalism'.

The importance of such a change was that the 65 year-old Planning Commission had become a redundant organization. It was relevant in a command economy structure, but not any longer. NITI Aayog is envisaged more as a "think tank" than a finance distributing agency. NITI Aayog will provide Governments at the central and state levels with relevant strategic and technical advice across the spectrum of key elements of the policy.

In the last 5 years, NITI aayog has brought out several recommendations for reforms of Indian administration including Aspirational Districts Program, Reforms in Agriculture, Health, Education and many others. NITI aayog has made the administrative reform process a continuous one rather than discreet and random and is also involved in reviewing and monitoring their progress for continued reformation.

Goods and Services Tax and GST Council

Goods and Services Tax (GST) is a comprehensive indirect tax on manufacture, sale, and consumption of goods and services throughout India, replacing respective taxes levied by the central and state governments. GST is probably the biggest economic reform in Indian administrative system since the 1991 reforms.

Established by the 101st Constitutional Amendment Act, it is an indirect tax for the whole country on the lines of "One Nation One Tax" to make India a unified market. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Multi-staged as it is, the GST is imposed at every step in the production process, but is meant to be refunded to all parties in the

various stages of production other than the final consumer and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.

The introduction of GST and GST council has been a big reform towards cooperative financial federalism in the country, ensuring a single unified market and tax rate, thereby simplifying our tax regime, while ensuring states involvement in taxation. This can become a model for every other area of administration that requires reform to make them simple, yet federal in spirit.

WAY FORWARD

Administrative reforms are vital for the sustenance of the government machinery. The focus on good governance today has necessitated reforms in government as well as in administration. The Government of India undertook reform measures since independence. Various commissions and committees were set up to suggest reforms in the administrative system, organisation, methods and procedures. One of the important commissions to suggest reform was the ARC, which made recommendations covering the entire gamut of administration at the Centre and States.

Major reforms in the recent years pertain to the implementation of the Action Plan on Effective and Responsive Government. There are three vital components of the Plan that aims at making administration responsive and citizen friendly, transparent with the right to information, and improvement of the performance and integrity of the civil services. There has also been increased focus on Cooperative and Competitive Federalism, continuous monitoring and reforms, and a special push towards corporatisation and privatisation.

“CHANGE” is the buzzword of 21st Century. Infact, the world has never seen change at this rapid rate anytime in the past. The state and its institutions have to strive to keep up with such changes, otherwise we will fall short in ensuring administrative efficiency and responsible governance in our country. The idea that new age reforms puts forward – Continuous Monitoring and Evaluation and Continuous Reforms based on the Assessment is in fact the way forward for administrative reforms in India. We can no longer wait for the inefficiencies of systems to push us into crisis like 1991 or 2008 or even the current COVID-19 to give us a wakeup call. We need to be constantly in vigil and be ready with efficient and effective reforms so as to deal with any of those Crisis.

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SCOPE OF COMMERCIAL SOLAR POWER GENERATION AND SALE IN ORDNANCE FACTORIES

SHIVAM GUPTA



5

INTRODUCTION

Solar energy is a type of renewable source of energy that is sustainable, clean, no emission, reliable and inexhaustible, unlike the fossil fuels which are finite. Solar energy is a non-polluting source of energy. It does not emit any greenhouse gases effect when it producing the electricity. Solar energy is provided by the sun which the energy is in the form of solar radiation. It makes the possibility production of the solar energy.

One of the advantages of the solar energy is that we can use both simple and complex to capture the solar energy and use it for heating. There are two strategies to capture the sunlight from the sun which are active and passive solar technology. Active solar technology is used to convert the solar energy to heat and electricity power with the use of active mechanical system. Photovoltaic and solar thermal are the examples of active solar energy. Passive solar technology is used to convert the solar energy to heat energy without the use of active mechanical system. Passive solar technology it includes those ventilation, improve air circulation, orienting spaces and others.

Solar energy is the oldest energy source. It

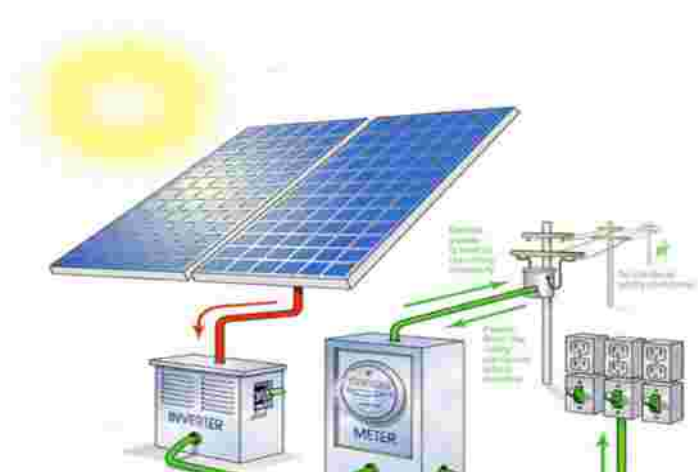
was adored by many ancient civilizations as a powerful god. The first known was applied for drying the preserved food. There was a Swiss scientist, Horace- Benedict de Saussure had created the first solar collector in 1767. The solar collector is an insulated box which covered three layers of glass to absorb the heat energy. It had become known as the first solar oven where the oven reaches the temperature of 110 degree Celsius.

India has made significant progress in creating capacity for solar energy generation in the last few years. The Prime Minister's emphasis since 2014 has given a new fillip to solar power installation. The unit costs of solar power have fallen, and solar energy has become increasingly competitive with alternative sources of energy. India expanded its solar generation capacity eight times from 2,650 MW on May 26, 2014 to over 20 GW on January 31, 2018, and 28.18 GW on March 31, 2019. The government had an initial target of 20 GW of solar capacity by 2022, which was achieved four years ahead of schedule. In 2015, the target was raised to 100 GW of solar capacity by 2022.

There are three types of commercial solar power plants – on-grid, off-grid and hybrid – that can be developed to suit certain types of requirements.

The on-grid type is compatible with the AC power of the grid supply. This system supplies power directly from the solar power plant during day time and if the supply is insufficient it allows supply from the grid. This system also enables the earning of revenue by supplying excess power generated to the grid through net metering.

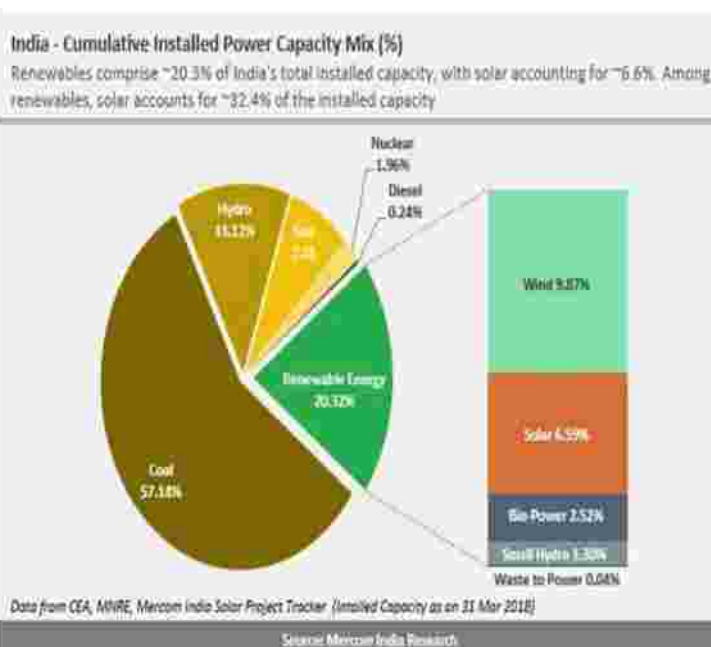
The off-grid system is independent of the grid supply. This is useful when grid supply is erratic or when there is no grid supply at all.



PARTICULARLY IN TERMS OF ORDNANCE FACTORIES

OFB collectively has about 60,000 acres of land spread across various states.

- The OFB is working towards achieving the goal of meeting 45 per cent of its total energy requirements through the solar power route.
- The use of solar power has significantly reduced OFB's cost of electricity consumption from Rs 463.22 lakh during 2015-16 to Rs 163.78 lakh during 2018-19.
- The installation of grid-connected solar power projects in various OFB units have resulted in generation of approximately 1, 47, 12,072.14 units of electrical power till November 2018.



The hybrid system is a combination of off-grid and on-grid system. This offers many advantages such as acting as standby power and generating revenues when excess power is supplied to the grid.

Solar power can be utilized in ordnance factories in three ways-

1. By installing solar panel over building and unused land
2. By heating fluid required in factories using solar collector
3. Start manufacturing solar panel and collector.

SOME STATISTICS OF 1 MW POWER PLANT

- UNIT PRODUCED 4000 Units per day
- ESTIMATED COST 4.5 CRORES approx
- AREA REQUIRED 2.5 ACRE approx.
- PANELS REQUIRED 3000 PANELS of 335 WATT each
- BREAK-EVEN TIME 6-7 Years

Cost of solar panels constitutes 50-60% of the total cost of the commercial solar power plant.

PRESENT SCENARIO OF SOLAR CELL

- Generally cost of solar panel of 1kW power is ranging from 60000-80000 rupees. It takes around 5-6 yr to achieve break even.
- Max. efficiency of solar panel are 20-25%.
- Generally life of solar panel is 20-25 yr.
- 1kW solar panel occupies around 100 sq. feet area.
- Rooftop solar power plants will be installed across the 41 factories of the Ordnance Factory Board (OFB) within four to five

years. The capacity will be 150 MW in total

CHALLENGES OF GROWTH OF SOLAR PV TECHNOLOGY

Cost and T&D Losses: currently cost of solar panel and installation is significantly high as supply is increasing price goes down subsequently. Adding to the cost are T&D losses that at approximately 40 percent make generation through solar energy sources highly unfeasible.

Policy and reforms: Despite the new policy focus on solar plant installation, India is still not a solar panel manufacturer. Just as India has had no overall industrial policy since economic reforms began, there is no real plan in place to ensure solar panel manufacture. The solar power potential offers a manufacturing opportunity. Imports, mostly from China, accounted for 90% of 2017 sales, up from 86% in 2014.

Human, technological capabilities :the supply chain of solar photovoltaic panel manufacturing involve - silicon production from silicates (sand); production of solar grade silicon ingots; solar wafer manufacturing; and PV module assembly. The capital expenditure and technical know-how needed for these processes decreases from the first item to the last, i.e. silicon production is more capital-intensive than module assembly. Most Indian companies are engaged in only module assembly or wafer manufacturing and module assembly. No Indian company is involved in silicon production. India has an annual solar cell manufacturing capacity of about 3 GW while the average annual demand is 20 GW. The shortfall is met by imports of solar panels.

Finance: To achieve the renewable sector could so far attract a foreign direct investment (FDI)

worth only \$7.5 billion in the last 18 years (2000-2018) the 100 GW target, India needs to invest \$65 billion in the next four years.

Various efforts by the Solar Energy Corporation of India (SECI) have been taken to attract bids for the development of the Inter-state Transmission System (ISTS) connected Solar Photovoltaic (PV) Power Plant.

LESSON TO BE LEARNT FROM CHINA

- Core competence: The six largest Chinese manufacturers had core technical competence in semiconductors before they turned to manufacturing solar cells.
- Government policy: The Chinese government has subsidized land acquisition, raw material, labour and export, among others. None of this is matched by the Indian government.

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TECHNOLOGY AND PROCESS MODERNISATION STRATEGIES FOR OLD FACTORIES



6

DINESH JOSHI ARVIND

INTRODUCTION

The manufacturing industry has entered an era of radical transformation where the promise of new levels of agility, flexibility, and actionable knowledge through the convergence of operational technologies and new digital technologies appears to raise the expectations and doubts of manufacturing executives around the globe. Mentioning Manufacturing or Industry 4.0 can lead to polarizing conversations as it is a mystery to some and the latest marketing buzzword to others.

Still most will admit that the application of technologies that predict equipment failures, enable remote monitoring, control and maintenance, provide real-time yield optimization and a host of other benefits is compelling and can have a very positive impact on the business.

Manufacturing 4.0 is the current trend of automation and data exchange in manufacturing technologies. It includes cyber-physical systems, the Internet of Things and cloud computing to create “smart factories” and is often referred to as Industry 4.0.

This report is designed to help our organizations understand the most critical issues in manufacturing transformation today. It includes an analysis of new value propositions that can help manufacturers attain and sustain competitive advantage. The following tools and insights are outlined to help manufacturers continue progress in their transformational journey:

- A benchmark tool: Self-assess your relative position in the industry
- An explanation of the strategic importance of IT modernization
- A selection of vital best practices to minimize risks in transformation
- A roadmap to help identify critical attributes of solution suppliers to help you achieve a smarter, faster, simpler and networked ecosystem

CHALLENGES IN OUR MANUFACTURING ECOSYSTEMS



A set of six critical issues facing the manufacturing industry in its journey to transformation have been identified. Understanding these critical issues can help us align internal practices and processes as they start their journey to Manufacturing 4.0. Our officers will need this roadmap to transform their operations and business in the digital era.

1. FACTORIES OF THE FUTURE

We must understand the power of embracing new and evolving production models and technologies that allow them to digitize from the design phase and throughout the product lifecycle. Key strategies for managing the factories of the future include:

- **Migration paths toward Manufacturing 4.0:** Most manufacturing plants operate in a heterogeneous environment with a variety of

equipment from different vendors and different models. To enable scalability and remain competitive, manufacturers should apply their scarce resources to modernizing aging assets.

- **End-to-end digitization of manufacturing processes:** This means interconnecting the manufacturing process from design to prototyping to manufacturing, production and after-market services, and enabling the processes to share a common data fabric that enables seamless exchange of information at every stage.
- **Agile and sustainable production models for Manufacturing 4.0:** Plug-and-play systems are giving way to IP-enabled factories. Proprietary protocols will yield to open standards-based systems and allow easy integration across various systems in the manufacturing ecosystem at a significantly lower cost due to Internet of Things (IoT) sensors replacing proprietary sensors and APIs replacing complex integrations.

2. TRANSFORMATIVE TECHNOLOGIES IN MANUFACTURING

Technology convergence drives a creative disruption in traditional business and operating models, opening up new possibilities for us. Adoption of these technologies comes with its own set of challenges, but the promise of benefits and the need to transform make it imperative for us to embrace change. Key outcomes of transformative technologies include:

- **New ways to improve profitability:** Developments in intelligent machines, the Internet of Things, Big Data, shop floor analytics, modelling and simulation, mobile, cloud, and 3-D printing technologies will allow us to rethink traditional operations and engineer newer ways to improve profitability.

- **Operational models as a result of transformative new technologies:** The influence of new technologies will steer a shift from traditional operational models. Examples include a change from reactive maintenance to predictive maintenance and siloed enterprises to connected enterprises.

- **Emergence of new business models:** The impact of transformative technologies on performance allows for the creation of new business models. For example, earlier we were supplying DHANUSH Gun to Armed Forces. Now we can shift to “performance as a service”. We can guarantee performance of the barrel for certain minimum number of rounds.

3.THE COLLABORATIVE MANUFACTURING ENTERPRISE

We must now successfully manage rapid, continuous, collaborative, and often disruptive innovation processes across the enterprise to drive growth, new products and services, operational efficiencies, and competitive succession the world of Manufacturing 4.0. The mindset of our officers needs to change from experiencing site-functional operational excellence to engineering enterprise-scale excellence by connecting the plants, measuring performance and replicating best practices. The critical process that needs to be internalized by us in order to achieve an innovation-driven culture includes:

- **Design-manufacturing integration:** Using design for manufacturability techniques and product lifecycle management approaches helps drive innovation. This would help us to maintain a single version of the truth and help us to compare the end product with design specifications in real time.

- **Collaborate to win:** Managing collaborative innovation with employees, suppliers, external partners and customers is imperative in today’s world and a key factor in creating

next-generation products.

4.CYBERSECURITY IN MANUFACTURING

In the age of ubiquitous connectivity, devices and machines are Internet-enabled to demonstrate remote monitoring and control capability. However, every point of connectivity translates into severe cyber security vulnerabilities. In the face of such increasing vulnerability to external cyber threats and potential internal disruption, manufacturing companies must identify the most effective cyber security processes and technologies, and create a culture that will ensure operational continuity, data security and IP protection.

5.NEXT-GENERATION MANUFACTURING LEADERSHIP

Manufacturing 4.0 requires our officers and their teams to become more collaborative, innovative, and responsive and to make decisions based on a greater understanding of manufacturing’s role in overall strategy. Leaders must embrace new behaviors, structures, and strategies, such as the following:

- **Future-focused leadership behaviours and mindsets:** The composition and focus of the C-Suite of every manufacturer is being re-defined. For example, we have seen the emergence of creative titles such as **chief disruptive officer**. As every manufacturer is poised to face disruption, the time is now to have CXOs scan the horizon for the next big disruption and constantly be ready to improve.

- **Build a future-focused workforce:** As competition intensifies, leadership planning and development at all levels are important. The lack of availability of skilled and ultra-skilled resources further stresses the need for advanced planning and skill development.

6. THE CHANGING MANUFACTURING WORKFORCE

Next-generation leaders need to focus on identifying, attracting, developing and retaining the next generation of people and skills. The skills needed in Manufacturing 4.0 are vastly different, as they will need to be trained on OT and IT skill sets. Some of the emerging skill sets include analytics, machine learning, computation, physics-based modeling, etc.

While manufacturing organizations continue to be challenged by the aforementioned issues, one thing is very clear: most organizations are pressing on, convinced that transformation is the path to the future.

DIGITAL FRAMEWORK AND STRATEGIC CONSIDERATIONS

The manufacturing transformation has four levels:

- **Level 1 – Plant Floor/Process:** The factory is a powerhouse of systems and devices that need to be connected in order to collect data and drive insightful outcomes. Modernizing aging infrastructure within a shop floor is the first step to future-proof the enterprise.
- **Level 2 - First-mile Connectivity:** In the future, manufacturing operations will have inbound supply chains aligned with the external market demand. This is to ensure visibility and achieve predictive performance optimization on production lines and make them more demand driven.
- **Level 3 – Secure Last Mile:** This is an outbound view to engage customers through channels and indirect channels. In order to meet mass-customization requirements, manufacturers need to establish an open-channel interface between the factory and points of sale.
- **Level 4 – Integrated Enterprises:** Progress-

sively, the manufacturing community is realizing the value of an end-to-end view of operations. The ability to weave a digital tapestry across the different functions of the organization (design, supply chain, manufacturing, production, after-market services, and lifecycle services) allows manufacturers to achieve early visibility on possible disruptions, monitor and prevent quality issues from happening, optimize and predict performance, etc. Further, manufacturing organizations are shifting from site specific efficiency improvements to enterprise-scale efficiencies. This requires plants across different geographic regions to be connected through cloud technologies, while enabling centralized monitoring.

It is often very challenging for manufacturing companies to wade through such a complex ecosystem from level 1 through 4 and achieve manufacturing digitization. There are several uncertain aspects around value, ROI, benefits, change management, risk, adoption rate, loyalty, etc. While these are fears, the flip side is the availability of key opportunities to drive alternative monetization, structure scalable enterprises of the future, market leadership, stay ahead of the curve, etc.

WAY FORWARD

Most manufacturing organizations have lean IT infrastructure. Resources are scarce. For many organizations that have been in a cycle of perpetual cost cutting and being asked to do more with less, they are evaluating where they provide the most value and focusing there.

There can be two approaches to improve the IT infrastructure and modernize our factories. First approach can be to outsource our requirements to competent firm and partner with them to provide us with necessary services. Second approach can be to generate in-house capabilities and develop the products and infrastructure

as per our needs. Both approaches have their pros and cons. These approaches as discussed in detail now.

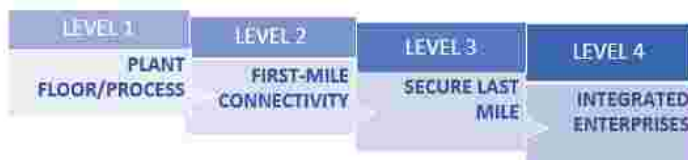
APPROACH 1:

Leveraging a trusted partner to provide services and solutions can accelerate transformation and result in increased value for the business. There are many aspects to building a successful partnership. Some qualities to consider when selecting modernization partner include:

APPROACH 2:

Developing in-house services and IT infrastructure for modernizing our factories has its own advantages. While developing in-house services we will have to consider following points.

- **Recruiting fresh talent:** In order to develop in-house capabilities we would need a



dedicated team whose sole focus would be on modernisation of our manufacturing infrastructure. This will have to be a mix of experienced and fresh graduates to create a heterogeneous team with plethora of ideas and experience of implementing these ideas.

- **Rejuvenating current talent:** There are several officers who have the talent and interest in contributing towards this cause of modernisation. They also have a detailed and working knowledge of the current system and know its shortcomings better than anyone else. By the synergy between the new talent and existing officers we can achieve new heights in our organisation.
- **Brainstorming Sessions:** Periodical brainstorming sessions can help to bring forth new ideas which remain isolated and dormant among the officers and staff. A group

is always greater than sum of its parts. These sessions can help to give ideas to solve difficulties faced during modernisation and also to provide new avenues and scope for improvement.

CONCLUSION

Embracing technology and sustained innovation is vital to next-generation manufacturing. Advancements in cognitive technologies will disrupt, collapse and transform traditional ways of doing business. Manufacturing organizations must structure a future vision for their business. The vision is to create the factories of the future that will have a series of functional attributes: smart, customized, self-diagnosing, risk-resilient, responsive, cross-functional, and highly integrated. To achieve this vision and level of transparency in manufacturing there needs to be a seamless exchange of information between the factory and various networked systems of the manufacturing ecosystem. This is enabled by IT organizations that are fundamentally changing from being cost centers to enablers of business transformation in manufacturing industries.

Extending IT and its concepts to Operations will flatten manufacturing networks and drive a creative destruction of traditional business models. This will help manufacturing companies tectonically transform customer experiences and drive recurring revenue streams at improved profitability. The future of manufacturing is challenging, but with the right strategy, technology solution sets and an able partner, organizations will be able to structure smarter, faster and simpler manufacturing operations.

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COMPARATIVE STUDY OF ORGANIZATIONAL STRUCTURE IN PSUS



NAVEEN KUMAR

ORGANIZATION

A social unit of people systematically structured and managed to meet a need or to pursue Collective goals on a continuing basis.

ORGANIZATIONAL STRUCTURE

- It is a framework within which an Organization arranges its lines of authorities and
- Communications and allocates rights and duties
- All Organizations have a management structure that determines the relationships b/w Functions and positions and subdivides and delegates roles, responsibilities and authority to carry out defined tasks.

DEFINITION OF PSUS

A state-owned enterprise in India is called a Public Sector Undertaking (PSU) or a Public Sector Enterprise. Those companies are owned by the union government of India or one of

the many state or territorial governments or both. The company stock needs to be majority-owned by the government to be a PSU. They are administered by the Ministry of Heavy Industries and Public Enterprises.

GOVERNANCE MECHANISMS IN PSUS

The board of directors is considered to be the most important corporate governance mechanism for protecting the interests of outside shareholders. The board members in PSUs, including the independent directors, are nominated by the administrative ministry with the help of the Public Enterprises Selection Board (PESB) and are appointed after an approval by the cabinet committee. The board has limited say in the nomination of the directors, including the independent directors. The board also has a very little say in the selection of the chief executive officer (CEO) and other top managerial personnel. This role is again performed by the concerned ministry with the help of PESB.

An implication of this system is that the board has little or no say on the succession planning at the top level.

CORPORATE GOVERNANCE SYSTEMS

The following parameters were taken into consideration while comparing the corporate governance practices of the selected firms:

- Board composition
- Audit committee
- Directors' compensation

1. Board Composition

The issues that were considered while analyzing the board composition include: Chairman–CEO duality, size of the board, non-executive and non-independent directors, and independent directors and their independence.

- **Chairman–CEO Duality**

Chairman–CEO duality occurs when a single individual serves as the CEO as well as the chair of the board. It is one of the most widely discussed corporate governance phenomena. Theoretical and empirical works that discuss the effect of Chairman–CEO duality on corporate governance issues of firms provide two divergent views. On the one hand, the Chairman–CEO duality promotes unity of leadership and, thus, facilitates organizational effectiveness. On the other hand, the boards should be independent from management to prevent managerial entrenchment. Chairman–CEO duality reflects reduced board-oversight and stronger CEO power, whereas separation of the positions results in the opposite.

- **Size of the Board**

The corporate governance does not provide conclusive information about the relationship

between the board size and the performance of a firm. One school of thought is of the opinion that there is a positive impact of bigger boards on firm performance, as a bigger board allows directors to specialize, which in turn leads to more effectiveness. Also, a bigger board allows for the inclusion of experts from diverse fields who can be entrusted with the responsibility of making better strategic decisions, thereby enhancing the performance of the firm. Moreover, a bigger board provides greater monitoring capacity and increases the firm's ability to form more external linkages. Another school of thought suggests that there is a negative association between the board size and firm performance. A bigger board encounters problems such as lack of communication and coordination among the members of the board, high agency cost, less group cohesion and high levels of conflict. In the Indian context, it suggested a negative relationship between board size and firm value.

- **Non-executive and Non-independent Directors**

In the Indian context, where firms have controlling shareholders, the NEDs may not necessarily be independent. These non-independent NEDs help in protecting the interests of the controlling shareholders/promoters. Limited research has been conducted so far to assess the influence that NEDs have on the corporate governance process. It has been found that a negative relationship between number of 'Non-Executive Non-Independent Directors' and firm value in Indian context. In PSUs, all NEDs were government nominees and their number was restricted to two in the board, as per DPE guidelines. The government nominees were those who held an ex-officio position in the concerned ministry.

• Independent Directors

1. Independent directors play a vital role in ensuring corporate governance, as they are considered to be the true monitors who can discipline the management and improve performance of the firm. They are financially independent of the management, and this helps them avoid potentially conflicting situations, which in turn alleviates agency problems and curbs managerial self-interest indicate that in an emerging market like India, where efficient external governance mechanisms are not available, corporate boards with independent directors are considered to be an important internal governance mechanism.
2. In the case of CPSEs, independent directors need to be nominated by the DPE. The PSUs are not able to fulfill the criteria laid down by Clause 49 due to a delay on the part of the DPE to nominate independent directors. Among the PSUs considered for our study, the NTPC was required to have nine independent directors but had only eight as on 31 March 2013, and hence failed to comply with the norm.
3. Independence of the Independent Directors
4. Clause 49 of the listing agreement defines the term 'independent director' as a non-executive director of the company who:
5. Apart from receiving director's remuneration, does not have any pecuniary relationships/transactions with the firm, its promoters, senior management or its holding company and subsidiaries/associated firms;
6. Is not related to promoters/management at the board level or at one level below the board (read 'top management');
7. Has not been an executive of the firm in the last three financial years;
8. Is not a partner or an executive of the statutory audit firm and internal audit firm or firms that have material association with the entity (legal and consulting firms) for

the last 3 years;

9. Is not a business partner of the firm, which may affect independence of judgment of the director;
10. Owns less than 2 per cent of the voting share in the firm.

2. Audit Committee

- The audit committee of a board has the primary responsibility to oversee the firm's financial reporting process. It regularly meets the external and internal auditors as well
- As finance managers in order to review the financial statements, audit process and internal accounting controls.
- As per this norm, all the members in the committee should be non-executive directors, a majority should be independent and at least one director should have financial and accounting knowledge. It also states that the chairman of the committee should be an independent director, responsible for addressing shareholders' queries at the annual general meeting.

3. Compensation to the Board of Directors

In the Anglo-American context, where shareholding is widespread, the remuneration level of executive directors and managers becomes the cornerstone for the alignment of:

- Interests between executives and shareholders But the level of compensation/remuneration arrangements is a serious corporate governance issue, because the executive members of the board may formally or informally have the power to set their own salaries.
- In PSUs, the compensation of the board is typically low since it is decided by the

Government. A high-executive salary is not a corporate governance issue with PSUs as the salary levels are fixed by the government. However, less salary might become an impediment to attracting experts from diverse fields into the top-management pool. This in turn may affect the overall performance of the firm, which can become detrimental to providing good returns for the shareholders in the long run.

committee within its board, since the DPE wields the power to nominate independent directors.

- The PSU board usually has a remuneration committee to decide on the incentives and bonuses of the top management.
- The salary levels of the top management of PSUs are very low compared to those of their private sector counterparts.

SUMMARY OF ANALYSIS

The analysis conducted through this study clearly exhibits differences in the corporate governance practices between PSUs. It also shows that there are significant differences in the issues faced by the companies, which are intertwined with their governance practices. Some of the important observations are as follows:

- PSUs possess Chairman–CEO duality in their boards.
- The board size of PSUs is bigger than their private sector peers.
- PSUs are plagued with the problem of not having enough independent directors as they have to rely on the DPE to fill up the vacancies in the board.
- Almost all independent directors in the boards of PSUs are retired government officials or PSU heads.
- Since independent directors are nominated by the DPE, and not by the board, they are compelled to have to the government.
- This, as a result, hinders their independence and forces them to undermine their primary responsibility of protecting the interests of the minority shareholders. The PSUs mostly adhere to Clause 49 in terms of audit committee requirements, except the role that the committee plays in selecting the statutory external auditor.
- None of the PSUs have a nomination

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INFLUENCE WIELDED BY INDUSTRIAL ASSOCIATIONS IN PUBLIC POLICY FORMULATION IN USA AND INDIA

8

AJAY MEENA

INTRODUCTION

The study of industry associations occupies an uneasy ground in development economics. There is much empirical work that shows that industry associations fulfill important developmental roles in developing countries, often compensating for inadequacies in the business environment. Yet their status as institutions capable of generating growth is compromised because of the rent seeking behavior they embody. We study different types of industries, which formed industry associations to influence government policy and to aid the growth of their member firms, paying attention to their motivations for setting up, detailing the policies they sought to influence and their success as an organization.

PUBLIC POLICY

- Policy is solution to issue/problem (policy demand) that are brought on agenda of govt. and requires attention.
- Collective decision making process to

solve public problems.

- Policy may be in form of law , or regulation, plan, program, schemes, guidelines or combination of these

FACTORS THAT INFLUENCE PUBLIC POLICY

- Public Opinion
- Economic Conditions
- New Scientific Discoveries
- Technological Change
- Interest Groups
- Non governmental Organizations (NGOs)
- Business Lobbying (USA)
- Political Activity.

INDUSTRY ASSOCIATIONS/ TRADE ASSOCIATIONS

Trade association is an organization or group that is funded by businesses in a particular industry.

Industry associations may

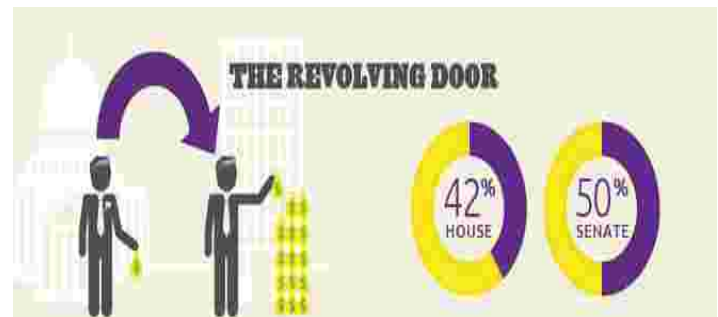
- give you information about your industry (i.e. how changes to legislation will affect your business)
- lobby on behalf of your industry to influence government policy.

Important associations of India

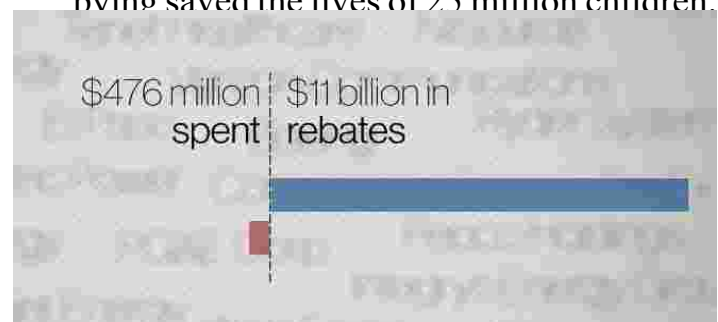
- Federation of Indian Chambers of Commerce & Industry
- Confederation of Indian Micro, Small and Medium Enterprises (CIMSME)
- All India Association of Industries(AIAI)
- Confederation of Indian Industry (CII)
- Associated Chambers of Commerce of India

Important associations of USA

- United States Chamber of Commerce
- American federation of labor
- The National Association for the Advancement of Colored People
- National Rifle Association



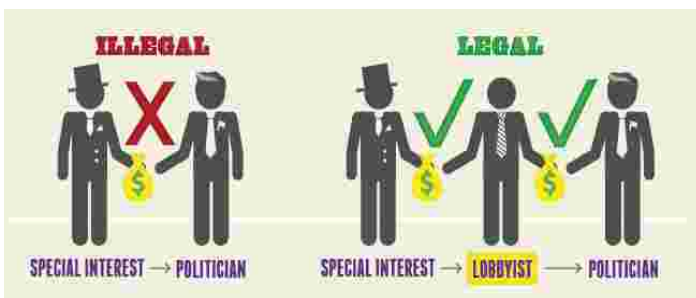
- One group named RESULTS' successfully lobbied to increase government funding for child survival by \$50 million.(triple the Child Survival Fund from \$25 million to \$75 million)
- According to UNICEF, that one act of lobbying saved the lives of 25 million children.



LOBBYING

Lobbying is performed by individuals or groups to pressure governments into policy actions.

Crazy Facts About Lobbyists



- Between 2008 and 2010, a study of 30 different corporation found that they spent \$476 million on lobbying and in return almost 11 billion in tax rebates.
- **Political influence:**One of the primary purposes of trade groups, particularly in the United States, is to attempt to influence public policy in a direction favorable to the group's members. It can take the form of contributions to the campaigns of political candidates and parties
- In the Indian context, the rise of specialized business associations marks a dramatic break with past practice. Specialized business associations from different industri-

al sectors now actively engage and lobby the government for policy interventions that are advantageous for its membership. In governance terms, they mark a big improvement because they make specialised policy inputs available to the government through legitimate democratic institutions.

- It is evident that industrial association influence the policy making in both democracy US and India, but transparency is the key that is to kept in mind while finalizing any policy, public and expert opinion should have a proper weightage.
- Behind the curtain type of illegal lobbying should be discourage and penalized.
- While a conscious and transparence decision should be made keeping in mind the interest of all stakeholders i.e. mainly public.

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MANPOWER RATIONALIZATION STRATEGIES FOLLOWED BY INDIAN PSUs & CORPORATE SECTOR

HITESH MORE

MANPOWER RATIONALIZATION

In today's volatile global corporate scenario, manpower rationalization is reigning supreme. Since outsourcing trends reduce business operating costs, worldwide outsourcing market now exceeds billions of dollars for most corporate giants in the western world.

Manpower optimization of instance involves multiple phases including demand forecasting, supply forecasting, and the like. The recruitment process requires sound planning and scrutiny and needs to be guided by company plan, as recruitment drives need to align with company needs for a long period of time.

Manpower Planning on the other hand stresses on putting the right people, at the right place, at the right time. The expectation is of getting them to do the right things accurately, especially to meet the goals of the organization involving current manpower inventory, forecast future manpower required, and design and development of employment and training programs.

Compared to the other strategies, Manpower Rationalization relies on reorganization of a company to ensure a more effective structure. In the HR perspective, it refers to the discharge of an employee with the removal of the job position itself.

These changes affect the organization, depending on the economic times. However, organizations adopt this method especially in case of technological advancement owing to extensive automation of processes.

Organizations Must Now Decide Whether Lay-Offs Should Be The Last Resort Or Not:

The strategy is implemented reactively to economic scenarios or as a short-term response to dwindling profit or productivity. The activity also includes abolishing functions, eliminating hierarchical levels, products, edit tasks, consolidation of units, and the like.

Manpower Rationalization involves several benefits such as:

- Optimal Resource Utilization: It helps

companies to eliminate the bloat and focus on their core competence. With resources utilized efficiently, organizations can make plans of expanding too

- **Cost Saving:** The strategy helps in sizeable cost saving as some jobs become redundant after a time while others can complete the same tasks efficiently, at lower costs
- **Organizational efficiency:** Facilitates major organization change and increases efficiency of the workplace with relevant job holders securing the posts
- **Business Innovation:** Drives processes, skills and technology, while settling financial risk for the time-being
- **New market:** Helps in exploring new markets with direct profit for economic safety

Every Human Resource process needs to include company objectives in mind, before being considered for implementation. The purpose of each process is dependent on the economic climate too. Manpower Rationalization ensures that your organization does not spend on overheads and superfluous manpower in any way.

The existing resources are paid and utilized optimally, ensuring better organizational efficiency, innovation and exploration of new markets with absolute certainty. It also helps organizations to survive during economic downturns and recession.

One of the major problems in Indian industry is the co-existence of various types of technology in the same industry. While this creates problems relating to wage fixation, it also creates problems for rationalizing manpower or standardizing technology. Rationalization in its early usage meant rational use of inputs in a plant and the rational distribution of its output to meet market demands and simultaneously achieve cost reduction. But with time, the term emerged as something quite comprehensive,

including planned production, pooling of research, scientific and technical know-how, centralized regulation of finance, modernization of production processes and sales, together with the optimum utilization of manpower. In short, rationalization techniques can be applied to men, materials and methods. In 1927, the International Economic Conference included labour efficiency, standardization of products, conservation of raw materials and power, simplification in distribution procedures, eliminating burdensome financial charges, within the concept of rationalization.

Certain other terms associated with the concept of rationalization are modernization, automation and mechanization. Automation is generally applied to an industrial process which provides data from its own operation and feeds it back to its own controls. It is essentially a self-correcting system. Modernisation is a more comprehensive term and can apply to all aspects of industry, with or without mechanization or automation, though generally involving substantial technological change. Modernisation can be as simple as a product change or a change in the chemical component of a particular product, which may not even involve a major technological change, underlying all these concepts in the increase in efficiency generated by changes and an increase in capital intensity. All of them also involve changes in manpower utilization, sometimes major changes in employment structure and manpower quantity and quality. Since other kinds of change do not involve resistance or confrontation, it is the manpower changes which have drawn the maximum attention whenever the issue of rationalization emerges.

RATIONALIZATION POLICY

The concept of rationalization featured in the first three Plans. The Plans recognized rationalization as a necessary evil and outlined the various restrictions that should govern it.

For example, the First Plan proposed as its basic elements.

- i. Technical examination of work-loads,
- ii. Stress on natural separation,
- iii. Liberal separation allowance to those who opted for it,
- iv. Provision of alternative employment to persons affected,
- v. Retraining arrangements, and
- vi. Sharing of gains resulting from changes.

There was a subtle change in the Plan proposals thereafter and the Third Plan observed that no real advance in standards of living was possible for workers without a steady increase in productivity. Without this, any increase in wages, generally beyond certain narrow limits, would be nullified by a rise in prices. Workers should, therefore, insist on and not resist the progress or rationalization in their own interest and in the larger interests of the country.

Rationalization also figured in the tripartite labour conferences more than once. At the 15th ILC in 1957, the model agreement to guide employers in regard to rationalization was adopted. The conference committee at the time deliberated on this issue and suggested the following precautions:

- i. There should be no retrenchment or loss of earnings of existing employees, except for natural separation or wastage. Alternative jobs should be provided, subject to agreements with employees.
- ii. The benefits of rationalization should be equitably shared between community, employer and worker.
- iii. There should be proper assessment of workload by experts (mutually agreed upon) and suitable improvement in working conditions.
- iv. The company may seek to make changes in machinery, layout and organization for efficiency and rational use of labour and material, without violating any law.

- v. Reasonable notice of change should be given to workers with full information regarding the nature of the proposed change, date of changes, proposed duties of workers concerned and job assignment, under id act.
- vi. Employer should furnish all information on the number of reductions to be made and the effect of this on existing jobs in various departments.
- vii. After notice, employer should freely discuss all changes and provide all required information as demanded by workers.
- viii. Unions should present their arguments within a week after the discussions.

Over time, court interpretations of law provided tribunals with the powers to create legal precedents and they could order reinstatement of dismissed workers. Tribunal decisions involving such reinstatement were upheld by the Supreme Court in a test case in 1953. These criteria were made more precise in the Indian Iron and Steel Company Ltd. vs their workmen case in 1958, where it was held that the management had the power to direct its internal administration and discipline, but this power was not unlimited. In a case of dismissal, a tribunal could intervene if:

- i. There was want of good faith,
- ii. There was victimization or unfair labour practice,
- iii. The management was guilty of a basic error or violation of a principle of natural justice, and
- iv. Based on the materials, the finding was completely baseless or perverse. Thus, even though tribunals could not examine any fresh evidence, they could examine the procedures followed by managements in taking disciplinary measures and check on the four factors. In the matter of punishment too, the tribunals could interfere only if the punishment was palpably unjust.

A tripartite committee set up by the National Productivity Council subsequently laid down broad guidelines for sharing the gains of productivity increases after rationalization. These guidelines were:

- i. It must not compromise the prospects of continued economic growth.
- ii. It should not merely be co-sharing between management and labour but also consider the community, society and government.
- iii. It should be as impersonal as possible
- iv. It should be widely publicized and take into account the difficulties likely to occur.

There was however, no unanimity on the quantum of shares. The main view was as follows:

- Productivity bonus to workers
-30 to 40 per cent of the gains
- Capital reinvestment for development
-20 to 30 per cent of the gains
- Dividends on capital
-20 per cent of the gains
- Reduction in prices for consumers
-20 per cent of the gains

But these guidelines were not unanimous. For example, according to some members, if the existing reserves were more than 50 per cent of equity, then labour should get 40 (per cent) and only 20 (per cent) could be transferred to reserves. But if the reserves were below 50 per cent of equity, then labour should get only 30 per cent. The dissenting note to these main recommendations refused to allot anything for dividends and felt that the 20 per cent allotted for dividends should be shared between industry and the community. On labour's share too, the dissenting note suggested 65-75 percent, if the wage level was below the need-based level, reducing to 55 to 65 per cent, if between minimum wage to fair wage, and to between 45 to 55 per cent if over living wage level. It was

the chairman of the committee, Leslie Sawhny, who suggested a compromise of 40 per cent. V.M. Dandekar of the Gokhale Institute in a public statement suggested no variations in labour's share and advocated the 30+30+20+20 formula. Since there is no consensus in any case, a rough distribution of gains can be accepted from this formula. But reality would ultimately dictate the issue. In a recessionary situation, which is also highly competitive, industry may be compelled to transfer a much larger share of the gains to the consumer, as has been seen in the case of automobile pricing in early 1999.

In 1969, the national commission felt that the dualism of the Indian economy should be continued with selective regionalization in the more capital intensive large sector, and leave out the traditional labour intensive sector, which provided so much of the employment. The exact words were that it should be highly selective at the current stage of our development and the schemes for rationalization should satisfy the following conditions:

- it should accommodate all labour that may be rendered surplus.
- it should result in higher productivity and efficiency.
- it should improve the level of earnings of the workers by giving them a just proportion of the gains.
- it should lead to reduction in costs and be of benefit to the community.

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LESSONS TO BE LEARNED FROM HIGHLY SUCCESSFUL COMPANIES WHICH PERISHED IN MODERN TIMES

10

SHANTANU BISWAS

KODAK FAILURE



There are few corporate blunders as staggering as Kodak's missed opportunities in digital photography, a technology that it invented. This strategic failure was the direct cause of Kodak's decades-long decline as digital photography destroyed its **film-based business model**.

A new book by my Devil's Advocate Group colleague, Vince Barabba, a former Kodak executive, offers insight on the choices that set Kodak on the path to bankruptcy.

Decision-Making in Organizations," also offers sage advice for how other organizations grappling with disruptive technologies might avoid their own Kodak moments.

Steve Sasson, the Kodak engineer who invented the first digital camera in 1975, characterized the initial corporate response to his invention this way:

But it was filmless photography, so management's reaction was, 'that's cute—but don't tell anyone about it.'

Kodak management's inability to see digital photography as a disruptive technology

To understand how Kodak could stay in denial for so long, a story that Vince Barabba recounts from 1981, when he was Kodak's head of market intelligence. Around the time that Sony introduced the first electronic camera, one of Kodak's largest retailer photo finishers asked him whether they should be concerned about digital photography. With the support of Kodak's CEO, Barabba conducted

a very extensive research effort that looked at the core technologies and likely adoption curves around silver halide film versus digital photography.

The results of the study produced both “bad” and “good” news. The “bad” news was that digital photography had the potential capability to replace Kodak’s established film based business. The “good” news was that it would take some time for that to occur and that Kodak had roughly ten years to prepare for the transition.

The study’s projections were based on numerous factors, including: the cost of digital photography equipment; the quality of images and prints; and the interoperability of various components, such as cameras, displays, and printers. All pointed to the conclusion that adoption of digital photography would be minimal and non-threatening for a time. History proved the study’s conclusions to be remarkably accurate, both in the short and long term.

The problem is that, during its 10-year window of opportunity, Kodak did little to prepare for the later disruption. In fact, Kodak made exactly the mistake that George Eastman, its founder, avoided twice before, when he gave up a profitable dry-plate business to move to film and when he invested in colour film even though it was demonstrably inferior to black and white film (which Kodak dominated).

Barabba left Kodak in 1985 but remained close to its senior management. Thus he got a close look at the fact that, rather than prepare for the time when digital photography would replace film, as Eastman had with prior disruptive technologies, Kodak choose to use digital to improve the quality of film.

This strategy continued even though, in 1986, Kodak’s research labs developed the first mega-pixel camera, one of the milestones that Barabba’s study had forecasted as a tipping point in terms of the viability of standalone

digital photography.

The choice to use digital as a prop for the film business culminated in the 1996 introduction of the Advantix Preview film and camera system, which Kodak spent more than \$500M to develop and launch. One of the key features of the Advantix system was that it allowed users to preview their shots and indicate how many prints they wanted. The Advantix Preview could do that because it was a digital camera. Yet it still used film and emphasized print because Kodak was in the photo film, chemical and paper business. Advantix flopped. Why buy a digital camera and still pay for film and prints? Kodak wrote off almost the entire cost of development.

Kodak also suffered several other significant, self-inflicted wounds in those pivotal years:

In 1988, Kodak bought Sterling Drug for \$5.1B, deciding that it was really a chemical business, with a part of that business being a photography company. Kodak soon learned that chemically treated photo paper isn’t really all that similar to hormonal agents and cardiovascular drugs, and it sold Sterling in pieces, for about half of the original purchase price.

In 1989, the Kodak board of directors had a chance to take make a course change when Colby Chandler, the CEO, retired. The choices came down to Phil Samper and Kay R. Whitmore. Whitmore represented the traditional film business, where he had moved up the rank for three decades. Samper had a deep appreciation for digital technology. The board chose Whitmore. As the New York Times reported at the time,

Samper resigned and would demonstrate his grasp of the digital world in later roles as president of Sun Microsystems and then CEO of Cray Research. Whitmore lasted a little more than three years, before the board fired him in 1993.

For more than another decade, a series of new

Kodak CEOs would bemoan his predecessor's failure to transform the organization to digital, declare his own intention to do so, and proceed to fail at the transition, as well. George Fisher, who was lured from his position as CEO of Motorola to succeed Whitmore in 1993, captured the core issue when he told the New York Times that Kodak Fisher oversaw the flop of Advantix and was gone by 1999. As the 2007 Kodak video acknowledges, the story did not change for another decade. Kodak now has a market value of \$140m and teeters on bankruptcy. Its prospects seem reduced to suing Apple and others for infringing on patents that it was never able to turn into winning products.

Addressing strategic decision-making quandaries such as those faced by Kodak is one of the prime questions addressed in Vince Barabba's book, "The Decision Loom." Kodak management not only presided over the creation technological breakthroughs but was also presented with an accurate market assessment about the risks and opportunities of such capabilities. Yet Kodak failed in making the right strategic choices.

This isn't an academic question for Vince Barabba but rather the culmination of his life's work. He has spent much of his career delivering market intelligence to senior management. In addition to his experiences at Kodak, his career includes being director of the U.S. Census Bureau (twice), head of market research at Xerox, head of strategy at General Motors (during some of its best recent years), and inclusion in the market research hall of fame.

"The Decision Loom" explores how to ensure that management uses market intelligence properly. The book encapsulates Barabba's prescription of how senior management might turn all the data, information and knowledge that market researchers deliver to them into the wisdom to make the right decisions. It is a

prescription well worth considering.

Barabba argues that four interrelated capabilities are necessary to enable effective enterprise-wide decision-making—none of which were particularly well-represented during pivotal decisions at Kodak:

1. Having an enterprise mindset that is open to change
2. Thinking and acting holistically.
3. Being able to adapt the business design to changing conditions.
4. Making decisions interactively using a variety of methods.

WHY NOKIA FAILED?



Nokia is the first brand that was in the market when we heard of the early mobile phones. For a decade, Nokia remained in the market and introduced new models of the phone every now and then. It catered all segments of society by providing the phone with different price ranges. With a glorifying history of the company, it gets hard to realize that Nokia is no more relevant in the mobile phone industry. But why Nokia failed?

This is a question that needs exploration, and we are going to explore the factors responsible for this drastic change in the mobile phone industry in this article. One thing to note here is that it is not about everything that Nokia did wrong; there were certain things that other companies in the industry, especially Samsung did right.

Thus, the failure of Nokia is a mixture of the mistakes made by Nokia and the successful strategies that the other brands in the industry used.

Success of Nokia

Before we start the discussion on the factors that have resulted in the failure of Nokia. It is vital to discuss Nokia as a success story. So, let's give a quick look at the success of the company and what made Nokia successful.

Nokia emerged as one of the successful manufacturers of mobile phone in the early days of its success. In October 1998, Nokia was the best-selling mobile phone brand in the world. By 2007, it had 50% of the share from the mobile phone market. The young and energetic leadership of the company was the reason for its wide acceptance in the consumer market. Initially, the new technology, urge to digitalize and innovation were also amongst some of the reasons for success.

However, over time, the excessive growth rate, loss of agility, and the lack of innovative leadership resulted in the failure of Nokia as the company on the strategic level.

Failure of Nokia (Nokia failed)

In the year 2013, the same Nokia Company that was enjoying a 50% share in the market dropped to less than 5% share of the total market. This was the time when the management, shareholders, and the customers of the company feared Nokia's bankruptcy. The bankruptcy was nearly certain, but the intervention of Microsoft in the market helped the company in getting back to a better position. This was done by Microsoft in order to save the Windows platform on the Smartphone, but in reality, it gave a new life to the company.

Apart from revamping the Smartphone of the company, it also started diversification of

the business. Now, Nokia supplies network infrastructure as a significant part of the overall business. In order to highlight the factors that resulted in the plight of the company have been widely studied in Nokia's case study. Business graduates and even the practical trainees give examples of the things that the company did wrong to teach the students and trainees of how to do the right things.

Why did Nokia fail? – What did it do wrong or its competitors did right?

The factors that have a role in the collapse of one of the largest Smartphone developers of 1990s.

1. Nokia did not adapt to change.
2. Excessive reliance on being a first mover in the industry.
3. High competition in the industry.
4. Perception in the consumers.
5. Lack of repositioning.
6. Lack of a strategic plan.
7. Excessive growth in the era 1996 – 2000.
8. Lack of innovation.
9. Changing the organizational structure.
10. Internal rivalries.
11. Lack of vision.
12. Complacent human resource.
13. Overestimation of brand strength.

Revival of Nokia

In 2013, Nokia was at the brink of bankruptcy. But the purchase of Nokia's phone range by Microsoft provided a boost. It was some time before that when the management of Nokia realized the new statistics of the market. They realized how were Smartphone viewed recently and what other companies have entered the mobile phone market. With all this information in hand, Nokia has started to develop new

Smartphone's, which are better than the previous versions using Windows platform or the Symbian one. Based on all these factors, Nokia has started to develop a bit of its presence in the market again. However, it is not the same brand that once enjoyed the glory. But still, it exists and is known by people.

Important learning from the failure of Nokia

From this Nokia case study, there are a number of things that you, as a business individual, should learn. Here are these takeaways:

1. Macro-environmental conditions:

Firstly, the importance of changing macro-environment must be understood. If all other things are changing, you can't expect to continue your businesses as it is. You'll need to change accordingly. Only then, you can stay in the market or your customers would abandon you as it happened with Nokia. And as a result Nokia failed. Conducting a SWOT analysis would be helpful for a detailed analysis.

2. Competition:

Secondly, competition is always there, and it is of primary importance to keep a close eye on it. You can observe in this case that some small competitors did exist even at the initial stage, but the focus of the company was not to manage its competitive advantage. This gave a chance to these competitors to invest in research and innovation and gain a better position in the market.

3. Organizational structure:

Thirdly, organizational structure, and the culture within it is an important thing to take care of. You might not think it integral in the success of the company, but in the context of Nokia, you would have observed that at least it had an indirect role. The management of the company and even the employees lost interest in the company as they thought the company

has already achieved the success and they don't require anything else to be done. With such a thought process, you won't be able to attain long-term success, and it would definitely not help you in achieving your goals in the best possible way.

4. Vision:

Last but not least, the vision of the leaders and the company can help in getting the right mix of strategies that would help in future growth. In case, a company is established without the vision and the future goals, then there are more chances that it would be dependent on the outside factors and these factors would either make a company a great success (less likely) or they would ruin it altogether. This is why it is essential that before you start a business, you must know what it is and where it has to reach in a particular time frame. However, don't lose the element of flexibility while determining this aspect of your business.

CONCLUSION

This Nokia case study has explicitly explained the importance of some of the theoretical concepts that would be taught to business students. According to these concepts, the maintenance of the right kind of structure in the organization, analysis of the environment and the competition are amongst the most common factors that you should see as a business owner.

If you think we have missed out something while analyzing the Nokia case study, then just feel free to share your opinions. Why Nokia failed is an important question, so your point of view is essential. Additionally, comment on how you think that the case of Nokia can be a way to improve your business and ensure that it is on the right track.

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HOW DYNAMIC ORGANIZATIONS SURVIVE BY CONTINUOUSLY REFORMING THEIR STRUCTURES AND PROCESSES



11

VIKAS GIRI

INTRODUCTION

The most challenging aspect of a business is leading and managing change. With the business environment being subject to fast paced economic and social change, modern businesses need to be adaptive and be flexible to survive. The main challenge in leading change is to manage human resources.

The change must be aligned according to organizational culture, values, people and behaviors to encourage the desired results. Therefore human leadership plays a key role in making change a success.

LEADERSHIP AND CHANGE

Change has been a challenging area and has affected many organizations. Organizations have to endure such significant change in order to survive in the dynamic and competitive business environment. The change must be aligned according to organizational culture, values, people and behaviors to encourage the desired results. Therefore human leadership

Such transformation is difficult and will definitely result in resistance and resentment by employees. The social and psychological fear of change and the lack of technical expertise will affect the change process. Therefore Leaders should be equipped with skills that would enable effective strategic change.

Globalization, technological changes, knowledge management and cross boundary collaboration are the four major forces affecting organizational change. Change could occur either in the external environment or macro environment. Organizations are in need of innovative and creative visionaries who understand how to make decisions in such changes.

An effective change leader should have a sense of purpose and a vision, ability to manage people through tough situations, ability to take accountability and responsibility and motivate people to achieve respective goals. Once people believe in leaders, the excitement will drive them to achieve targets.

Therefore it is evident that there is a strong relationship between leadership and change. Leadership plays a major role in minimizing resistance to change as well as ensuring smooth execution of change.

STRATEGIES ORGANIZATIONS CAN LEVERAGE TO SURVIVE AND THRIVE IN TODAY'S DYNAMIC BUSINESS ENVIRONMENT

It can be argued that businesses were traditionally built to be predictable, consistent and stable. Processes were designed to ensure consistent output and to control employee behavior to produce efficient outcomes. But, in recent years the great recession, technological change and other factors have transformed business as we used to know it, into a more dynamic environment characterized by a faster speed of change than ever seen before.

Here are some strategies organizations can leverage to survive and thrive in today's dynamic business environment:

- **Accept that Constant and Fast Change is the New Normal:**

- » In recent years the business environment has undergone a transformative shift where a heightened pace of change has become the new normal.
- » We are living in a time where anyone has the potential to make an impact. Start-ups can transform technology capabilities and anyone can share a message with the world through social platforms. While change can be daunting, executives need to embrace change and accept that the future is harder to predict than ever before.

- **Leverage the Possibilities of Big Data:**

- » Most organizations sit on a mountain

of data. Today large, complex data sets can be analyzed to obtain greater business intelligence and statistical information than ever before. This data can be leveraged to improve the customer experience, product/service, logistics, customer segmentation, pricing, customer retention, inventory management and many other factors.

- » Regardless of whether or not a data based company, all businesses can leverage data and analytics to make stronger data-supported predictions and optimize performance by obtaining a broader view of operations. It is important organizations ensure data doesn't become siloed, so they can fully optimize and take advantage of advanced analytics. Information may not be valuable for long so it's important businesses exploit it and get utility out of it, to strengthen their competitive position.

- **Constant Innovation:**

Given the dynamic environment a constant focus on innovation is fundamental. It is important executives recognize that innovations can come from anywhere in the organization. Communication channels need to be open to allow for the free flow of information throughout all levels of the hierarchy. Employees need to be empowered to innovate everyday and share knowledge. To facilitate this change in organizational thinking, employee performance systems will need to be adapted to award innovative thinking as opposed to following corporate created guidelines.

- **Agility:**

Traditional bureaucratic organizational structures are slow to change and thus not adaptable enough for today's innovative business environment. Organizations need

to be redesigned to be more agile; to adjust in real-time as change occurs.

- **Face Disruption Head On:**

It can be argued that while businesses are focused on constant improvement, they don't always change in the right ways.

To the detriment of the survival of their business, it is important that companies continually scan the environment in which they operate and constantly research new ways in which they can better meet their customers' needs.

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COMPARATIVE STUDY OF WEEKLY WORKING HOURS AROUND THE WORLD



12

VINOD KUMAR GAMETI

WORKING HOURS

The first ILO Convention, the Hours of Work (Industry) Convention, 1919 (No.1), which established the principle of '8 hours a day and 48 hours a week' for the manufacturing sector. The main motivations underlying the adoption of this Convention are well captured in the quotation above, although it appears that a complex set of factors played out at that time so that, in retrospect, it is not entirely clear which of these are dominant.¹ Following Convention No. 1, numerous working time Conventions were subsequently adopted: the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30) extended the 48-hour working week to workers in commerce and offices in 1930, and the Forty-Hour Week Convention, 1935 (No. 47) established a new standard of the 40-hour working week in 1935 at a time when the world was devastated by economic crisis and war. The principle of a minimum of one-day weekly rest was introduced in the Weekly Rest (Industry) Convention, 1921 (No. 14) and the Weekly Rest (Commerce and Offices) Convention, 1957 (No. 106). Conventions concerning night work and holidays with pay also followed.

In light of the economic growth that we have witnessed in many parts of the world in the twentieth century, one might assume that this wisdom has now become a well-rooted reality. In addition, it appears that statutory normal hours of work have been reduced gradually from 48 hours to 40 hours in a large number of countries which can be considered as a historical achievement in the last century. This is all good news for international working time standards.

WEEKLY NORMAL WORKING HOURS LIMITS

Although national working time laws favoured the 48-hour limit at the end of World War I, by 1935 the 40-hour limit was embodied in some national laws and had found a place among the international standards that was confirmed in 1962

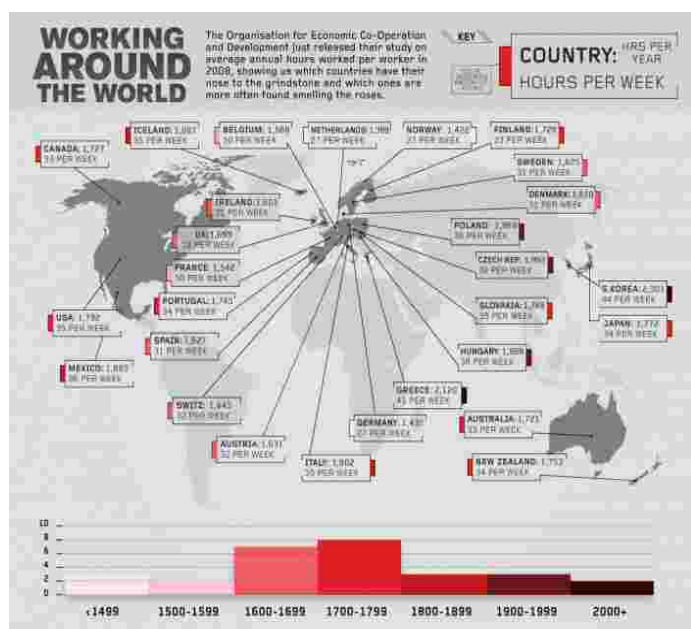
This trend towards lower limits continued over the next two decades, and by 1984 the influence of the 40-hour limit was beginning to approach

that of the 48-hour week (ILO 1984).

With respect to current working hours limits, the 40-hour week is the most prevalent standard. Almost half of the countries covered by the 2005 research have enacted a limit of 40 hours or less; and among the others, the intermediate limits (41–46 hours) and the 48-hour week are of almost equal significance.

The experience of those countries in which hours reductions have been introduced during the last decade confirms the continuing relevance of the traditional policy objectives of working time law.

Average hours of work around the world



Why a shorter working week can help us all to flourish in the 21st century

Moving towards much shorter hours of paid work offers a new route out of the multiple crises we face today. Many of us are consuming well beyond our economic means and well beyond the limits of the natural environment, yet in ways that fail to improve our well-

being – and meanwhile many others suffer poverty and hunger. Continuing economic growth in high-income countries will make it impossible to achieve urgent carbon reduction targets. Widening inequalities, a failing global economy, critically depleted natural resources and accelerating climate change pose grave threats to the future of human civilization.

A ‘normal’ working week of 21 hours could help to address a range of urgent, interlinked problems: overwork, unemployment, over-consumption, high carbon emissions, low well-being, entrenched inequalities, and the lack of time to live sustainably, to care for each other, and simply to enjoy life.

Planet, people, and markets: reasons for change

A much shorter working week would change the tempo of our lives, reshape habits and conventions, and profoundly alter the dominant cultures of western society. Arguments for a 21-hour week fall into three categories, reflecting three interdependent ‘economies’, or sources of wealth, derived from the natural resources of the planet, from human resources, assets and relationships, inherent in everyone’s everyday lives, and from markets. Our arguments are based on the premise that we must recognize and value all three economies and make sure they work together for sustainable social justice.

The current norm of a nine-to-five, five-day week in paid employment does not reflect the way most people use their time. Unpaid work is generally overlooked and undervalued. A much shorter working week offers very considerable benefits to the environment, to society, and to the economy. There are serious problems to confront in the transition from where we are to where we want to be: they are mainly concerned with the impact on earnings and on employers’ balance sheets. We have set out suggestions for

	<i>No universal statutory limit</i>	<i>35–39 hours</i>	<i>40 hours</i>	<i>41–46 hours</i>	<i>48 hours</i>	<i>More than 48 hours</i>
Industrialized countries	Australia, Denmark, Germany, Ireland, United Kingdom (48 hour limit on total hours)	Belgium, France	Austria, Canada, Finland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, United States	Switzerland (workers in industrial enterprises, offices, technical posts and sales staff in large commercial enterprises)		Switzerland (all other workers)
Africa	Nigeria, Seychelles	Chad	Algeria, Benin, Burkina Faso, Cameroon, Congo, Côte d'Ivoire, Djibouti, Gabon, Madagascar, Mali, Mauritania, Niger, Rwanda, Senegal, Togo	Angola, Burundi, Cape Verde, Democratic Republic of the Congo, Guinea-Bissau, Morocco, Namibia, South Africa, United Republic of Tanzania	Mozambique, Tunisia	Kenya
Asia	India, Pakistan		China, Indonesia, Republic of Korea, Mongolia	Singapore	Cambodia, Lao People's Democratic Republic, Malaysia, Philippines, Thailand, Viet Nam	
Caribbean	Jamaica, Grenada		Bahamas	Cuba, Dominican Republic	Haiti	
Central and Eastern Europe			Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Romania, Russian Federation, Slovakia, Slovenia			
Latin America			Ecuador	Belize, Brazil, Chile, El Salvador, Honduras, Uruguay (commerce), Venezuela	Argentina, Bolivia, Colombia, Costa Rica, Guatemala, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay (industry)	
Middle East			Egypt		Jordan, Lebanon	

Source: ILO Database of Working Time Laws (www.ilo.org/travdatabase).

Weekly Working Hours Limit (2005)

addressing these problems, acknowledging that an important pre-condition is a strong democracy and an effective and accountable government. Our suggestions include ways of incentivizing employers, compensating lost earnings, sharing unpaid time more equally between women and men, and changing the climate of opinion. None of these options will work on its own and there are doubtless many more possibilities. The next step is to make a thorough examination of the benefits, challenges, barriers, and opportunities associated with moving towards a 21- hour week over the next decade. This will be part of the 'Great Transition' to a sustainable future.

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WAGES AND INCENTIVES STRATEGIES IN WORLD'S TOP MANUFACTURING FIRMS

13

MANISH KUMAR YADAV

INTRODUCTION

A wage is monetary compensation (or remuneration, personnel expenses, labor) paid by an employer to an employee in exchange for work done. Payment may be calculated as a fixed amount for each task completed (a task wage or piece rate), or at an hourly or daily rate (wage labour), or based on an easily measured quantity of work done.



- ❑ *Regular payment*
- ❑ *Expressed either monthly or annually*
- ❑ *Paid most commonly on a monthly basis*
- ❑ *White collar employees, managers directors and professionals*

An incentive is a contingent motivator. Its aim is to motivate staff - i.e., to encourage employees to target their actions and adapt their behaviors in order to produce the level of qualitative and/or quantitative performance expected by the company.

Before going into further details the clear de-



- ❑ *Calculated on the number of hours.*
- ❑ *Expressed in no. hours the employee worked.*
- ❑ *Paid either weekly, fortnightly or monthly.*
- ❑ *Blue collar employees, workers etc.*



- ❑ *An object, item of value, or desired action or event that spurs an employee to do more*
- ❑ *A contingent motivator*

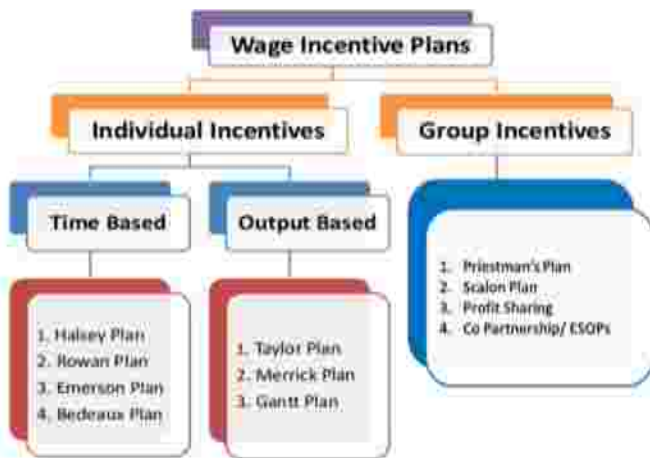


- ❑ *Something, typically money, awarded to someone in recognition of loss, suffering, or injury*
- ❑ *The process of concealing or offsetting a psychological difficulty by developing in another direction*

marcation between the near terms related to wage and incentives i.e. Salary and compensation is required.

VARIOUS PLANS

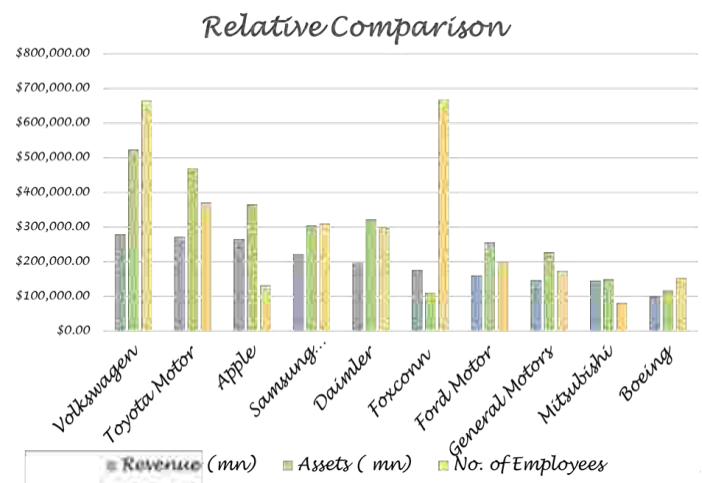
An incentive scheme is a plan or programmes to motivate individual or group performance. An incentive programme is most frequently built on monetary rewards (incentive pay or monetary bonus), but may also include a variety of non-monetary rewards or prizes. The economist and HR management expertise has classified wage incentive plans on the basis of very basic philosophy i.e. balance between the inputs an individual brings to a job & the outcomes individual receives from it as below:



The above classification is based on various assumptions and each plan has its own empirical mathematical formula to distribute wage and incentives to employees along with various advantages and disadvantages associated with it. So in general, companies seldom adapt a plan in isolation. They always prefer to have the mix of plans so that they can slice out the maximum advantages of various plans.

STRATEGIES BY TOP MANUFACTURING FIRMS

The Fortune Global 500, also known as Global 500, is an annual ranking of the top 500 corporations worldwide as measured by revenue. The list is compiled and published annually by Fortune magazine. From the list of global 500 of the year 2019, the relative comparison has been made in term of revenue, assets and no. of employees among top ten manufacturing firms following:



VOLKSWAGEN

Collective pay agreements:

- ☐ Basic pay in the form of a competitive monthly salary;
- ☐ incentive compensation system based on executive board model,
- ☐ No Individual performance bonus
- ☐ Volkswagen shares acquisition plan for executive
- ☐ Hourly pay range from \$14 per hour to \$16 per hour with another \$1.50 per hour for night shift
- ☐ Others include
 - a. Profit Sharing
 - b. 401(k) Plan
 - c. Defined Benefit Pension Plan
 - d. Defined Contribution Pension Plan
 - e. Health & Insurance Benefits



As mentioned earlier that companies seldom operates with a single plan. The figures below broadly depict the strategies of various companies



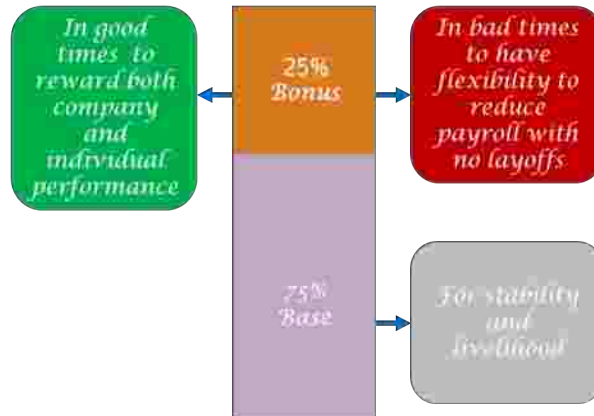
TOYOTA MOTORS

Competitive Pay Concept for all

- Executive
- Shop floor
 - production engineer
 - Worker

Other incentives:

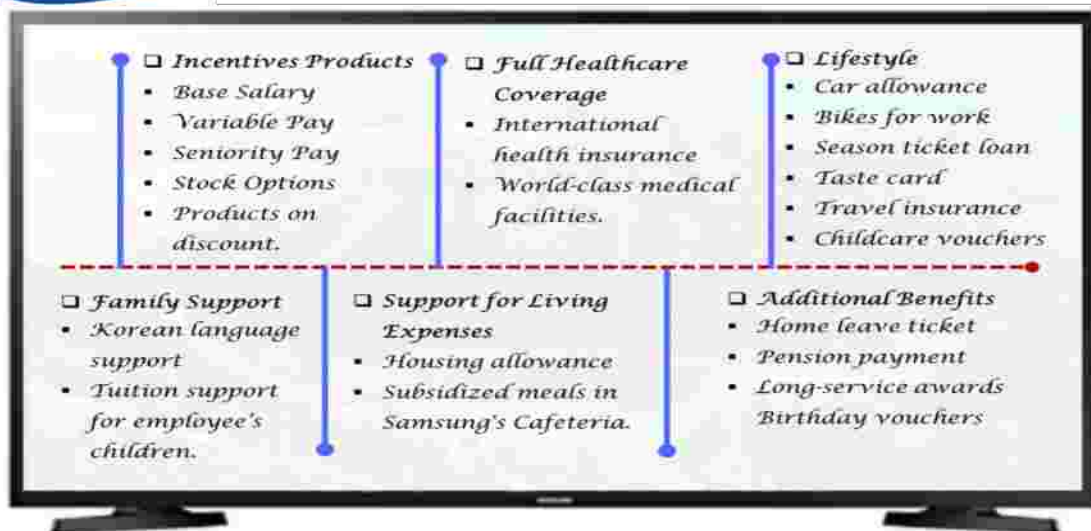
- Comprehensive health care
- Pension & retirement benefits
- Coupon/referral program
- Discount purchase program



Competitive Pay Concept



SAMSUNG ELECTRONICS

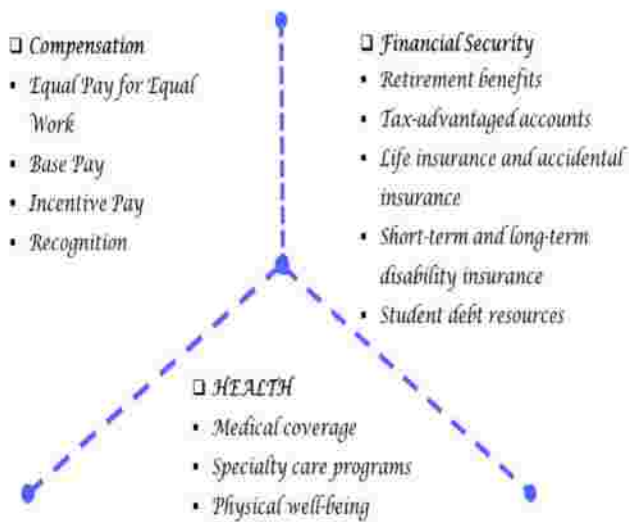


APPLE

Cash bonus plan

Categor ies	Performance	Cash incentiv es
Thresho ld	Minimum level of performance expected	100%
Target	Financial results that would be challenging to achieve	200%
Maxim um	Exceptional financial performance	400%

OTHER BENEFITS
Employee discounts
Commuting benefits
Subsidized eateries
Free snacks
Gym credit
Tuition reimbursement
Paid time off
Stock purchase program



So far the above figures show the strategies and components of wage incentive plans by top manufacturing firms. Let's have a look on Ordnance Factory Board. Here wages and incentives to are provided in accordance with various governmental laws and acts as mentioned below and have little discretion in the hands of management to decide their own plans:

ANALYSIS AND CONCLUSIONS

So far various wage and incentive plan has been covered but formulating and implementing wage and incentive plan requires a sound basis of good employee relations, sound management and supervision. Wage incentive plans properly conceived, installed, administered and maintained for workers whose output is measurable have resulted in lower costs, lower selling prices, higher profits and higher wages. Most of the incentives plans depend on management, union and employee attitudes, types of production operations, quality of supervision, levels of existing wage rates, and many other factors.

While formulating the wage incentive plan the employer and human resource department

should ensure that such plan should be adjusted according to the changing situation, evaluation system should be essentially based on performance-based wage system. Incentive mechanism should be combined with enterprise's culture. Therefore one of the important tasks for companies is to provide their employees with harmonious working environment, as well as payment system that is full of motivation to keep labor force stable.

Keeping in view of these above points it can be concluded that different firms might require different wage and incentive plans covering the maximum components of employee satisfaction that are dependent on the local situation, work culture and governmental norms and regulations.

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COMPARATIVE STUDY OF JIT, TPM, TQM, INDUSTRY 4.0



14

ABHIK DUTTA

ABSTRACT

During the last decades, different quality management concepts, including total quality management (TQM), TPM, six sigma and lean, have been applied by many different organizations. Although much important work has been documented regarding TQM, TPM and lean, a number of questions remain concerning the applicability of these concepts in various organizations and contexts. Hence, the purpose of this review paper is to describe the relationship and differences between the concepts, including an evaluation of each concept.

Keywords: Total quality management (TQM); Just-in-time (JIT); TPM

INTRODUCTION

Today, market demands require manufacturing companies to operate under a dynamic and flexible system, which is responsive to changes and

uncertainties. Flexibility has gained more attention as one of the competitive advantages to enhance organizational performance. Moreover, flexibility provokes a trend of globalization to provide large product variety. In addition, as firms have been tried to achieve high-quality, low-cost production, flexibility is considered the last stage toward manufacturing excellence. Since the 1990s, flexible manufacturing has become imperative for firms that have to deal with changing demand in the global market. Therefore, research about flexibility has emerged to determine critical factors that affect the achievement of flexibility, as well as to proactively apply flexibility management in manufacturing firms.

Empirical studies have found several factors that drive flexibility performance such as strategy, communication, supplier, technology, or human factors such as knowledge, skills, and availability. Recently, researchers tried to find out practices to achieve manufacturing agility. Total quality management (TQM) and Just-in-

time (JIT) practices are found to be powerful tools to do so. TQM focuses on continuous improvement and process management to deliver a sustainable high-quality product that satisfies or exceeds customer expectations. Meanwhile, JIT aims at eliminating inefficiencies in the manufacturing cycle by reducing wastes such as inventory cost, which optimizes movement in the working place. The impact of TQM and JIT on manufacturing performance has been shown in several studies, which indicates that TQM and JIT practices bring higher product quality, lower cost of production, and faster delivery. By reducing delivery time and redundant steps, JIT production was found to be critical for achieving agile manufacturing. It is also suggested that agility can be achieved through TQM with the necessary implementation of JIT. Therefore, JIT production is often regarded as the foundation to obtain manufacturing flexibility performance, and the effect could be strengthened if JIT practices are implemented in the companies that emphasized on TQM.

The implementation of TQM and JIT should be extended to the supply chain level rather than internal level since the development of the production process should be integrated throughout the supply chain to sustain supply chain performance. Because JIT and TQM are significant drivers of agility, it is necessary to study how to maximize the benefits of those practices to obtain high flexibility performance. Many studies confirmed the association between TQM and JIT, since they support each other to achieve higher quality and JIT performance. Regarding the field of flexibility, the study that considers how TQM and JIT practices elevate each other in relationship with agility is still limited. Those discussions above lead this study to aim at following question: Do higher implementation level of TQM practices play as the platform to strengthen the effect of JIT production practices on flexibility performance, at an internal, upstream, and downstream level? Studying the supporting role of specific

TQM practices in maximizing the impact of specific JIT production practices on flexibility performance is important to both researchers and managers because it helps understand the moderate effect of TQM on the relationship between JIT production practices and flexibility performance.

LITERATURE REVIEW

Total quality management (TQM) is one of the most important management philosophies directed towards improving quality problems (Gunasekaran and Ngai, 2004). It is a holistic approach that seeks to integrate all organizational functions to focus on meeting customer needs and organizational objectives (Kumar and Antony, 2008). TQM is an integrated approach, consisting of principles and practices, whose goal is to improve the quality of an organization's goods and services through continuously meeting and exceeding customer's needs in most competitive ways. TQM focuses on enhancing customer satisfaction (Gunasekaran and Mc Gaughey, 2003). It is the most pervasive approach to manage quality, so that with meaningful effort by an organization it can change its whole approach towards quality and making it a directorial factor, which is everything the organization, requires (Mazumder, et al., 2011).

TQM is an extensive method and requires specialist or consultant that can help in implementation (Kedar, et al., 2008) and emphasized on performance aspects of cultural and customer satisfaction (Baird, et al., 2011; Morrow, et al., 2011; Small, et al., 2011). A very recent study conducted by Talib and Rahman (2010) indicated nine important TQM practices in their literature review on service industries:

- (1) top-management commitment;
- (2) Customers focus;

- (3) Training and education;
- (4) Continuous improvement and innovation
- (5) Supplier management;
- (6) Employee involvement;
- (7) Employee encouragement;
- (8) Benchmarking; and
- (9) Quality information and performance.

An interesting part of the TQM concept is that quality awards are offered by different foundations such as Deming Prize, European Foundation of Quality Management (EFQM), and Malcom Baldrige etc. The concept of TQM can give competence, so benchmarking could be used to accomplish this with critical successfactors: Top management commitment, Suppliers quality management, Human resources management, Process management, Customer focus, Role of quality department , Product design, Quality information system and use of IT, Training, Quality citizenship (Khanna, et al., 2011). Despite the fact that the TQM discipline has attracted many researchers today, there has been a reference of research proposals from the past too. As Dale (2002) noted, improvement is a process, which, once started, should never end and the same can be said of the research into TQM. Some of these research proposals are those of Coleman and Douglas (2003), Sun et al. (2004), Rahman (2004), Sila and Ebrahimpour (2005), Vouzas and Gotzamani (2005), Idris and Zairi (2006), Singh and Smith (2006), Gotzamani et al. (2006).

Like Total quality management (TQM) and lean production (LP), Total Productive maintenance (TPM) was developed as a maintenance tool whose strategic decisions can eliminate any potential of equipment deterioration, failures, breakdowns and stoppages(Cua et al., 2001; Shah and Ward, 2003). TPM is defined as a tool consisting of preventive and productive maintenance activities implemented by production workers

(Wireman, 2004). The objective is to attain maximum equipment efficiency throughout the production process, to prevent losses and to reach zero accidents, zero defects and zero breakdowns, all of which are usually measured in terms of overall equipment effectiveness (OEE).

The studies on the relationship between JIT and flexibility indicated that JIT practices help duce lead time and then enhance customer responsiveness. Since JIT is aimed toward a continuous production flow, flexible product mix manufacturing can be achieved by using several small machines and a quick-arranged setup. Furthermore, several studies have been tried to propose an effective Kanban system as a JIT practice to improve volume flexibility, in order to cope with fluctuated market demand.

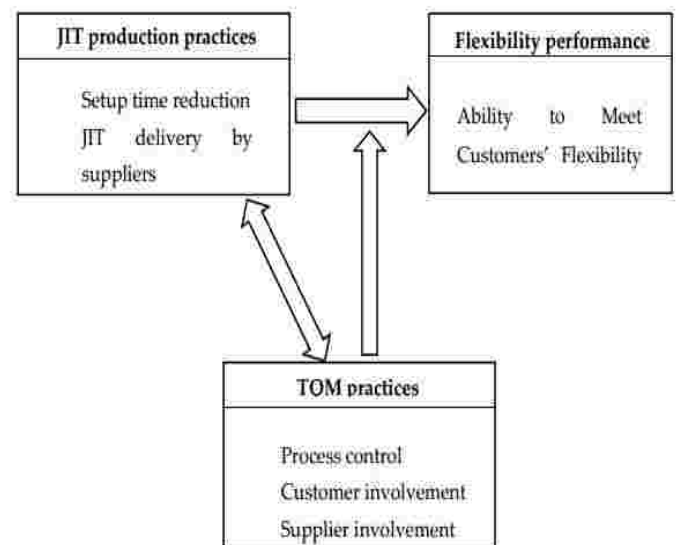


Table 1. General characteristic comparison of JIT, TQM, and TPM

Characteristics	JIT	TQM	TPM
Originality	Japan	US	Japan
Emphases	<ul style="list-style-type: none"> - Waste reduction including inventory - Continuous improvement - Customer responsiveness including flexibility 	<ul style="list-style-type: none"> - Customer satisfaction - Employee involvement - Continuous improvement 	<ul style="list-style-type: none"> - Machine and equipment downtime - Machine and equipment efficiency
Supporting factors	<ul style="list-style-type: none"> - Administrator deployment - Team employment - Employee involvement - JIT flow - Pull system 	<ul style="list-style-type: none"> - Administrator deployment - Team employment - Education 	<ul style="list-style-type: none"> - Administrator deployment - Maintenance activity - Employee involvement
Inclusion	<ul style="list-style-type: none"> - Line balancing - Setup time reduction - Batchsize reduction - Skill development - Consistency of quality control - Continuous work improvement - Pull system - Long-term supplier relationship - Preventive maintenance 	<ul style="list-style-type: none"> - 7 traditional QC tools - 7 new QC tools - Statistical methods - Cross functional administration - Quality control circle activity 	<ul style="list-style-type: none"> - Individual improvement - Autonomous maintenance - Planned maintenance - Operation and maintenance development - Initial phase management - Quality maintenance - TPM in office - Safety, hygiene and
Usefulness	<ul style="list-style-type: none"> - Increase product quality - Decrease manufacturing defective - Increase customer responsiveness - Reduce inventory - Increase accuracy of demand forecast - Reduce manufacturing costs 	<ul style="list-style-type: none"> - Increase customer satisfaction in quality - Decrease operations wastes 	<ul style="list-style-type: none"> - Increase efficiency of machines and equipment - Increase product quality - Reduce loss of setup - Reduce maintenance time and cost

Authors	JIT Practices	Flexibility Dimensions	Sample and Data	Methodology	Main Findings
Iqbal et al. [1]	Lot size reduction, Set-up time reduction, Pull production system, JIT scheduling	Agile manufacturing	248 Pakistani apparel export firms	Structural equation modelling	JIT indirectly influence agile manufacturing through common external infrastructure (relationship with customers and suppliers)
Curahoo et al. [41]	Joint New Product Development, Share point of sale (POS) information, Demand led production.	Virtual supply chain Flexible workforce Real time SC information flow	Two manufacturing SMEs in South Africa	Semi-structured interviews	Lean implementation strategies are required for agile manufacturing
Lucierini et al. [12]	JIT delivery by suppliers	Volume flexibility Mix flexibility	Production department managers interview, field surveys, production process observation	Computer simulation	JIT delivery by suppliers reduce inventory and Work-in-process, which increase volume and mix flexibility
Mazanai et al. [13]	JIT inventory management implementation	Manufacturing flexibility	82 SMEs in the manufacturing sector in South Africa	Descriptive analysis, correlation analysis	JIT inventory management principle have significant linkage with cost efficiency, quality, and flexibility
Husseini et al. [40]	Kanban	Volume flexibility		Integer linear programming technique	Provide a flexible Kanban determination to minimize inventory cost
Swink et al. [42]	JIT flow	Process flexibility New product flexibility	57 plants that are past winners and finalists of "America's Best" competition held by <i>Industry Week</i> magazine	Hierarchical moderated regression analysis	Manufacturing practices including JIT flow moderated by strategy integration help improve cost efficiency and new product flexibility
McKone et al. [43]	JIT delivery by suppliers, JIT link with customers, pull system support, repetitive nature of master schedule, setup time reduction	Production schedule flexibility	117 manufacturing plants in the US, Italy, Germany, and Japan	Structural equation modeling	There is strong relationship between total preventive maintenance (TPM) and manufacturing performance (quality, cost, delivery, flexibility) through JIT
Kazazi et al. [44]	JIT production implementation	Flexibility of manufacturing systems	66 European manufacturing companies	In-depth interviews	JIT implementation provides tangible benefits (reduce inventory, lead time, etc.) and intangible benefits (improve flexibility, productivity, etc.)

INDUSTRY 4.0

The world is facing greater disruption, an increasing innovation pace and is caught up in a revolutionary period. The days of simple product innovation are dwindling. Technology, talent, and new innovation ecosystems are emerging; building greater complexities into our final innovation offerings. Intelligent automation and technology are fueling this new industrial revolution. And this unprecedented, exponential pace of change is increasingly

reliant on collaborative platforms to realise the result which is more radical innovations. We are in the midst of a significant transformation regarding the way we make products, thanks to the digitisation of manufacturing. This transition is so compelling that it is being called Industry 4.0 to represent the fourth revolution that has occurred in manufacturing. Industry 4.0 is signaling a change in the traditional manufacturing landscape. Also known as the Fourth Industrial Revolution, Industry 4.0 encompasses three technological trends driving

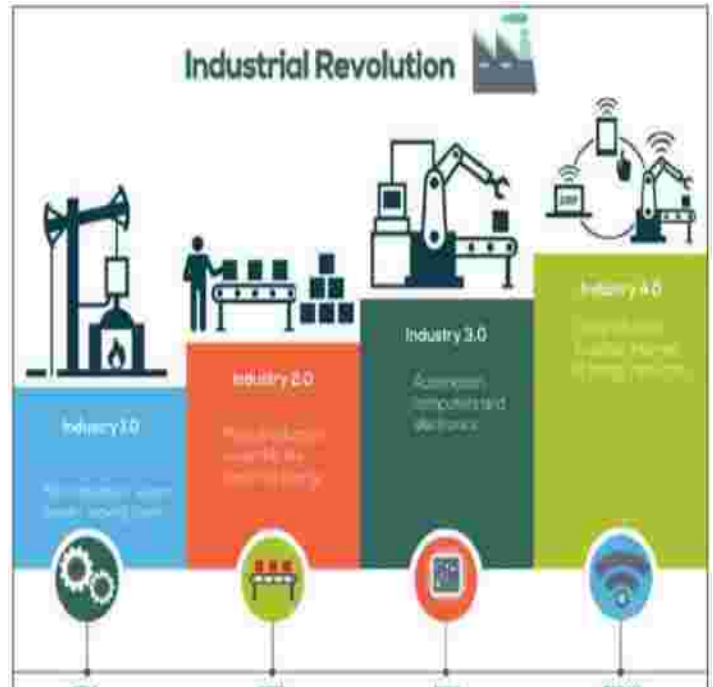
this transformation: connectivity, intelligence and flexible automation.

From the beginning of civilisation, human beings have tried to increase their capacity and power. At first they were using equipment made of wood or rocks but with the advancement of science they explored modern and efficient equipment, and this process is going on. Machines are one of the greatest inventions of humans. Industrial revolutions have a huge impact on our society and they also affect the world economy.

The first industrial revolution came with the advent of mechanisation, steam power and water power. The second industrial revolution revolved around mass production and assembly lines using electricity. The third industrial revolution came with electronic and IT systems and automation. The fourth industrial revolution is associated with cyber-physical systems. Industry 4.0 describes the growing trend towards automation and data exchange in technology and processes within the manufacturing industry, including: The Internet of Things (IoT), The Industrial Internet of Things (IIoT), Cyber-physical Systems (CPS), Smart Manufacturing, Smart Factories, Cloud Computing, Additive Manufacturing, Big Data, Robotics, Cognitive Computing, Artificial Intelligence & Blockchain etc. This automation creates a manufacturing system whereby the machines in factories are augmented with wireless connectivity and sensors to monitor and visualise an entire production process and make autonomous decisions. It is further estimated that wireless connectivity and the augmentation of machines will be greatly advanced with the full rollout of 5G. This will provide faster response times, allowing for near real-time communication between systems.

The fourth industrial revolution also relates to digital twin technologies. These digital technologies can create virtual versions

of real-world installations, processes and applications. This can then be robustly tested to make cost-effective decentralized decisions. These virtual copies can then be created in the real world and linked, via the Internet of



Things allowing for cyber-physical systems to communicate and cooperate with each other and human staff to create a joined up real-time data exchange and automation process for Industry 4.0 manufacturing.

When computers were introduced in Industry 3.0, it was disruptive because of addition of an entirely new technology. As Industry 4.0 unfolds, computers are connected and communicate with one another to ultimately make decisions without human involvement. A combination of cyber-physical systems, the Internet of Things and the Internet of Systems make Industry 4.0 possible and the smart factory a reality. As a result of the support of smart machines that keep getting smarter as they get access to more data, our factories will become more efficient and productive and less wasteful. Ultimately, it is the network of these machines that are digitally connected with one

another which create and share information that results in the true power of Industry 4.0.

RADICAL PACE OF INNOVATION

We are connecting innovation more than ever before. Innovation is fundamentally undergoing a radical change. Wherever we turn in the manufacturing world, the technological revolution immerses us. The scale, scope, and complexity are things we have certainly never experienced. It is exposing us to exponential technologies. We seem to have caught up in such levels of velocity, scope, and systems impact – it is seemingly exponential, occurring at faster rates of change. Companies are radically overhauling entire systems of production, management, and governance on a constant basis of change. We have unprecedented processing power, storage capacity, and access to various avenues of knowledge. These are being combined with emerging technology in fields such as artificial intelligence, robotics, 3D printing, nanotechnology, biotechnology, material science, and quantum computing. It is creating fresh challenges and opportunities within innovation.

Organizations everywhere are facing mounting pressure to transform—to shift from product-centric business models to new models focused on creating and capturing different sources of new value propositions. As a result, innovation is becoming more complex. We are looking increasingly to our engineers, designers, and scientists to unlock these new knowledge flows that bring us whole new areas of technological based innovation. Product innovation is continually giving way to new concepts that have technology built into them. Our innovation has become increasingly complex, connected, and contextual.

Industry value chains are being radically redesigned to accommodate connected worlds being more reliant on everything being digital.

As we continue to design manufacturing to be fully connected-up, we can adjust faster, scale differently, and deliver quantities to varying cycles of demand, closer to the need of the day and more appealing to the customers. Our innovation scope changes with these new dynamics.

The consequences of the fourth industrial revolution can be seen in the shifts of our emphasis taking place around innovation. Industry is focusing more on technological innovation. It is constantly looking at the changes to the existing business models to reflect these changes, and further integrating innovation systems to explore entirely new business models. We can say that innovation is becoming reliant on the fourth revolution and how it is all connecting all of us, to provide the future growth through greater collaboration. Recognizing the transforming potential will revolutionize how we manage innovation going forward.

EMERGING DIGITAL BUSINESS MODELS

We need to appreciate new digital business models and their impact. We are increasingly reliant on digital engineering and science. There is scope to have radically different product development and processes to manage. These are multiplying by this rate of industrial change. The traditional supply chain has a very different potential when factories and operations become highly connected and start operating as Industry 4.0 entities.

The new business models will emerge from the way they can be operated be responsive in the supply networks. All this requires digital management. As we connect more, the customer experiences can hugely benefit. We can target, sell, and market on greater connecting knowledge platforms. We can understand channel choice and provide more

tailored presales and post-sales support to manage the entire lifecycle as we continue to build the connected industry 4.0 ecosystems. Further, Blockchain technology is not only disrupting banking and finance, but it also has the potential to impact many industries and community as a whole. For instance, this technology can enable a car to respond as per the need by installing a digital wallet based on Blockchain technology. This wallet works by logging all transactions made involving the vehicle, including maintenance, modifications, charging or filling up gas. It makes it possible to predetermine the total cost of ownership and calculate return on investment for the car on a very detailed level.

CONCLUSION

The purpose of this paper is to describe comparison and relationship between TQM, TPM and lean. This study is one of the few to empirically demonstrate the importance of joint implementation of manufacturing programs. The findings from these empirical analyses demonstrate the importance of implementing the practices and techniques belonging to all three programs. Each component of our integrating framework represents a different aspect of improvement initiatives aimed towards product, process, and equipment development. There exist different configurations of practices that are best suited for improving specific performance dimensions, however, each of these configurations consists of practices belonging to all three programs and includes both socially and technically oriented practices. This demonstrates that the components of our framework are mutually supporting in achieving high levels of manufacturing performance. Plant management should take into account the possible effects of contextual factors on performance. In particular, the type of production process being used can differentiate between high and low performance.

Production involving one-of-a-kind products may be more difficult to manage but the implementation of compatible practices can help improve performance regardless of the process type being used. While our results suggest that implementation of manufacturing practices can mask the effect of contextual factors on performance, future studies should investigate the possible interaction effects of contextual factors and manufacturing practices on performance. A variety of future research studies are possible including longitudinal studies and more detailed examination of the relationships among the three programs. While this study provides a foundation for examining TQM, JIT and TPM within a single framework, it is only through further research that a full understanding of the relationship among TQM, JIT and TPM will be obtained.

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VARIOUS MODELS OF RETAILERS/DISTRIBUTORS/ WHOLESALEERS AS PART OF MARKETING EFFORTS FOR CONSUMER GOODS AND INDUSTRIAL GOODS INDUSTRY

15

VIVEK KUMAR

ABSTRACT

This report deals with the various models of wholesalers/retailers/distributors used for business purposes across the globe. The objective of this report is to develop a comprehensive understanding of the wholesalers, retailers and distributors and to understand the latest e-commerce trend in the market. The information regarding the different models was collected from what is available on open source. For gathering information and analysis various websites and catalogue of different organizations were referred.

INTRODUCTION

Every company has mission and vision to acquire to serve their goals. For this they adopt business model and choose marketing channel in order to reach their end customers. In the marketing industry, wholesalers, distributors and retailers play integral roles in product dissemination. However, despite bearing strong associations, these function differently in the supply chain.

MARKETING CHANNELS

A marketing channel is the people, organizations, and activities necessary to transfer the ownership of goods from the point of production to the point of consumption. It is the way products get to the end-user, the consumer; and is also known as a distribution channel. A marketing channel is a useful tool for management, and is crucial for creating an effective and well-planned marketing strategy.

Roles of marketing channel in marketing strategies

- Links producers to buyers.
- Influences the firm's pricing strategy.
- Affecting product strategy through branding, policies, willingness to stock.
- Customizes profits, install, maintain, offer credit, etc.

TYPES OF MARKETING CHANNELS

1. Producer → Customer (Zero-level Channel)

The producer sells the goods or provides the service directly to the consumer with no involvement with a middle man such as an intermediary, a wholesaler, a retailer, an agent, or a reseller. The consumer goes directly to the producer to buy the product without going through any other channel.

2. Producer → Retailer → Consumer (One-level Channel)

Retailers, like Walmart and Target, buy the product from the manufacturer and sell them directly to the consumer. This channel works best for manufacturers that produce shopping goods like, clothes, shoes, furniture, tableware, and toys. Since consumers need more time with these items before they decide to purchase them, it is in the best interest of the manufacturer to sell them to another user before it gets into the hand of the consumers. It is also a good strategy to use another dealer to get the product to the end-user if the producer needs to get to the market more quickly by using an established network that already has brand loyalty.

3. Producer → Wholesaler → Retailer → Customer (Two-level Channel)

Wholesalers buy the products from the manufacturer and sell them to the consumer. In this channel, consumers can buy products directly from the wholesaler in bulk. By buying the items in bulk from the wholesaler the prices of the product are reduced. The contribution of a distributor is highly acknowledged and plays a crucial role in distributing flows of goods before it gets in the hands of wholesalers, retailers and so on.

4. Producer → Agent/Broker → Wholesaler or Retailer → Customer (Three-level Channel)

This distribution channel involves more than one intermediary before the product gets into the hands of the consumer. This middleman, known as the agent, assists with the negotiation between the manufacturer and the seller.

WHOLESALE MODELS

1. Merchant Wholesalers

These are the most common type of wholesalers used in the FMCG industry, agriculture industry or Private label industry. Quite simply, Merchant wholesalers are the ones who buy directly from the manufacturer, store the product and then sell it to the customer.

2. Full-service Wholesalers – Retail Wholesalers

They are most commonly observed in Consumer Durables or Engineering products. The full-service type of wholesalers is, as the name suggests, giving full service to the end retailer.

3. Limited Service Wholesalers

A limited service wholesaler is someone who stocks the products of the company and sells it in a limited channel. He does not have a large turnover or does not cover all channels of the company.

4. Brokers and Agents

Most commonly observed in the real estate industry or in the chemical markets. A broker assumes no risk. He has the producer or the manufacturer on one side and he has the buyer on the other side. The work of the broker is to get the deal done and he gets a commission on

the deal.

5. Branches and mini offices

Although branches and mini offices do not come in the various types of wholesalers, these are common ways for companies to start selling their products in a region they are targeting.

6. Specialized wholesalers

These are wholesalers who do wholesale of specialized items only. Example – A used car wholesaler who sells directly to customers or to other used car dealers.

RETAILER MODELS

1. Independent Retailer

An independent retailer is one who builds his/her business from the ground up. From the business planning stage to opening day, the independent retail owner does it all. S/he may hire consultants, staff and others to assist in the business endeavor.

2. Existing Retail Business

Someone who inherits or buys an existing business is taking ownership and responsibility for someone else's hard work. The foundation has already been set, and the baton is being passed to you.

3. Franchise

Purchasing a franchise is buying the right to use a name, product, concept, and business plan. The franchisee will receive a proven business model from an established business.

4. Dealership

A licensed dealership is a mix of franchise and independent retailer. The licensee has the right (sometimes this is exclusive) to sell a brand of

products. Unlike a franchise, the dealer can sell a variety of brands and there are generally no fees to the licensor.

5. Member Network

This type of store is similar to a franchise or dealer except that the connection to the larger brand name is about buying power for inventory and services. In this model, you are not placed under strict guidelines or rules that your store has to follow. And most times, there is not even a % of sales you have to pay back every month as long as you maintain a buying volume at a certain level.

6. Network Marketing

Multi-level marketing (MLM) or network marketing is a business model where the selling of products depends on the people in the network. Not only is a product being sold, but other salespeople are being recruited to sell that same product or product line.

DISTRIBUTOR MODELS

There are 3 main types of distributors which are intensive distributors, selective distributors and exclusive distributors. The types of distributor can also be classified as direct distributors and indirect distributors.

1. Intensive Distributors

This type of distributor is normally used when the manufacturer / vendor wants to sell their products as quickly as possible through the widest possible channel. Intensive distributors will work with many vendors and usually sell high volumes of goods at lower prices and earn lower margins.

2. Selective Distributors

This type of distribution is where manufacturers

and vendors select specialized distributors who are experienced at distributing their products. Manufacturers / vendors may restrict the number of retailers that a distributor can supply to in order to effectively reach the target market, maintain a high level of service and retain high retail pricing maximizing profit margins for the whole distribution channel.

3. Exclusive Distributors

This type of distributor is used when the manufacturer / vendor has a niche market and product with targeted consumers. There will usually be only one exclusive distributor for each territory.

CONCLUSION

- Wholesalers/retailers/distributors play a significant role in making end products and services available to the required customers.
- Wholesaling is a significant aspect of distribution because of its impact on the economy, its functions in the distribution channel and its relationship with suppliers and customers. In USA, wholesalers generate almost one-fifth of their total revenues from foreign markets.
- Importance of retail marketing cannot be denied for today's manufacturers. Retail stores play an important role in high-level exposure of businesses and widespread distribution of products. In retail stores, retailers get opportunities to interact with customers.
- There are many benefits of using distributors but ultimately the main benefit of using a distributor is that they can sell your products and generate significant income quickly.
- The models for intermediaries (wholesaler/retailer/distributor) adopted by the company (manufacturing as well as services) does not only consider the profit generation, but also the company-customer relationship.

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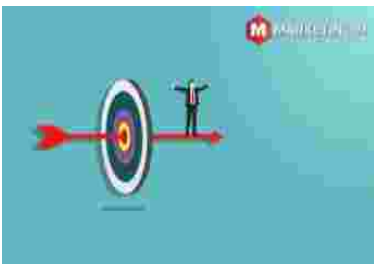
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NEW MARKET PENETRATION STRATEGIES FOR INDUSTRIAL GOODS

16

AKARSH JAIN

MARKET PENETRATION



The main objective behind the market penetration strategy is to launch a product, enter the market as swiftly as possible and finally, capture a sizeable market share.

It is measured by the amount of sales volume of an existing good or service compared to the total target market for that product or service.

INDUSTRIAL GOODS

Industrial goods are raw materials, equipment, or product components required by the busi-

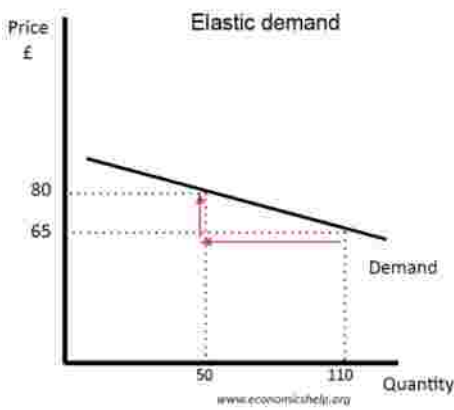
ness for the production or distribution of goods or other services.

Industrial goods range from mineral, agricultural and forestry products to complex electronic equipment. Consumer goods, on the other hand, are tangible commodities that are produced and purchased to satisfy the wants and needs of the buyer.

MARKET PENETRATION TACTICS

➤ Price Adjustment

The strategy of Price Adjustment is by *lowering the price of a product or service* with the aim of increasing sales is a price adjustment tactic.



2. Utilities for new materials
3. The Text - the strength of advertising
4. Involvement of the reader
5. The promise must appear in the title
6. Using graphs and diagrams
7. It is good to mention the price
8. Concentration of forces

➤ Distribution Channel

The strategy of Distribution Channels is one of the most constructive market penetration strategies. This strategy typically involves opening of new distribution channels by focusing on a particular distribution channel.

If selling through retail outlets is your primary channel, then you can learn to gain new channels like telemarketing, e-mail marketing, on-

Penetration Pricing	
Pros	Cons
<ul style="list-style-type: none"> Setting low prices can be a marketing tool raising brand awareness A quick way to gain market share and enter a competitive industry It enables a firm to benefit from economies of scale Overtime, prices can increase and the firm become more profitable. 	<ul style="list-style-type: none"> It might involve selling at a loss for first few months It is risky – if consumers have brand loyalty then may not switch – despite low prices A firm needs to gear up with high output straight from the start It might start a price war with existing firms cutting prices to discourage entry

➤ Augmented Promotion



Promotion is an attempt by marketers to inform, persuade, or remind consumers and B2B users to influence their opinion or elicit a response. Most firms use some form of promotion.

Company goals vary widely, so do promotional strategies.

Advertising is a wonderful tool for increasing brand awareness.

➤ Industrial Advertising

Different techniques of Industrial advertising used are as follows:

1. Use of evidence



line marketing, etc.

Such opening of new distribution channels pave the way for more new channels and thus lead to increased market space and overall profitability.

➤ Improving Products

It is true that to really appeal to your customers, you must improve your product quality. However, sometimes by communicating to them about the better standard of the product itself, can do the trick and no major improvement in the product may be needed.

This is because most consumers are encouraged to buy a product just by its appeal and do not necessarily check whether it proves itself or not.

Thus, only by doing slight adjustments with the product and its packaging you can appeal more strongly and increase your sales revenue.

➤ Upsurge Usage

A very potent method of market penetration is that of increased usage of any product or service.

If a marketing promotion campaign is effectively delivered at a specific area, then it would lead to an upsurge in product use which would thus lead to better market penetration with the increase in sales figures.

If you look at toothpaste brands, they encourage two time use of toothbrush and toothpaste not only because it is hygienic, because toothpaste consumption will happen double fast if brushing is done 2 times in a day.

➤ Knowing Risk and Growth



Most marketers whenever think of growth, think of new launches. However, it is only partially true. Actually, it can be risky too.

When a new product is being launched, there exists the risk of it being successful or not. But, an efficient distribution channel along with a smooth delivery process makes it sure that the product does meet the expectations.

An effective way to do this is to properly communicate with the customers and be sensitive to their requirements and wants.

➤ Create Barriers to Entry



Many firms with superior technology and distinct processes are able to reduce variable costs and earn better gross margins per item sold.

With a substantial share in the market and an efficient marketing process, your business could create a barrier to entry to prevent competitors from coming into your industry. It is crucial to leverage your business's strengths in a correct and just manner.

➤ Be unique and think differently

To overcome the challenges, you need to be more unique and highly innovative in your approach. A repetitive selling strategy would yield unsatisfactory results and hinder your growth potential.

Some actions you could consider to be unique are:

- Educate your customers
- Make purchasing easier
- Widen the distribution network
- Generate referrals from present customers
- Changing product designs

➤ Diversification

The product penetration tactic of diversification entails manufacturing new products for new markets.

The strategy of diversification is usually followed whenever, there is saturation in the current market or when environmental changes such as societal, economic, technological or regulatory make it very hard to generate

new sales in those markets. Examples of diversification are Hospital sectors.

➤ Strategic Alliances



For some organizations, it is difficult due to one or more reasons to enter new markets. To solve such an issue, many of these organizations enter into a kind of strategic alliances with one another to operate in a particular market.

Most common type is the joint venture business, in which each partner business holds an equity position. Eg. Pharmaceutical Sector

ADVANTAGES OF PRACTICING MARKET PENETRATION STRATEGIES

- Swift Growth
- Cost-effectiveness
- Contest Competitors

DISADVANTAGES OF MARKET PENETRATION STRATEGIES

- Unachieved Production Costs
- Missed Chances
- Bad Company Image
- Lack of Results

CONCLUSIONS

Market penetration will be applicable best when we make use of multiple ones together. The increase in reach of your product should be accompanied by a subsequent increase in your promotions. After increasing the promotion, you are bound to grow the product usage and on the other hand, attract competition from your

rivals.

There are multiple factors which lead to the success of market penetration like better inventory management making the costs lower or even making lesser and lesser middleman between customers and the organization.

Market penetration is special independent on the efforts of the marketing and sales department you need to create a buzz in the market and increase the noise level for their products.

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APPLICATION OF STATISTICAL TOOLS IN MANAGERIAL DECISION MAKING



17

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INTRODUCTION

In the ancient times, statistics was regarded only as the science of statecraft and was used to collect information relating to crimes, military strength, population, wealth, etc., for devising military and fiscal policies. But today it embraces almost every sphere of natural and human activity. The word statistics means different things to different folks. To a football fan, statistics are rushing, passing and first down numbers. To the manager of a power station, statistics are the amounts of pollution being released into the atmosphere. To the Food and Drug Administrator, statistics is the likely percentage of undesirable effects in the general population using the new prostate drug. To the community Bank, statistics is the chance that Sarah will repay her loan on time. To the student, statistics are the grades and final exam in the course. The word statistics refers to a special discipline or collection of procedures and principles useful as an aid in gathering and analyzing numerical information for the

purpose of drawing conclusions and making decisions. Therefore, Statistics is the study of the collection, analysis, interpretation and organization of data. It deals with all aspects of data including the planning of data collection in terms of the design of surveys and experiments.

MANAGERIAL DECISION MAKING PROCESS

The five steps involved in managerial decision making process are explained below:

1. Establishing the Objective

The first step in the decision making process is to establish the objective of the enterprise. The important objective of an enterprise is to maximize profits. However, a business firm may have some other objectives such as maximization of sales or growth of the firm.

2. Defining the Problem

The second step in decision making process is one of defining or identifying the problem. Defining the nature of the problem is important because decision making is after all meant for solution of the problem. For instance, enterprise may find that its profits are declining.

3. Identifying Possible Alternative Solutions (i.e. Alternative Courses of Action)

Once the problem has been identified, the next step is to find out alternative solutions to the problem. This will require considering the variables that have an impact on the problem. In this way, relationship among the variables and with the problems has to be established.

In regard to this, various hypotheses can be developed which will become alternative courses for the solution of the problem. For example, in case of the problem mentioned above, if it is identified that the problem of declining profits is due to be use of technologically inefficient and outdated machinery in production.

The two possible solutions of the problem are:

- (1) Updating and replacing only the old machinery.
- (2) Building entirely a new plant equipped with latest machinery.

The choice between these alternative courses of action depends on which will bring about larger increase in profits.

4. Evaluating Alternative Courses of Action

The next step in business decision making is to evaluate the alternative courses of action. This requires the collection and analysis of the relevant data. Some data will be available within the various departments of the firm itself, the

other may be obtained from the industry and government.

5. Implementing the Decision

After the alternative courses of action have been evaluated and optimal course of action selected, the final step is to implement the decision. The implementation of the decision requires constant monitoring so that expected results from the optimal course of action are obtained. Thus, if it is found that expected results are not forthcoming due to the wrong implementation of the decision, then corrective measures should be taken.

STATISTICS IN MANAGEMENT DECISION MAKING

Operating a business of any size is a complex undertaking. In addition to day-to-day responsibilities, your company must engage in long-term planning, develop new products or services, streamline production or delivery and locate new customers while serving existing clients. Running a shop on instinct no longer suffices. Statistics provide managers with more confidence in dealing with uncertainty in spite of the flood of available data, enabling managers to more quickly make smarter decisions and provide more stable leadership to staff relying on them.

Focusing on Big Picture

Statistical analysis of a representative group of consumers can provide a reasonably accurate, cost-effective snapshot of the market with faster and cheaper statistics than attempting a census of very single customer a company may ever deal with. The statistics can also afford leadership an unbiased outlook of the market, to avoid building strategy on uncorroborated presuppositions.

Evidence to Substantiate Positions

Statistics back up assertions. Leaders can find themselves backed into a corner when persuading people to move in a direction or take a risk based on unsubstantiated opinions. Statistics can provide objective goals with stand-alone figures as well as hard evidence to substantiate positions or provide a level of certainty to directions to take the company.

For example, you may find it easier to convince board members of the value of international expansion by providing data on the available market for products in a given country. Break down demographics, average income and competitor products in the country.

Making Connections between Variables

Statistics can point out relationships. A careful review of data can reveal links between two variables, such as specific sales offers and changes in revenue or dissatisfied customers and products purchased. Delving into the data further can provide more specific theories about the connections to test, which can lead to more control over customer satisfaction, repeat purchases and subsequent sales volume. For example, a free gift with purchase offer may drive more sales than a discount period.

Ensuring Product Quality

Anyone who has looked into continuous improvement or quality assurance programs, such as Six Sigma or Lean Manufacturing, understands the necessity for statistics. Statistics provide the means to measure and control production processes to minimize variations, which lead to error or waste, and ensure consistency throughout the process. This saves money by reducing the materials used to make or remake products, as well as materials lost to overage and scrap, plus the cost of honoring

warranties due to shipping defective products.

Additional Considerations when Using Statistics

Know what to measure, and manage the numbers; don't let the numbers do the managing for you, or of you. Before using statistics, know exactly what to ask of the data. Understand what each statistical tool can and can't measure; use several tools that complement one another. For example, don't rely exclusively on an "average," such as a mean rating.

Customers using a five-point scale to rate satisfaction won't give you a 3.84; that may indicate how the audience as a group clustered, but it's also important to understand the width of the spread using standard deviation or which score was used by the greatest number of people, by noting the mode.

STATISTICAL METHODS

Methods adopted as aids in the collection and analysis of numerical information or statistical data for the purpose of drawing conclusions and making decisions are called statistical methods. There are two branches of statistics:

1. Mathematical statistics:

It is a branch of mathematics and is theoretical. It deals with basic theory about how a particular statistical method is developed.

2. Applied statistics:

It uses statistical theory in formulating and solving problems in other subject areas such as economics, sociology, medicine, business, industry, education and psychology.

When analyzing data, it is possible to use the two statistics methodologies, they are:

1. Descriptive statistics: It consists of procedures used to summarize and describe the characteristics of a set of data.

2. Inferential statistics: It consists of procedures used to make inferences about population characteristics on the basis of results.

statistical practices by presenting real world applications from the fields of business.

HOW ARE STATISTICS APPLIED IN MARKETING?

- To identify market trends
- To measure and evaluate the potential and success of marketing programs
- To identify the target market accurately
- To use effective marketing communications channels and tactics to reach it
- To measure customer satisfaction, brand loyalty and support.
- To assess the relationship of the marketer's company with its customers.
- To target buyers for customized promotions or crosssell secondary products on household parameters.

HOW ARE STATISTICS APPLIED IN PRODUCTION?

- To assist in designing, building, improving and ensuring the reliability of a wide variety of manufactured products such as appliances, plastic materials, aircraft engines and locomotives.
- To control the quality of the manufactured products so that it conforms to specifications.
- To provide information to economic indicators about sales, stock, salaries and wages, purchase of goods and services.

CONCLUSION

It is essential for individuals working in managerial environment to have the knowledge and skills to interpret and use statistical techniques in various scenarios. Hence, Methods and applications of statistics in business finance and management science serves as a single, on of a kind resource that guides readers through the use of common

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COMPARATIVE STUDY OF MANAGEMENT STRUCTURES OF DIFFERENT MNCs

18

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INTRODUCTION

The management structure affects business abilities. Analyzing a company's management structure yields information about potential barriers in addressing business issues. Some management structures support rapid change, while others ensure business consistency.

Management structure provides guidance to all employees by laying out the official reporting relationships that govern the workflow of the company. A formal outline of a company's structure makes it easier to add new positions in the company, as well, providing a flexible and ready means for growth.

Without a formal organizational structure, employees may find it difficult to know who they officially report to in different situations and it may become unclear exactly who has the final responsibility for what. Organizational structure improves operational efficiency by providing clarity to employees at all levels of a company. A thoroughly outlined structure can also provide a roadmap for internal promotions; allowing companies to create solid employee ad-

vancement tracks for entry-level workers.

By paying mind to the organizational structure, departments can work more like well-oiled machines, focusing time and energy on productive tasks.

What is management structure?

A managerial structure defines how activities such as task allocation, coordination, and supervision are directed toward the achievement of organizational aims. Organizational structure affects organizational action and provides the foundation on which standard operating procedures and routines rest.

Different types of Management Structures

- Line Structure
- Line and Staff Structure
- Functional management Structure
- Divisional Structure
 - a. Product-Based Divisional Structure

- b. Market-Based Divisional Structure
- c. Geographical Divisional Structure
- d. Process-Based Structure

- Matrix Structure
- Circular Structure
- Flat Structure
- Network Structure

MANAGEMENT STRUCTURE FOLLOWED BY MAJOR MNCS:

1. Microsoft Corporation

Features of Microsoft's Corporate Structure

Microsoft Corporation has a product type divisional organizational

structure. This structure involves divisions that are based on certain computer hardware and software products, or organizational outputs. The following characteristics are significant in Microsoft's organizational structure:



- a) Product type divisions (most dominant structural feature)
- b) Global corporate groups
- c) Geographic segments

a). Product Type Divisions

Product type divisions are the primary characteristic of Microsoft's organizational structure. In this characteristic, the company uses product or output as the main criterion for grouping personnel and related resources. For example, the organization has a self-contained division for Intelligent Cloud products and separate divisions for other products. This structural feature contributes to the company's organizational ca-

capacity for product innovation. The following are the product type divisions in Microsoft's corporate structure:

1. Productivity and Business Processes
2. Intelligent Cloud
3. More Personal Computing
4. Corporate and Other

b). Global Corporate Groups

Global corporate groups are a secondary characteristic that defines Microsoft's organizational structure. These groups are based on the functions essential in the computer technology business. For example, the Human Resources group addresses the company's workforce needs and related concerns. This structural characteristic ensures that the organization functions as a whole. The following are the global corporate groups in Microsoft's organizational structure:

1. Office of the CEO
2. Worldwide Commercial Business
3. Marketing
4. Microsoft Global Sales, Marketing and Operations
5. Corporate Strategy and Operations
6. Microsoft Cloud and Enterprise Group
7. Human Resources
8. Finance
9. Business Development
10. Applications and Services Group
11. Windows and Devices Group
12. Technology and Research
13. Legal

c). Geographic Segments

Microsoft Corporation's corporate structure also involves geographic segments as the least significant characteristic. These segments are used to group operations in the company's financial reports.

2. McDonald's

McDonald's Organizational Structure Type and Features

McDonald's Corporation has a divisional organizational structure. Conceptually, in this structure type, the business organization

is divided into components that are given responsibilities based on operational requirements. Each division handles a specific operational area or set of strategic objectives. One of the aims of this corporate structure is to support autonomy and organizational flexibility in satisfying business needs in different organizational aspects and markets. McDonald's organizational structure has the following characteristics, arranged according to significance in affecting food service business operations:



- a). Global hierarchy
- b). Performance-based divisions
- c). Function-based groups

a). Global Hierarchy

McDonald's Corporation has a global hierarchy to cover all its operations worldwide. This feature of the organizational structure emphasizes corporate control in the context of managerial control and direction. For example, McDonald's CEO directs the activities of all business areas through this structural characteristic. Mandates and directives are passed from the CEO down to middle managers, and to the restaurant managers and personnel in company-owned operations and among franchisees. This feature of McDonald's corporate structure is typical of most global business organizations.

b). Performance-Based Divisions

Performance-based divisions are the most distinct feature of McDonald's corporate structure. Prior to its reorganization on July 1, 2015, McDonald's had the following geographic divisions in its organizational structure: (a) U.S., (b) Europe, (c) Asia/Pacific, (d) Middle East and Africa, and (e) Other Countries & Corporate (OCC) including Canada, Latin America and Corporate. After the reorganization, the company used performance as basis for the new divisions in its organizational structure: (a) U.S., (b) International Lead Markets, (c) High Growth Markets, and (d) Foundational Markets and Corporate. The United States division provides the biggest regional sales revenues to McDonald's. The combinations of international lead markets also represent a major chunk of the company's revenues. The high-growth markets account for a small minority of McDonald's revenues, even though these markets present considerable potential for business growth based on rapid economic development.

c). Function-Based Groups

McDonald's maintains function-based groups in its corporate structure. For example, in corporate operations, the company has a People group for human resource management, and a Supply Chain and Sustainability group for supply chain management and sustainability endeavours. Each group is under the leadership of a corporate executive or senior manager. This organizational structure characteristic enables McDonald's Corporation to address the basic functions in its business. Groups may be added or changed as the company grows and its target markets change.

3. Amazon

Features of Amazon.com's Organizational Structure

Amazon.com Inc. has a functional organizational structure. This structure focuses on business functions as bases for determining the interactions among components of the organization. The following characteristics are the most significant in Amazon's corporate structure:



- a). Global function-based groups (most significant feature)
- b). Global hierarchy
- c). Geographic divisions

a). Global Function-Based Groups

Function-based groups are the strongest characteristic of Amazon's organizational structure. Each major business function has a dedicated group or team, along with a senior manager. The strategic objective in having this structural characteristic is to enable Amazon.com to facilitate successful e-commerce operations management throughout the entire organization. Considering its ongoing global expansion, the company grows through this feature of the corporate structure in terms of ease of establishing operations in new markets, as shown in Amazon.com Inc.'s Generic & Intensive Growth Strategies. The following are the major function-based groups in Amazon's organizational structure:

1. Office of the CEO
2. Business Development
3. Amazon Web Services (AWS)
4. Finance

5. International Consumer Business
6. Accounting
7. Consumer Business
8. Legal and Secretariat

b). Global Hierarchy

Hierarchy is a traditional organizational structural characteristic. In the case of Amazon.com Inc., such characteristic is expressed in terms of a global system of vertical lines of command and authority that influence the online retail firm. For example, senior managers' directives are applied throughout the organization, affecting all relevant offices of the company worldwide. The strategic objective of this feature of the corporate structure is to facilitate managerial control of Amazon's entire organization.

c). Geographic Divisions

Amazon's organizational structure also involves geographic divisions. In this structural characteristic, groups are based on geographic regions and related business goals. For example, Amazon.com Inc. uses geographic divisions to make it easier to manage the e-commerce business based on economic conditions of certain regions. The strategic objective in having this characteristic of the organizational structure is to enable the company to address issues or concerns relevant to each geographic region, considering differences among regional markets.

5. PEPSICO



a). Market Divisions

PepsiCo minimizes deviations from its policies and strategies.

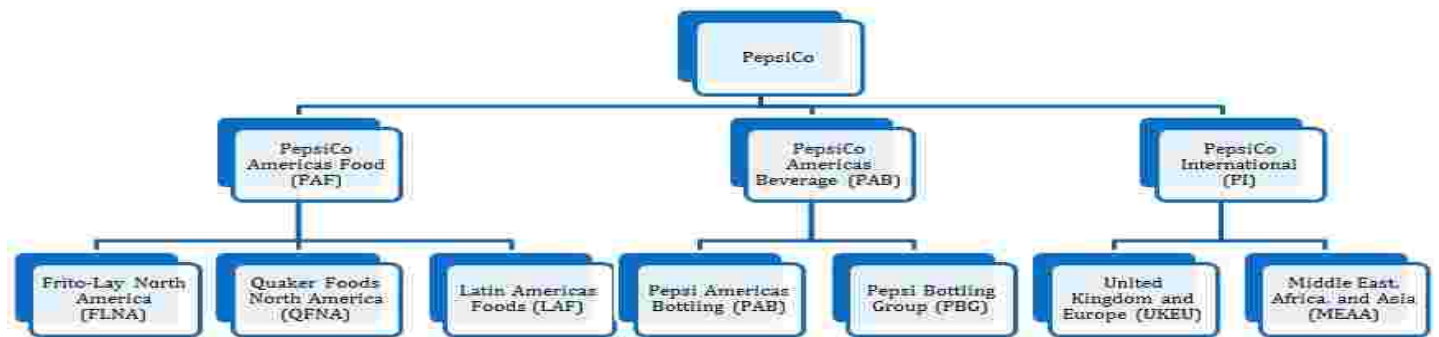
b). Functional corporate groups/offices

This characteristic of PepsiCo's organizational structure refers to basic business functions. The company has global or corporate offices for these functions. PepsiCo's objective in having functional groups is to ensure corporate control and rapid implementation of policies and strategies. An Executive Vice President or Senior Vice President heads each of these groups.

CONCLUSION

Benefits of Management Structure are:

- Streamline Business Operations
- Proper coordination
- Lesser conflicts
- Improve Decision Making
- Operate Multiple Locations
- Improve Employee Performance
- Focus on Customer Service and Sales



Global Categories and Operations

Global Research and Development

Human Resources

Finance

Government Affairs and Legal

Talent Management, Training and Development

Communications

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c). Global Hierarchy

PepsiCo's organizational structure also features a hierarchy that spans the global organization. A hierarchy typically supports monitoring, control and governance at the global/corporate level. PepsiCo has maintained considerable hierarchy for top-down communications, monitoring and control. This characteristic of the organizational structure also provides a means through which

HUMAN RESOURCE MANAGEMENT IN 21ST CENTURY: BEST GLOBAL PRACTICES



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ARPIT SINGH

INTRODUCTION

Human Resource Management discipline extracted its roots from organizational psychology discipline and proved to be an important practice for managing organizations. The role of this practice has emerged to be strategic with due course of time. In an organization, HR has become an important strategic partner and the management of the same has become a challenging task for HR managers. Now a days, the role of human resource management departments has become indispensable for 21st century modern businesses.

What are HR best practices?

Best practices are a set of Human Resources Management processes and actions that work universally. The best practice school argues that there is a set of universal HR processes that leads to superior business performance. There are a large number of best practices that have

organization. If HR executes these practices correctly, they will add substantial value to the business and its goals (a.k.a. implement best practices). These best practices are as:

1. Selective hiring

Commonly used selection instruments are structured and unstructured interviews, IQ tests, personality assessments, work tests, peer assessments, and reference checks. These (pre-employment) assessments are used to uncover three key candidate characteristics.

- **Ability:** Is the person able to do the job? Does the person have the right technical and soft skills? Is the person smart enough to do the job well?
- **Trainability:** Can we train this person to improve his/her skills? Has the person the aptitude to learn and keep developing?
- **Commitment:** Will the person commit to his/her work and to the organization? Will

we be able to retain this person once he/she is up to speed and fully productive?

skills they have learnt. There is a 70:20:10 rule which best describes learning from training:

2. Self-managed teams

A lot of current management thinking focuses on breaking down the traditional hierarchical structure of layers of managers, team leaders, and employees and replacing it with self-managed teams. This means that no individual has total responsibility for a team's performance. Instead, everybody works together to achieve a common goal, with team members taking turns to lead particular projects based on their expertise and experience. Self-managed teams encourage everyone to take responsibility for business success by giving them some personal accountability for team frameworks benefit from higher levels of motivation and morale as they feel more in control of their daily work.



3. Effective training

To keep your employees up to date with the latest developments in their field, continuously improve their skills, and keep them interested, energized, and motivated in their roles, it's essential to provide them with opportunities to learn on an ongoing basis. But training in itself isn't necessarily effective. The employee training needs to be relevant and purposeful for the employee. Additionally, they need to be given an opportunity to practically use the new

70% of learning is from challenging assignments
20% of learning is from developmental relationships
10% of learning is from formal coursework and training

4. 360-degree performance management

The notion of carrying out an annual performance appraisal between managers and employees has been around for a while now. However, this once-a-year meeting in itself isn't enough to encourage real performance improvements. This 360-degree performance management focuses on gathering objective and relevant feedback from a selection of an employee's contacts, including their manager, colleagues, subordinates, and external contacts. It's a useful way of achieving a well-rounded and objective view of performance management from a range of sources. It can help an employee address performance concerns in specific areas, as well as be rewarded for excellent performance in others.



5. Employee feedback mechanisms

Switched-on organizations recognize that feedback works two ways. While providing employees with the right feedback to improve their performance is key, so is allowing staff to give their opinions about the business to drive improvements.



6. Actionable insights

When it comes to making important decisions related to workforce, businesses need data-driven insights. Choosing an HR tool that comes with an inbuilt reporting module enables targeted data analysis to make better informed workforce decisions. Best of all, by harnessing the power of business analytics greatly speeds up ‘time to insight’ and enable real-time actions.



7. Providing security to employees

Employment security enables employees to go home after work and provide for themselves and their families. This concept of security is essential and underpins almost everything HR does. When this employment security is threatened, for example when there is a restructuring or a layoff, you see this immediately ripple through the organization. Employment security also benefits organizations because it helps them retain their people. When employees are laid off, for example, it's usually the organization that pays the price. They are the ones who have invested in the selection, training, and development of these employees.

8. Making information easily accessible to those who need it

Information sharing is essential. Open communication about strategy, financials, and operations creates a culture in which people feel they are trusted. It truly involves employees in the business. As an additional effect, it discourages hear-say and negative informal chatter. Secondly, if you want your people to share their ideas, they need to have an informed understanding of what's going on in the business.

9. Fair and performance-based compensation

Contingent compensation is also a Human Resource best practice. It has everything to do with compensation and benefits. First of all, if you hire the right people, you want to compensate them above average. These are the people that will add the most value to your company so you want to retain them and pay them fairly.

10. Creating a flat and egalitarian organization

This best practice in HR is rooted in the

egalitarian practices of Japanese management. In Japanese organizations, this is expressed with common canteens, company uniforms, and similar sickness and holiday entitlement. Such an egalitarian culture shows that everyone deserves equal respect and could help in promoting the sharing of ideas.

11. Open house discussions

Ideas rule the world. Great organizations recognize, nurture and execute great ideas. Employees are the biggest source of ideas. The only thing that can stop great ideas being implemented in your organization is the lack of an appropriate mechanism to capture ideas. Open house discussions, employee-management meets, suggestion boxes and tools such as Critical Incidents Diaries can help identify and develop talent.

12. Conflict management and resolution

21st century has brought with it long working hours, high level of competition, pressure to attain targets etc. which is known to have stress and conflicts among organizational employees. The HR managers need to find methods for coping up with conflict timely. They have to act as a mediator and must quickly respond to the conflict before it results into a drastic damage to an organization.

13. Striking work life balance

This concept is gaining a lot of attention these days. Due to tough competition in the market place, the workload is increasing day by day and this leads to various problems of health and high stress among workforce. It is a responsibility of the manager to make a segregating line between work and leisure activities. People often quit jobs if they do not find appropriate balance between personal lives and professional

obligations. Hence the manager has to work to avoid such scenario and they need to help



employees in finding right work life balance.

14. Strategies for motivation & Retention

In the recent scenario, when there is no dearth of opportunities, it has become a great challenge to stop people from looking for new place to work. It has been noticed that the organizations have opened doors to make worldwide hiring; hence it is important for HR managers to design better policies for retention. We understand that all human beings are different from each other and the employers have to have different ways for motivating and keeping the talent. Financial benefits are no longer considered to be a tool for retaining employee. Every organization has to adopt new and latest ways for satisfying its people, this will help to control the rate of turnover.

CONCLUSION:

This text describes the Human Resource best practices, from hiring and training to offering job security and the creation of an open culture in which people can share knowledge and ideas. When implemented, these best practices form the basis of good Human Resource Management. However, implementation alone isn't enough. These best practices also need

to align with what the rest of the business is doing. From the viewpoint of 21st century HRM emergence, the globalization has many implications for the firms that may entail the diversity of cultures. The HRM in today's era has to mount the expertise, mind set and capabilities that are needed to gain competitive edge on global scale. It is recommended that organizations must put efforts to align their HR processes efficiently with organizational goal on broader perspective. Last but not the least, HR must be on a continuous look out for creativity and innovation as it is known to be the key to success.

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ISO CERTIFICATIONS: DO THEY BENEFIT ANYONE?



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LOKESH MANRAL

ABSTRACT

ISO Standards are known worldwide for the industrial and economic regulations. But there is always a question of their effectiveness and cost-benefit values. Since the certification requires a stricter degree of control over the process, which in turn increases the cost to some degree, but these costs may or may not get compensated in the long run with the reduced wastages, better efficiency and increased compliances to environmental considerations. This article is thus an analysis to find out how these standards help and in which area the concerns lie.

INTRODUCTION

The International Organization for Standardization (ISO) is an international standard-setting body composed of representatives from various national standards organizations. Founded on 23 February 1947, the organization promotes

worldwide proprietary, industrial, and commercial standards. It is headquartered in Geneva, Switzerland, and works in 164 countries. ISO is a voluntary organization whose members are recognized authorities on standards, each one representing one country. Members meet annually at a General Assembly to discuss the strategic objectives of ISO. The organization is coordinated by a central secretariat based in Geneva.

Some Important ISO standards:

- ISO 9000 - Quality Management: Guides companies and equip them with the necessary tools to continuously improve quality.
- ISO / IEC 27000 - Information Security Management System: Helps organisations manage the security of assets such as

intellectual property, financial and employee data, and information held in trust for third parties.

- ISO 14000 – Environmental Management: These standards use tools such as audits, communications, life-cycle analysis and environmental challenges.
- ISO 31000: 2018 - Risk Management: It offers guidance to organisations for internal and external audit programs, and enables organisations to achieve objectives in an uncertain environment by facilitating the identification of opportunities and threats.
- ISO 50001: 2018 - Energy Management: This aims to reduce an organisation's energy footprint by minimising greenhouse gas emissions.
- ISO 26000: 2010 - Social Responsibility: Though organisations cannot be certified to ISO 26000, the standard provides guidance on how organisations can embrace social responsibility.
- ISO 28000: 2007 – Security Management Systems for the Supply Chain: It is applicable to all types of organisations and provides guidance on all activities controlled by companies that affect supply chain security.

PROCESS OF DEVELOPING ISO STANDARDS

According to official page of ISO, “Like a symphony, it takes a lot of people working together to develop a standard. ISO’s role is similar to that of a conductor, while the orchestra is made up of independent technical experts nominated by our members.”

They begin the process with the development of a draft which is then shared for commenting and further discussion.

The voting process is the key to consensus. From first proposal to final publication, developing a standard usually takes about 3 years.

BENEFITS OF STANDARDS:

Better business, better regulation, better products and services are said benefits of having standards.

- ISO and Small & Medium Enterprises: For small to medium sized enterprises (SMEs), standards can help to:
 - Build customer confidence that their products are safe and reliable.
 - Meet regulation requirements, at a lower cost.
 - Reduce costs across all aspects of your business.
 - Gain market access across the world.
- Standards as a road-map to better regulation: ISO standards provide a strong basis that can be applied in the development of national and international regulation. Not only do they help save time, they also help in reducing barriers to international trade.
- Safety, quality and value for money for consumers: ISO International Standards touch everyone. From enabling us to use our bank card overseas to ensuring that child’s toys don’t have sharp edges, they are used everywhere.

Stage code	Stage	Associated document name
00	Preliminary	Preliminary work item
10	Proposal	New work item proposal
20	Preparatory	Working draft or drafts
30	Committee	Committee draft or drafts
40	Enquiry	Enquiry draft
50	Approval	Final draft
60	Publication	International Standard
90	Review	
95	Withdrawal	

CRITICISM AND LAMENTS

With the exception of a small number of isolated standards, normally ISO standards are not available free of charge but for a purchase fee, which has been seen by some as unaffordable by small open source projects.

Although ISO 9000 has widespread international acceptance, the benefits achieved from the systems are surrounded by many controversies and disagreements.

DETAILED ANALYSIS

Any changes required in a system demands a rational analysis before implementing it. Change, just for the sake of it, is never good. But some key concepts should be noted beforehand. These are:

- ISO is not a regulator, inspector or manager and is not involved in the certification process for any of its standards.
- Whether ISO certification actually improves quality depends on what organizations do after the certification rather than before or during.

BENEFITS OF ISO

- **Greater Efficiency and Consistency:** Improving the efficiency and consistency of your management processes makes it easy to provide high-quality service to your customers.
- **Increased Control:** ISO certification requires a high level of documentation that allows businesses to have a greater understanding of its processes
- **Establish a Results-Oriented Approach:** It allows to identify those areas within processes that must be improved to increase customer satisfaction levels.
- More efficient delivery of products.
- Reduction in errors, resulting in reduced

waste.

- Improved environmental performance of supply chain.
- Compliance with legislation and regulations.
- Reduced costs.
- Increased business – both new and existing.
- More cost-effective and efficient processing, substitution, recycling and disposal of by-products and waste.
- Minimizes hazardous and non-hazardous waste.
- Competitive marketing tools to demonstrate to customers that the company is committed to “Green” standards.
- Profits from marketing “green” products.
- Finally, the government can benefit greatly from ISO standards which can be used to support public policy by getting expert opinion and also opening up world trade.

Intangible Benefits

- Improved employee morale of environmentally conscious employees. By engaging the employees in a group effort to reduce carbon footprint, they get more focused and involved, increasing productivity.
- Increased environmental awareness amongst the entire workforce.
- Best practice management controls the green-house effect of business activities.
- Improve industry-government relations.
- Possible marketing advantage with the recognition that comes with being among those businesses that care enough to reduce their environmental footprint.
- Conformity to international standards.
- Enhance the company’s image and improve the green credentials within the community such as regulators, associates, and the local community
- Attracts customers who are actively interested in the environmental performance

of the company, they are buying from.

- By showing care and concern for the environment around it, it is demonstrated that the company is a pro-active and aware organization that is serious about its social responsibility.

DRAWBACK AND CRITICISM OF ISO STANDARDS

- **Too Expensive for Some Companies:** The cost of getting ISO-9001 certified is often limited to those businesses that can afford it. Also, many large organizations require certification, which further limits smaller businesses.
- **Lack of Improvement in Customer Satisfaction:** Many businesses acquire certification and see no benefit. But that's only because they fail to apply the standards of ISO. Certification doesn't guarantee results – only the ongoing maintenance of quality standards will lead to long-term results.
- **The Need for Greater Accountability:** ISO only has standards in place for certification, but accreditation of those organizations that provide the certification still needs to be improved.
- **Safety:** In 2010, Chinese organizations held a total of 297,037 ISO 9001 certifications. This is more than twice the number of the country that came in second (Italy with 138,892) and over 10 times more than the U.S. (25,101). Yet Chinese companies have their challenges, too. This begs the question: certified for what?
- In short, there doesn't appear to be a correlation between ISO 9001 certification and quality and safety of individual products.

CONCLUSION

Experts agree that the most important component to ISO improvements should be attitudes within the company. Unless there is a change in the company culture, it will not work. Another obstacle to ISO certification is the silent resistance to change-the “we’ve always done it this way” attitude. The biggest mistake companies make is shoving the requirements down employees’ throats. Instead, companies should offer a training and awareness program to get people involved. “The good organizations are the ones that make the standard fit the company, not the company fit the standards,”

For ISO naysayers, Robert King, president of ANSI-ASQ National Accreditation Board (ANAB, Milwaukee, WI) says, “It’s your business process. If it’s not working, look closer to home. For a system that works everybody has to be interested in making sure that every certificate means something.”

So, from the above points, it can be seen that ISO standards alone won't do any good to the organisations but the zeal to improve of the top management is also a factor. Nobody can ensure that quality will be improved just by the certification, but pro-active steps are also required.

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MANPOWER ATTRITION PROBLEM IN 21ST CENTURY ORGANISATION



PREMPAL SINGH

ATTRITION

A reduction in the number of employees through retirement, resignation or death refers to attrition. In the best of worlds, employees would love their jobs, like their co-workers, work hard for their employers, get paid well for their work, have ample chances for the advancement, and the flexible schedules so they could attend to personal or family needs as and when necessary. But then there's the real world in which employees do leave. Attrition measures the amount of recurring revenue lost during a particular time frame, expressed on a monthly/annualized basis.

PRIMARY TYPES OF ATTRITION

- Voluntary – initiated by the employee (e.g., resignation, retirement, transfer). Can occur due to employees' dissatisfaction, better opportunities, economic considerations, life changes, etc.
- Involuntary – initiated by TSA (termination, removal). Some level of involuntary attrition is necessary and signifies manage-

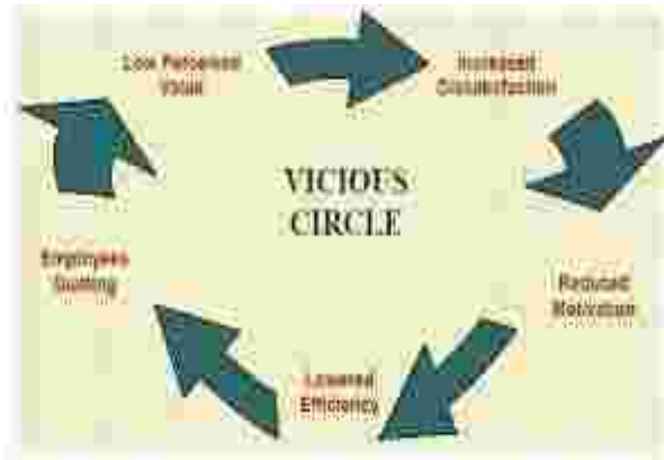
ment of poor performance (e.g., termination during initial probationary period)

Attrition is a phenomenon affecting any business organization in the industry. Over the past few years, organizations have taken an increased interest in aligning their HR practices to their business goals. Managing a highly discerning and independent workforce has thrown up exciting challenges. Attrition is a dynamic that impacts business performance in more ways than the usually perceived Human Resource development angle. It is an issue which gives rise to questions like Organizational health, morale and motivation and leads up to very tangible aspects such as shareholder return and value.

Low perceived value stands out as the most significant factor for attrition. Increased dissatisfaction leads to reduced motivation, which in turn results in lowered efficiency. When the efficiency is lowered, employees are not able to deliver their expected output which results in their leaving the job. When employees quit, the perceived value is further lowered. Thus a

vicious circle is formed.

VICIOUS CIRCLE OF ATTRITION



While organizations lament the challenges that they have to constantly encounter as a consequence of employee turnover, the truth is that all attrition is actually not detrimental for an organization. Some attrition is indeed desirable and necessary for organizational growth and development. There are some people who have a negative and demoralizing influence on the work culture and team spirit. It benefits the organization when these employees leave. The cost of attrition can be computed with recruitment cost, productivity loss till replacement, training cost and cost of new hire and loss of sales. The business impact of good and bad attrition can be felt in both tangible and intangible ways. The tangible aspects are: -

- Loss of knowledge capital
- Delay in execution of projects / assignments
- Loss of production
- Increasing cost of recruitment

On the intangible front, it would result in: -

- Impact on employer brand
- Burden and burn-out on existing employees
- Internal information and knowledge is

being shared outside

- Existing team also gets de-focused / de-motivated for sometime

FACTORS AFFECTING ATTRITION

There are various factors that affect an individual's decision to leave a job. While an employee's leaving the job is considered attrition by one organization, it is looked at as talent acquisition by the new organization and to the individual it means a career move, economic growth and enhanced quality of life etc. Hence, what is a problem for one may be an opportunity for another?

There can be various reasons for people leaving their current jobs:

Career Aspirations:

It is but natural in a growing society and growing economy that employees at all levels aspire to build their career.

Comparisons & Equity Considerations:

Comparisons with peers or classmates from the same college, batch, age group, organization, first job, city, etc. are numerous dimensions on which similarities can be picked up and compared. Individuals today are flooded with such comparisons. Business magazines, compensation surveys by consultants and MNC companies have only aggravated this situation and enhanced comparisons.

Parental And Family Mobility:

Need for being close with the family, spouse, children, parents etc. at different stages of one's life to fulfil different types of affiliation needs prompt a few people to leave their jobs and

move from one city to another.

Personality Factors:

Some people have a high need for variety. They get bored and fatigued easily. They waste others time discussing organizational politics and polluting the atmosphere. Some people are constantly searching and seeking. Some may have a different motivation or value profile which may not be matched by the current job or the company and hence the decision to leave.

Job Related Factors:

These factors may be intrinsic and job related or extrinsic and job related. Intrinsic factors are the factors related to the characteristic of the job. These are in plenty in BPOs where the work conditions (night work, work at odd hours, the nature of clients to deal with, etc) pose difficulties. Extrinsic factors are factors like role clarity, independence and autonomy, bad boss, wrong chemistry of the team, work conditions that can be changed easily, lack of respect shown to the individuals, etc. A large number of the extrinsic factors can be controlled.

Economic Factors:

This deal with the aspirations in relation to salary and perks, housing, quality of living, need for savings etc.

STEPS TO REDUCE ATTRITION

- Focus on Exit-interviews
- Compliment and Thanking employees for their valuable contribution. Recognize and celebrate their success.
- Setting up a feedback mechanism to maintain consistency in performance and high

motivation levels.

- Give them job security
- Providing opportunities of learning by constantly upgrading the skills of employees
- Paying attention to employees personal needs and participation
- Communicate goals, roles and responsibilities so that people know what is expected from them.
- Feeling valued by their managers or superior in the workplace is a key to high employee motivation and morale.
- Treat the employees well & provide a dignity of job.

STRATEGIES FOR RETENTION

1. Fostering a Culture of Management Concern – Companies today must show an interest in helping people develop to their fullest potential. In addition to reducing bureaucracy, high performing, high-tech companies provide freedom in scheduled hours, and lifestyle choices.
 2. Providing Relevant Training– Companies should think of training as career development.
 3. Job Enlargement – Don't lock people into positions because they're "so good at it." Managers must continually ask: "What's the next step for this employee?"
 4. Rewarding Managers – Many companies say they value people and train their management team to cope with people issues. Yet these same managers are too often rewarded solely on their technical skills and financial results.
 5. Strengthening the Team – Marginal performers in management must be weeded out.
 6. Clearly identify the people you want to keep - In recent years, many executives have focused on whom they should get rid of rather than on whom they should keep. Unfortunately, those who decide to leave are often high-impact performers who can find other work quickly.
- To retain top talent in the future, executives will

need to clearly identify, develop, involve, and recognize key people. Traditional compensation plans must be challenged, needless bureaucracy eliminated, and growth opportunities provided. Executives who create a dynamic, new human resource model will retain the high-knowledge talent needed to succeed in tomorrow's globally competitive environment.

MODERN CONCEPTS AND PRACTICES RELATED TO SCM AND ERP

22

SAURABH SINGH

ERP

Enterprise resource planning provides an efficient way to manage ones resources to get maximum out of them. Increasing size and complexity makes it very difficult for a human to manage and optimize resources usage and plan out strategy for the organization. Here comes the need for a plan which is provided by ERP. ERP is mostly a software service for different organization. ERP is the improvement over its predecessors: MRP and MRP II. We need to understand all this in steps.

Material requirements planning (MRP) is a computer-based inventory management system designed to improve productivity for businesses. Companies use material requirements-planning systems to estimate quantities of raw materials and schedule their deliveries. Data used by MRP is mainly BOM, Production Plan, Inventory status, order status, lead time. MRP basically tells what, how much and when.

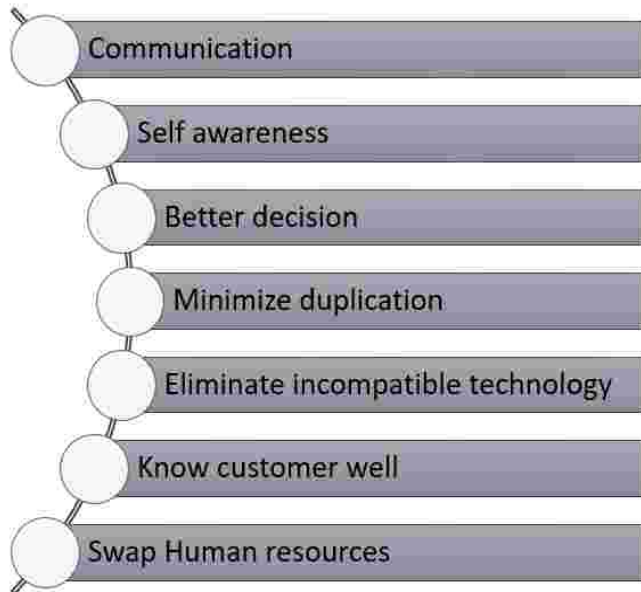
Manufacturing Resource Planning (MRP II) is an integrated information system used by businesses. Manufacturing Resource Planning (MRP II) evolved from early Materials Requirement Planning (MRP) systems by includi-

ng the integration of additional data, such as employee, financial needs, sales, marketing, finance and HR.

Enterprise resource planning (ERP) is a process used by companies to manage and integrate the important parts of their businesses. Many ERP software applications are important to companies because they help them implement resource planning by integrating all of the processes needed to run their companies with a single system. An ERP software system can also integrate planning, purchasing inventory, sales, marketing, finance, human resources, and more.



ERP leads to:

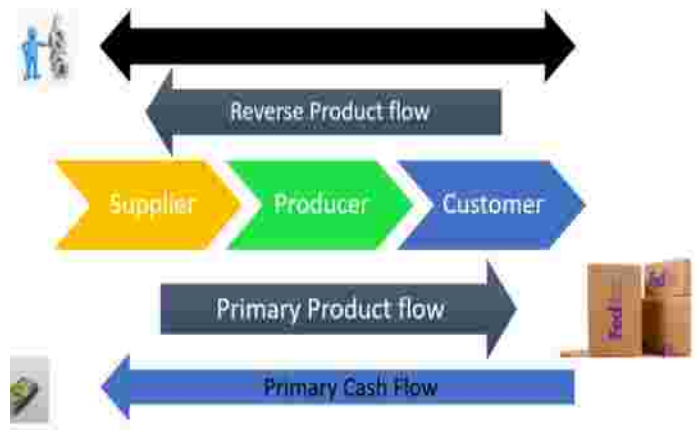


Recent Developments in ERP

Cloud based	<ul style="list-style-type: none">•Cost Saving•Scalability•Rapid responsiveness•Usability
Align with the business technology innovation	<ul style="list-style-type: none">•Social collaboration•Data based decision making
Greater fit	<ul style="list-style-type: none">•Size•Geography

SCM

Supply chain management is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.



SCM represents an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production to product development to the information systems needed to direct these undertakings.

SCM includes flow of material from and back → Producer → Distributor → Retailer → Customer. It involves flow of information, cash and material.

INTEGRATION OF SUPPLY CHAIN MANAGEMENT: HORIZONTAL AND VERTICAL

Horizontal integration involves any moves related to the same “level” of the chain as the organization making them. Integration could include merging with or purchasing firms that supply similar products, such as a central processing unit (CPU) manufacturer buying another in order to serve a larger swath of the CPU market. This type of relationship could help the firm gain many more customers, and give them greater control over the price and supply of CPUs.

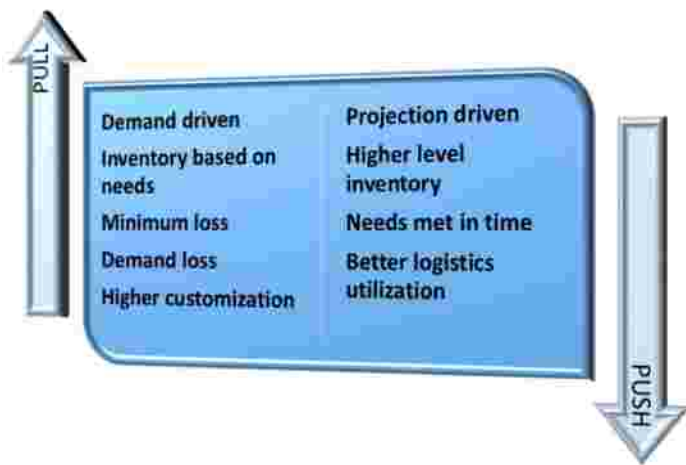
Vertical integration refers to any moves that include different levels of the chain. It could involve merging or buying out a link ahead of or before your organization, or possibly developing your own capabilities for handling

the entire supply chain, front to back. For example, if the CPU manufacturer mentioned earlier also purchased a Smartphone product development firm, they would control more levels of their supply chain - the major parts and the product. This type of acquisition could gain the firm greater control over their costs, net them a larger share of profits, and reduce waste and time spent in production.

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SCM STRATEGY



WAYS THAT ARE IMPROVING SCM

Ways that helps improve SCM.....



CORPORATE SOCIAL RESPONSIBILITY – CAN THEY FILL UP THE GAPS LEFT BY THE STATE ORGANS

23

GANESH DOND

Over the years Corporate Social Responsibility (CSR), a concept comparatively new to India, is rapidly picking up pace. CSR has become a fundamental business practice and has gained much attention from the management of large international companies. It facilitates the alignment of business operations with social values. India is the first country to legislate the CSR and make it mandatory for the companies to spend 2% of their profit on CSR. The companies act, 2013 provides the basis for CSR and gives list of activities that can be undertaken. Hindustan Unilever's Project Shakti gives a glimmer of hope that through CSR both the company and the people can benefit. The companies like TATA Group are very aggressive and ethical in their CSR activities.

1. INTRODUCTION

Corporate Social Responsibility (CSR),
According to United Nations Industrial Devel-

opment Organization (UNIDO), CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line-Approach"), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that. A properly implemented CSR concept can bring along a variety of competitive advantages, such as enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base,

improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

2. CSR IN INDIA

In India, the ethical model promoted by Mahatma Gandhi during 1930s is well known which stated the role of family-run-businesses conducting social and economic activities. This was followed by the Statist model propounded by the first prime minister of India Jawaharlal Nehru. In this model, state-driven policies included state ownership and extensive corporate regulation and administration. Earlier, CSR was being seen as part of corporate philanthropy in which corporations augment the social development to support the initiatives of the government. However with time, the scenario of CSR has changed from being philanthropic to being socially responsible to multi stakeholders. The period of 1960s and 1970s saw an emergence of CSR activities being inbuilt in corporate philanthropy. For Indian businesses CSR can be a source of opportunity, innovation, and competitive advantage while at the same time providing with the opportunity to actively contribute to the sustainable development. Organizations in India have been quite sensible in taking up CSR initiatives and integrating them in their business processes. It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large.

2.1. CSR Provisions in the Companies Act, 2013: Section 135 of the companies act, 2013 states the applicability and policies of Corporate Social Responsibility (CSR).

2.1.1. Applicability: Section 135 of the

Companies Act provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) Turnover of the company to be Rs 1000 crore or more; (c) Net profit of the company to be Rs 5 crore or more. Further as per the CSR Rules, the provisions of CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India.

2.1.2. CSR Committee and Policy:

Every qualifying company requires spending of at least 2% of its average net profit for the immediately preceding 3 financial years on CSR activities. Further, the qualifying company will be required to constitute a committee (CSR Committee) of the Board of Directors (Board) consisting of 3 or more directors. The CSR Committee shall formulate and recommend to the Board, a policy which shall indicate the activities to be undertaken (CSR Policy); recommend the amount of expenditure to be incurred on the activities referred and monitor the CSR Policy of the company. The Board shall take into account the recommendations made by the CSR Committee and approve the CSR Policy of the company.

2.1.3. Activities under Schedule VII: The activities that can be done by the company to achieve its CSR obligations include eradicating extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, reducing child mortality and improving maternal health, combating human immunodeficiency virus, acquired, immune deficiency syndrome, malaria and other diseases, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic

development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and such other matters as may be prescribed.

2.1.5. CSR amendments under the Companies (Amendment) Act, 2019:

Until now, if a company was unable to fully spend its CSR funds in a given year, it could carry the amount forward and spend it in the next fiscal, in addition to the money allotted for that year. The CSR amendments introduced under the Act now require companies to deposit the unspent CSR funds into a fund prescribed under Schedule VII of the Act within the end of the fiscal year. This amount must be utilized within three years from the date of transfer, failing which the fund must be deposited in to one of the specified funds.

The new law prescribes for a monetary penalty as well as imprisonment in case of non-compliance. The penalty ranges from Rs 50,000 to Rs 2.5 million whereas the defaulting officer of the company may be liable to imprisonment for up to three years, or a fine up to Rs 500,000, or both. The government, however, is reviewing these rules after the industry objected to the strict provisions, especially with respect to the jail terms for CSR violations, and is yet to operationalize them.

3. CSR IN INDIA: SOME EXAMPLES OF CORPORATIONS

1) TATA Group: The Tata Group in India carries out different CSR projects, a large portion of which are network improvement and poverty alleviation programs. Through self-help gatherings, it is engaged in women empowerment activities, income generation, country network development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous establishments.

The gathering likewise engages in healthcare projects, for example, assistance of youngster education, vaccination and creation of awareness of AIDS. Other areas include economic empowerment through agriculture programs, environment protection, giving game scholarships, and infrastructure development, for example, healing centers, research centers, educational establishments, sports academy, and social centers.

2) Procter and Gamble India Limited:

P&G (Procter and Gamble) had initiated a social development and education program in India called “Shiksha” which aimed at advancing the education among children in rustic areas at affordable expenses. P&G started contributing a fixed sum from the sale of its items to the children education finance for country areas. Till date, it has spent more than Rs. 24 Crores on Shiksha programme; and the sum is increasing every year to benefit the poor children and promote school education among them.

3) Oil & Natural Gas Corporation: It offers community-based health care services in rural areas through 30 Mobile Medicare Units (MMUs). The ONGC-Eastern Swamp Deer Conservation Project works to protect the rare species of Easter Swamp Deer at the Kaziranga National Park in Assam. ONGC also supports education and women empowerment. ONGC spent nearly Rs 587 crore on CSR in the financial year 2018-19.

4) Indian Oil Corporation Ltd: It runs the Indian Oil Foundation (IOF), a non-profit trust, which works for the preservation and promotion of the country’s heritage. IOCL also offers 150 sports scholarships every year to promising youngsters. Some of its other initiatives lie in the domains of clean drinking water, education, hospitals and health care. IOCL spent nearly Rs

468 crore on CSR in the financial year 2018-19.

5) HUL's Project Shakti: Hindustan Unilever's Project Shakti ("empowerment") started in 2001 in India provides a good example of successful CSR strategies. Instead of using its customary wholesaler-to-retailer distribution model to reach remote villages, the company recruits village women, provides them with access to microfinance loans, and trains them in selling soaps, detergents, and other products door-to-door. More than 1.2 lakh women entrepreneurs now participate, nearly doubling their household incomes, on average, while increasing rural access to hygiene products and thus contributing to public health. These social gains have been met by business gains for the company: As of 2012 Project Shakti had achieved more than \$100 million in sales. Its success has led Unilever to roll out similar programs in other parts of the world.

4. SHOULD CSR FILL THE GOVERNANCE AND DEVELOPMENT GAPS?

There is a growing concern that as governments of many developing countries are failing to deliver promises to improve living conditions of their people, corporations are expected to use their Corporate Social Responsibility (CSR) strategies to fill the gaps. Such proponents of CSR see it as 'an alternative to government' that is frequently advocated as a means of filling gaps in governance which have arisen with the acceleration of global economic liberalization. A survey by the World Business Council for Sustainable Development (WBCSD 2000) illustrates this perspective: when asked how CSR should be defined, respondents in Ghana stressed that 'building local capacity' and 'filling in when government falls short' should potentially be the role of CSR in

socio-economic development. In CSR and development discourse, it is generally accepted that Multinational Enterprises (MNEs) have the potential to bring economic development to poorer countries where they operate. In fact, in some cases MNEs are bigger and more stable than the countries they are operating in. MNEs have the political and economic power to influence the domestic and international policies of their host nations. This makes the nature and impact of their operations very significant – and creates the potential to positively shape the lives of millions of people

There are also serious questions about the dependencies this governance-gap approach to CSR creates, especially where communities become reliant for their social services on companies – whose primary accountability is to their shareholders. Hence, multinationals may cut expenditure or disinvest from a region if the economics dictate that they will be more profitable elsewhere. In addition to being encouraged to step-in where once only governments acted, that companies enter the arena of citizenship – especially where government has not as yet administered citizenship rights; for example, financing the schooling of child labourers in the absence of legislation requiring this.

5. CONCLUSION:

The CSR ambit is getting bigger and for upcoming years it would turn as a unique knowledge base for analyzing and achieving sustainability goals as among various large economies India is a country which has assured by mandating CSR through its legislative action. While there are a number of gaps left by state organs, CSR tends to fill gaps in effective ways to ensure that the vulnerable people have access to those facilities such as education and health care. At the same time, government must not abdicate its duty to provide basic facilities to the people and depend wholly on CSR

activities. Also, the government interference in deciding what activities are to be undertaken by CSR should be minimum. The companies act, 2013 is a good initiative to streamline the CSR.

Finally, it very well may be said that CSR is working in its own particular manner however there is a pivotal need of having the attention on untouched areas of society which are necessary for an inclusive and sustainable development and development of Indian economy. There can't be one answer for such problems of the economy yet everyone needs to work in coordinated effort towards the balanced development of India. CSR can fill up the gaps left by state organs to a certain extent, but its government's duty to bridge that gap more and more.

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STRATEGIES INDIA CAN ADAPT TO BECOME SECOND GLOBAL ECONOMY

RITESH KUMAR

24

Before colonization of India by British, India was the largest economy in the world for most of the two millennia from the 1st until 19th century. Indian economy is characterized as a developing market economy. India is the world's fifth-largest economy by nominal GDP (Market Exchange Rate) and the third-largest by purchasing power parity (PPP) in 2019. After Independence in 1947, until almost all governments adopted economic policy of protectionism with extensive involvement of state rules and regulations. Before 1991 there was an acute balance of payments crisis which led to liberalization of Indian economy. This liberalization privatization and globalization (LPG) accelerated the Indian economy. Since then after the start of 21st century, annual average GDP growth has been 7%. India was the world's fastest growing major economy, surpassing China.

India's youthful and aspirational population deserves a rapid transformation of the economy, which can deliver double-digit growth, jobs and prosperity to all. To meet the rising aspirations of our young population, India needs to achieve

and sustain a high rate of GDP growth for the next three decades. A surge of energy, untiring effort and an unshakeable resolve on the part of the government, private sector and every individual citizen can achieve this transformation.

Development must become a mass movement, in which every Indian recognizes her role and also experiences the tangible benefits accruing to her in the form of better ease of living. Collective effort and resolve will ensure that we achieve a New India by 2050. The direct implication of ensuring rapid growth with inclusion is that policymaking will have to be rooted in Indian ground realities and emphasize the welfare of all in both design and implementation.

To become second global economy by 2050, India need to have clear objectives in diverse areas that recognize the progress already made; and challenges that remain; identify binding constraints in specific sectors; and suggest the way forward for achieving the stated objectives. All important sectors for economic growth have been segregated into three sections i.e. **drivers, infrastructure, inclusion and governance.**

The **first section** on drivers focuses on the en-

gines of economic performance – in macroeconomic terms with chapters on growth and employment. The section also discusses strategies for the doubling of farmers’ incomes; boosting Make in India; upgrading the science, technology and innovation eco-system; and promoting sunrise sectors like fintech and tourism. An average annual rate of real GDP growth of 6% by 2050 is essential for generating sufficient jobs and achieving prosperity for all

The **second section** on infrastructure deals with the physical foundations of growth. A lot of progress has been made across all infrastructure sectors. This is crucial to enhancing the competitiveness of Indian business as also ensuring the citizens’ ease of living. The section on inclusion deals with the urgent task of investing in the capabilities of all of India’s citizens. The three themes in this section revolve around the various dimensions of health, education and mainstreaming of traditionally marginalized sections of the population.

The **final section** on governance delves deep into how the tasks/business of government can be streamlined and reformed to achieve better outcomes. It involves a sharp focus on ensuring accountability and a shift to performance-based evaluation. . The government shall revamp its data systems and analysis so that all policy interventions and decision-making are based on evidence and real-time data. This will yield efficient and targeted delivery of services and justice to those who need them the most.

According to PwC report, projected average annual real GDP growth rates for the BRICS, the US, the UK, the EU and the world over the period to 2020 and in the following three decades is shown in figure 1. It shows that china economic growth rate could moderate after 2020. There shall be consistent economic development in India in next three decades because of young population and greater scope for catch-up growth. However India will also likely to see some moderation in the longer

term.

Today’s advanced economies will continue to have higher average incomes, but emerging economies like India should make good progress towards closing this gap by 2050. This will open up great opportunities for businesses prepared to make long-term investments in these markets and also help India to become second global economy.

Figure 1. Projected growth profiles for major economies – Regression to the mean

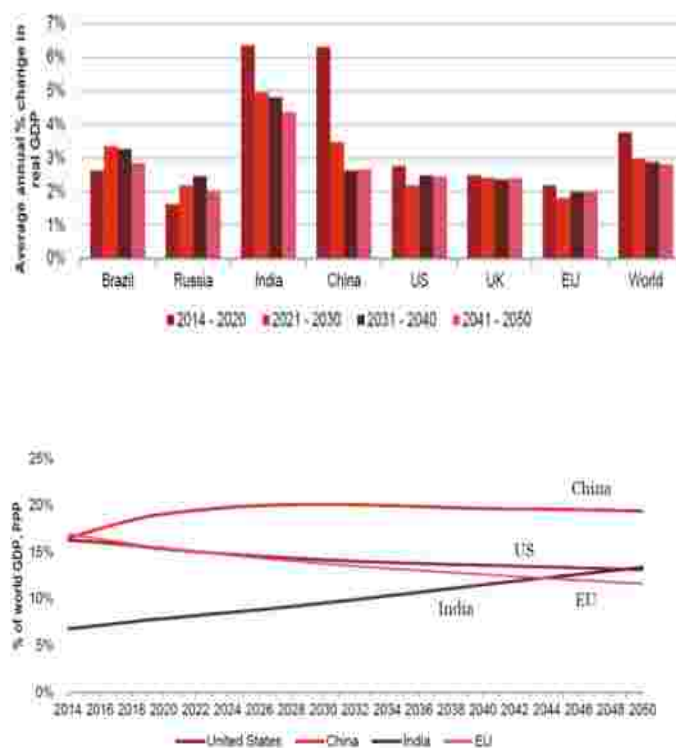


Figure 2. Key economies’ share of world GDP in PPP terms

To realize this growth potential, government of India need to implement structural reforms to improve macroeconomic stability, diversify their economies away from undue reliance on natural resources (where this is currently the case), and develop more effective political and legal institutions.

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CAN INDIAN AND CHINESE ECONOMIES HAVE WIN –WIN RELATIONS IN FUTURE?

25

VIPUL BAJPAI

INDIA-CHINA TRADE

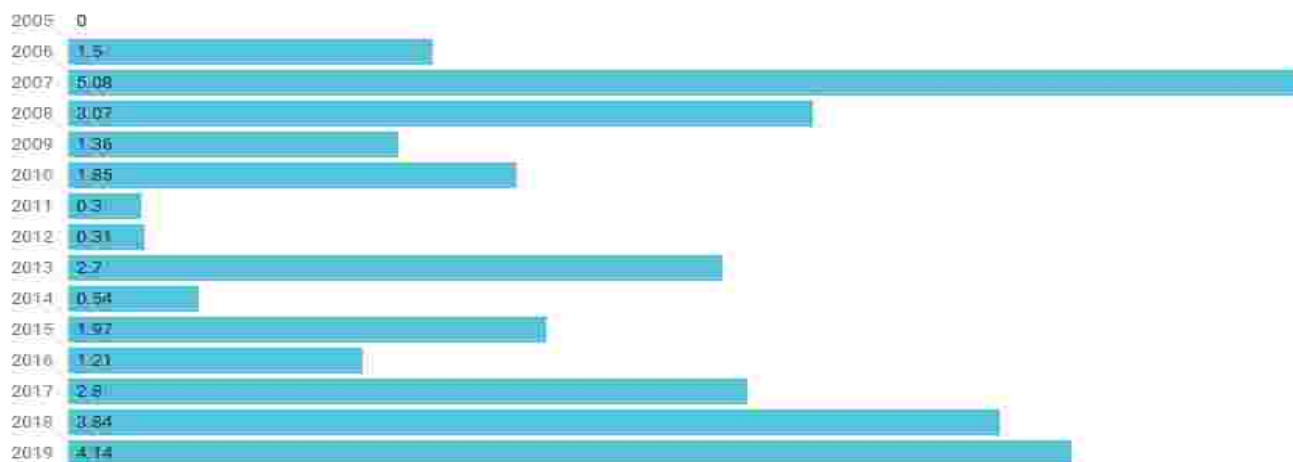


As border tensions between India and China have flared up with the deadliest clash in more than four decades, leaving at least 20 Indian soldiers dead, there have been calls for boycotting goods imported from the neighboring nation. Panicky restrictions look defensible in the short run and ridiculous in the longer run. That, however, won't be easy because the two economies are intertwined. China is Asia's largest economy and the world's second-biggest with a GDP of about \$13.6 trillion. India is No. 3 in Asia at \$2.7 trillion. From supplying industrial components and raw materials to investments in India's startups and technology firms, China is India's biggest trading partner after the U.S.

China accounted for over 5% of India's total exports in financial year 2019-20 and more than 14% of imports. Meaning, India runs a huge trade deficit with China, the biggest exporter to India. While the absolute value of imports from our neighbour may have fallen, their share in the overall pie rose from 13.68% in the previous fiscal. India, according to state-backed Invest India data, is the seventh largest export destination for Chinese products. Chinese exports to India comprise smartphones, electrical appliances, power plant inputs, fertilizers, auto components, finished steel products, capital goods like power plants, telecom equipment, metro rail coaches, iron and steel products, pharmaceutical ingredients, chemicals and plastics and engineering goods, among other things, according to the Ministry of Commerce. India's imports from China jumped 45 times since 2000 to reach over \$70 billion in 2018-19, according to Invest India. Chinese Investments In India Foreign direct investments from China come to metallurgical industries, renewable energy (solar panels), electrical equipment, automotive and chemicals.

China FDI Into India

In \$ Billion



Includes data for deals above \$100 million

India-China Trade

India has a trade deficit with China. (Rs Crore)

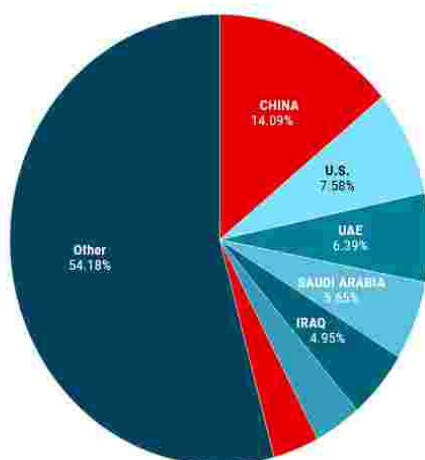


Includes Hong Kong data.

India's Import Pie

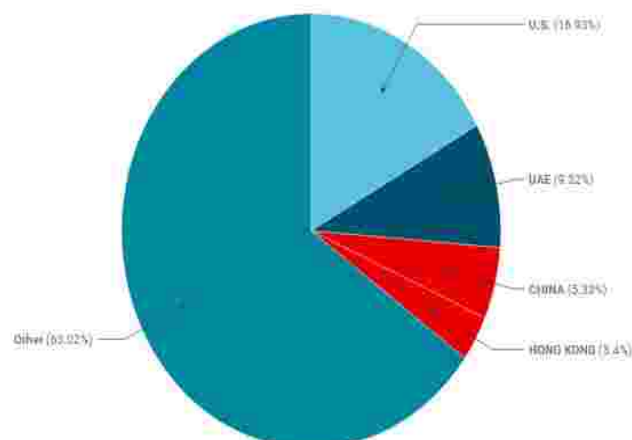
Over 14% of India's imports in FY19-20 were from China.

CHINA U.S. UAE SAUDI ARABIA IRAQ SWITZERLAND HONG KONG Other



India's Export Pie

China is the third-largest export market for Indian goods as of FY19-20



Source: Directorate General of Foreign Trade

Source: Directorate General of Foreign Trade

Data compiled by BloombergQuint from China Global Investment Tracker showed Chinese FDI into India at \$4.14 billion in 2019. China's commerce ministry, however, pegs the figure at \$8 billion for 2018-19.

CHINESE HOOKS IN INDIA'S STARTUPS AND OTHER COMPANIES

According to Invest India, there are roughly 800 Chinese companies in the domestic market. Chinese funds and companies often route their investments in India through offices located in Singapore, Hong Kong, and Mauritius, a Gateway House report said. For example, Alibaba Group's investment in Paytm came via Alibaba Singapore Holdings Pvt. These don't get recorded in India's government data as Chinese investments, the report said. "In several cases, the investment in India hasn't been made in the name of the Chinese entity/investor, and is, therefore, difficult to trace." Chinese tech investors have put an estimated \$4 billion into Indian startups, according to the report. As of March 2020, 18 of India's 30 unicorns are Chinese-funded. Eighteen of India's 23 unicorns (startups with over \$1 billion value) have some investment from Chinese companies. More is badly needed today since the Covid-induced recession threatens to kill many unicorns. These include OYO, Paytm, BYJU's, MakeMyTrip and Swiggy. If Chinese investment can save them from collapse, hurrah. So what if one or two are taken over by Chinese white knights? Why will that be more problematic than Suzuki and Hyundai's dominance in autos, Gillette's in razor blades, *Nestlé's* in noodles, or Hindustan Unilever's in detergents and shampoos? Other major companies include Microsoft, Amazon, Vodafone, General Motors, Ford, Shell, General Electric, Volkswagen, Suzuki, etc. Apparently alarm bells started ringing

when Chinese investment in HDFC went up from 0.8% to 1%. The government says other countries, including the US and Germany, also worry about Chinese opportunistic takeovers of strategically important companies in a depressed stock market. Now, India can certainly make a list of strategically important companies and ban their takeover by foreigners, Chinese or otherwise. The US refused to let a Chinese company acquire one of its top chipmakers, Fairchild. It has banned the use of Huawei's 5G equipment in broadband networks. But it has no blanket scrutiny of every Chinese investment, as India is proposing. They have roughly 75 manufacturing facilities for smartphones, consumer appliances, construction equipment, power gear, automobiles, optical fibre, and chemicals. Oppo, Vivo, Fosun International, Haier, SAIC and Midea are some of the largest Chinese brands and manufacturers in India. Adani Global Ltd., Dr. Reddy's Laboratories Ltd., Jindal Steel & Power Ltd., BEML Ltd, Bharat Heavy Electricals Ltd., Godrej & Boyce Manufacturing Co. and AurobindaPharma Ltd. are some of the Indian firms present in China. The FDI numbers, however, don't present a complete picture of China's business reach in India.

INDIAN UNICORNS WITH CHINESE INVESTORS



Note: These startups may also have other investors.

Brand	Chinese Investors	Estimates Investment (\$ Million)
BigBasket	Alibaba Group, TR Capital	>250
Byju's	Tencent Holdings	>50
Delhivery	Fosun	>25
Dream 11	Steadview Capital, Tencent Holdings	>150
Flipkart	Steadview Capital, Tencent Holdings	>300
Hike	Tencent Holdings, Foxconn	>150
MakeMy Trip	Ctrip	
Ola	Tencent Holdings, Steadview Capital, Sailing Capital and China, Eternal Yield International Ltd, China-Eurasian Economic Cooperation Fund	>500
Oyo	Didi Chuxing, China Lodging Group	>100
Paytm Mall	Alibaba Group	>150
Paytm	Alibaba Group (Alipay Singapore Holding Pvt. Ltd.), SAIF Partners	>400
PolicyBazaar	Steadview Capital	
Quikr	Steadview Capital	
Rivigo	SAIF Partners	>25
Snapdeal	Alibaba Group, FIH Mobile Ltd (subsidiary of Foxconn Technology Group)	>700
Swiggy	Meituan Dianping, Hillhouse Capital, Tencent Holdings, SAIF Partners	>500
Udaan	Tencent Holdings	>100
Zomato	Alibaba Group (Alipay Singapore Holding Pvt. Ltd. & Ant Financial Services Group), Shunwei Capital	>200

Source: Gateway House Report

Bloomberg | *Quint*

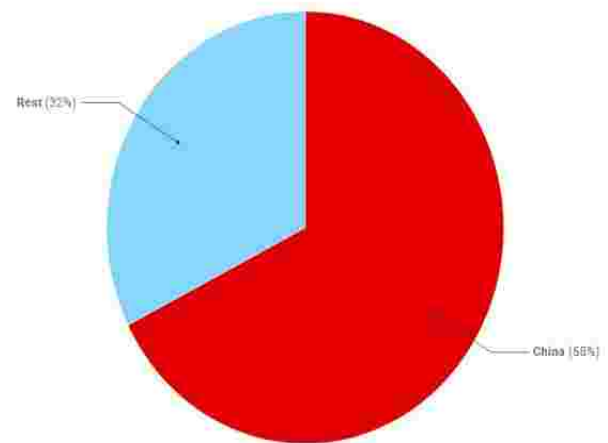
The Smartphone Dominance

Chinese smartphones brands, led by Xiaomi, Vivo and Oppo, are market leaders in India with an estimated 72% share put together, leaving Samsung and Apple behind, according to a report by Gateway House. Quarterly data by Counterpoint corroborates this. TikTok isn't the only China-backed mobile application with a huge following in India. According to App Annie's The State of Mobile in 2019 report, India saw a 165% increase in app downloads between 2016 and 2018. Half of these downloads on both IOS and Google Play Store were for apps with Chinese investments, including UC Browser, SHAREit, and Vigo Video. "Such Chinese apps harvest more than normal amounts of data as compared to other social media apps, posing security concerns for India," the Gateway House said.

pharmaceutical ingredients, or key ingredients of drugs, from China.

Sourcing Bulk Drugs

Two-thirds of APIs used by India's pharma industry are imported from China.



Source: Ministry Of Chemicals & Fertilizers, Rajya Sabha

India-China Tourism

One-Way Flight?

More Indian tourists visit China every year than Chinese that come into India.



India's Dependence on China for Bulk Drugs

India's pharmaceutical industry is the third largest in the world in by volume and ranks 14 by value. The country exported medicines worth over \$14 billion to the U.S. in 2018-19, according to a response to a query in the Rajya Sabha in March. But, according to the same reply, India imports two-thirds of its active

Travel between India and China has been growing. Or at least it was before the Covid-19 pandemic. Mainland China was the eighth-largest market for India in 2018 with nearly 3% share in total arrivals. From just 1,371 arrivals in 1981, the number rose to 2.8 lakh in 2018, growing at an annualized rate of 32.4%, according to data available with the Tourism Ministry of India. Nearly 48% of the arrivals were for business purposes, and another 48% for leisure.

THE WAY FORWARD

- The government is working on steps to reduce import dependence on China and boost domestic manufacturing.
- The government is working is to restrict low quality Chinese imports, and for that technical regulations, which includes safety and quality standards, for about 370 products are being formulated with a view to cut imports of these non-essential items from countries like China, e.g. chemicals, steel, consumer electronics, heavy machinery, telecom goods, paper, rubber articles, glass, industrial machinery, metal articles, furniture, pharma, fertilizer, food and textiles.
- To cut import dependency on China for APIs (Active Pharmaceutical Ingredients), the government in March approved a package comprising four schemes with a total outlay of Rs 13,760 crore to boost domestic production of bulk drugs and medical devices in the country along with their exports.
- In order to become a world manufacturing hub, India must strengthen the weak manufacturing sector by bringing policy reforms in land acquisition, labour laws and other legislations, and also strengthen global supply chains.

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SELF SUFFICIENT GANDHIAN VILLAGE ECONOMY VS GLOBALISED SUPPLY CHAIN BASED ECONOMY

26

SANGEETA MEENA

INTRODUCTION

India, at the time of her independence, had an economy with a low level of economic and technological development, low per capital income, slow pace of development of economic and social institutions and outdated methods of production techniques. Our objective then was to attain and accelerate the economic development of the country. At the time while India started formulating planning strategies in 1951-52 there was debate on India's development problems. The debate centered around the Gandhian approach and the Nehruvian approach. Nehru adopted modernizing approach of the planning i.e. socialist framework of economic policy.

Gandhian approach talks about the voluntary wants, the need for self-sufficient village communities and the issues relating to better balance between man and nature. He was the supporter of the maximization of social welfare and he had a belief that the growth of an economy is relied on the development of the totality of human personality. According to him, an increase in personal income is an indication of the growth of national income. But the opposite may not be true i.e. the growth of national income may not always benefit

every man in society.

GANDHIAN VIEW OF SELF-SUFFICIENT VILLAGE ECONOMY



Gandhi holds the view of the maximization of social welfare. According to Gandhi every person should be provided with bare minimum necessities i.e. food, shelter, and clothing. Gandhi is in favour of the self-sufficient

village economy where the villages will be the independent economic units. In agriculture that techniques will be adopted, which will not deplete the soil and pollute the environment. For this farmers should use eco-friendly production technique by using lesser and lesser amount of fertilizers, well irrigation, insecticides and pesticides.

He viewed that there should be communal ownership of land for balanced cultivation and the surplus land, if any must be distributed to the rest of the village communities. India lives in villages. Naturally the development of the country depends on the development of villages. All the goods and services necessary for the village members should be grown within the village. In a word, every village should be a self-contained republic. There should be distribution of the surplus production to eradicate poverty and starvation. Agricultural sector alone cannot solve the problem of rural poverty and unemployment.

That's why Gandhi gives stress on the growth of the rural industries like khadi, handlooms, sericulture and handicrafts which are based on family labour and requires less amount of capital.

Large scale production creates conflicts between labour and capital. Here capital takes upper hand over labour. Such conflicts may not occur in the case of rural industries.

Thus industrialization, according to Gandhi, does not help the growth of the personality; contrarily it helps only the material progress of a few. Our handicrafts were destroyed by the use of machinery by the English rulers. Machinery, being capital-intensive, displaces labour and naturally augments employment and under-employment.

Gandhi favored the idea of decentralization of production and nationalization of big industries and factories. He argued for the concept of

State ownership of major means of production and wealth. He favored the idea of autonomous and self-contained villages in which there would be intimate human relationships and self-rule through village Panchayats having executive, legislative and judicial powers. The structure of Gandhian economy would be labour intensive and not capital intensive.

There would be decentralized system of planning which will based on Gandhian ideology would be built on the economic principles like non violent ownership, non violent production or appropriate technology, non-possession, non violent work or bread-labour, co-operation, equality, self-reliant village, economy and simplicity and limited wants. This model of Gandhian economy would be founded on a non violent, non-exploitative and egalitarian social order guided by the fundamental principle of Sarvodaya (Welfare of All)

GLOBAL SUPPLY CHAINS



In the pre-globalised world, poor transportation technology meant that each community produced most of what it consumed. The steam revolution, which powered railways and steamships, reduced trade costs dramatically,

thereby making it feasible to spatially separate production and consumption

The emergence of firms as regional champions in the production of different parts and components was central to this “horizontal” internationalization of supply chains among high-wage, advanced economies

Increasingly, firms across advanced and developing countries add value along these global supply chains by completing a specific task associated with the production of a finished product and then exporting it. This may be an important part or component required in the production of a good. It may even be a service that is a vital intermediate input in further production.

Much of the recent boom in supply-chain trade was attributable to the ICT revolution that reduced the costs and risks of combining developed economy technology with developing country labour. A remarkable reduction in policy barriers to trade in goods, especially tariffs, also played a crucial role, as did efficiency improvements in transportation and logistics (such as containerization) and increased standardization.

Over the last three decades, the progressive liberalization of cross-border transactions advances in production technology and information services, and improvement in transport logistics and services have provided firms with greater incentives to fragment production processes and to geographically delocalize them.

From an economic standpoint, the emergence of GSCs is related to the concept of comparative advantage. By relocating production processes (i.e. R&D, concept, design, manufacturing, packaging, marketing, distribution and retailing) in different countries, transnational corporations (TNCs) can take advantage of the best available human or physical resources in

different countries, with a view to maintaining their competitiveness by augmenting productivity and minimizing costs.

GSCs enable producers within the chain to obtain modern management know-how and hands-on information on quality standards and technology, and thus to become more competitive. Such producers also quickly learn about demand patterns in high-income markets and consumer preferences in such markets. Participation in GSCs could also create economy-wide externalities for developing countries, such as employment, improvement in technology and skills, productive capacity upgrading and export diversification into more value added. In turn, those externalities would increase their attractiveness for more foreign direct investment.

RELEVANCE OF GANDHIAN VILLAGE ECONOMY CONCEPT IN TODAY'S WORLD

When viewed in a slightly larger geographical perspective, full reliance on transactions within the local area economy can generate livelihoods for a greater number of local residents than can market exchange of this economy with the “outside” world.

It is possible to argue that the economics of gram swaraj would surely avoid debt traps arising out of intense integration with markets. As the stark contrast between the suicide-prone regions of Maharashtra with even poorer but suicide-free regions of North Bihar shows, deeper market integration brings with it increased vulnerability to vagaries of the market, which combined with the debt trap lead to the ghastly epidemic of suicides.

Gram swaraj, would have resource sustainability, for example, require farmers to apply farmyard manures and other locally produced organic

materials for growing good crops. These would be produced using local materials and by the labour of local people. Inorganic chemicals and other toxic stuff would not enter the village and hence there would be no danger of chemical residue in produce or in water and soil of the village.

The third major advantage of this gram swaraj is that it will lead to a large demand to be catered by the villagers themselves. This will result in far fuller employment. Thus the economics of gram swaraj is conceptually the building block of what Muhammad Yunus calls the world of three zeroes. This is the world of zero poverty, zero unemployment and zero carbon footprints on the environment.

Unfortunately this idyllic economic model was never implemented fully. And it seems to run in complete contrast with LPG. Whether this contrast is inevitable or not, there are three possible challenges to the logic of a self-sufficient village.

The first is a tacit restriction on what one consumes which the concept requires every villager to agree. One may as a consumer wish to consume a range of goods and services

The second challenge lies in the essential insularity and statist sameness amounting to stagnancy of this village economy implied by this concept. The villages might not get aware of the technological advances happening outside.

The third challenge lies in population growth. As the crude death rates fell and crude birth rates held firm, the rural population grows rapidly posing severe strain on village resources and capacity to look after every one's needs.

THE BALANCING ACT

Whether they completely contrast each other or not, the reality is that when seen over time; a village needs a bit of both. It surely needs

to access and use innovations and technical developments occurring out there. It sure needs to avoid becoming putrid and stagnant. Its residents sure need a degree of choice to consume according to their tastes.

And it also needs to insulate itself from the global markets to the extent that vagaries of that market superimposed on vagaries of weather and nature will not cause its residents to commit suicide. It sure needs to ensure that the local residents are meaningfully employed. And it needs to become ecologically sustainable.

CONCLUSION

Gandhi's economic ideals were encircled in such a way that avoids exploitation of individual by individual. It might be not right to argue that Gandhi was against large scale or mass production. He might have been not against big machines, yet he might have been against the utilization of machine to exploit individuals. Gandhi was opposed to mindless industrialization as it displaces labour and causes unemployment and is the main reason for rural poverty.

The Gandhian Economics however continues to be relevant in the context of sustainable development. If we closely examine his economic philosophy it is found that sustainability is the core of his economic thought which appears to be a best, alternative and viable model of development in the recent years.

In the 21st indispensable to the development of human civilization due to limited resources. This concept of bread labour advocates the people to be self sufficient and it strengthens the notion of sustainable development. If all people do labour for their bread, there will be no rich and poor and inequality will be reduced. Therefore, the need of the hour is to follow the Gandhiji's concept of bread labour to achieve self sufficiency and social justice.

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CAN SOCIAL MEDIA INFLUENCE CONSUMER BEHAVIOUR



27

ANIL KUMAR

INTRODUCTION

In this article a study is made of the decision process of consumers for complex purchases, with a special emphasis on how this process is influenced by possible use of social media. Complex buying behavior in this context refers to expensive infrequent purchases with high consumer involvement, significant brand differences, and high risk. Social media is a relatively recent phenomenon. Over the last decade, the World Wide Web has seen a proliferation of user-driven web technologies such as blogs, social networks and media sharing platforms. Collectively called social media, these technologies have enabled the growth of user-generated content, a global community, and the publishing of consumer opinions. This movement now dominates the way we use the web and has given rise to popular platforms like Facebook, YouTube, Instagram and Twitter, where people connect, produce and share content. The social media revolution has led to new ways of seeking and obtaining information on the multitude of products and services in the market. It has enabled consumers to connect and discuss brands with each other quickly and easily.

Consumer opinions on products and services are now increasingly dominated by strangers in digital spaces, which in turn influence opinions in the offline space.

The evolution of social media has allowed the people to generate user based contents and also to exhibit them on international network. This particular technical revolution during the last decade has drastically revolutionized the traditional marketing approaches and brought marketers to a new era. In the new marketing era, the social media has revolutionized the relationships marketers have with retailers, channels of distribution, their ultimate consumers, etc. It is an Information Age, and consumers are inundated with overwhelming quantities of information each and every day.

Social media sites, smart phones, and other consumer devices have allowed billions of individuals around the world to contribute to the amount of big data available. By looking at the enormous amount of social media campaigns, e-commerce websites, sales emails, forums, etc., it appears that companies of all sizes have been translating their marketing approaches to the Internet because of its accessibility to their

target audience and the money required to do so.

Social media puts consumers back to the center of the business world and provides marketers a new set of tools to interact with consumers and to integrate them into the brands through innovative ways. In essence, marketers have to understand how the social media has influenced consumer buying behavior.

CONSUMER & CONSUMER DECISION PROCESS

Consumers are actors on the marketplace stage. Consumers, in general, can be referred as individuals who purchase or consume products and services. Consumer decision making process involves five steps.



PROBLEM RECOGNITION Takes place whenever a consumer recognizes a significant difference between the desired and the actual state of affairs, which is in sufficient magnitude to *arouse and activate* the decision process.

SEARCH OF INFORMATION Once problem is identified the consumer starts gathering information from his family, friends, TV and radio advertisements, newspaper and magazines, internet, etc. to satisfy his need or to resolve the problem indentified.

EVALUATION OF ALTERNATIVES Out of various options that a consumer indentifies to resolve the problem, comparison of these alternatives is done on the basis of affordability, reliability, and degree to which the need can be satisfied by a particular alternative.

FINAL DECISION After comparing all the alternatives the consumer makes a final

purchasing decision based on factors previously mentioned and buy/consume the product/service.

POST PURCHASE BEHAVIOUR Consumption of product/service may lead to satisfaction or dissatisfaction in the consumer. If the product/service satisfies the consumers' need the consumer himself becomes a part of marketing team by suggesting the product/service to others, by writing positive reviews on internet etc. but if the product/service fails to meet the expectations of the consumer it leads to the development of a psychological state known as cognitive dissonance in the consumer and the marketing team tries to reduce this cognitive dissonance of consumer as much as possible by repeatedly sending personalized mails to the consumer, congratulating them about their purchase decision and reminding them about specs and good attributes of the purchased product/service, trying to make the consumer feel proud about his purchase decision and to suppress the sense of dissatisfaction developed.

SOCIAL MEDIA

Social media is referred as activities, practices, and behaviors among communities of people who gather online to share information, knowledge, and opinions using conversational media. Social media expedites the flow of communication by encouraging contributions and feedback from everyone who is interested and it is a two-way conversation when comparing to the traditional media because social media outlets are open up to feedback and participation.

Social media has created a new landscape in supporting the socialization of information; as a result it has facilitated and enhanced communication flow by making it easier and to more people, and to spread useful information with potentially vast online audiences, in which

the conversation may be taken place on media locally but lead to a global impact.

SOCIAL MEDIA AND CONSUMER RELATIONSHIP

In order to gain a better position in the transition from traditional marketing approach to social media marketing, marketers will have to, firstly, change their marketing mindset. Social media platforms has radically changed the approach of segmentation in implanting marketing strategy, instead of easily identified demographics, such as age, gender, or income are relatively less important, it groups people by what they do, think, like, and dislike, and more importantly by their behaviors, also known as behavioral targeting. Earlier it has been discussed that individuals are likely to seek information that is consistent to their initial thought, and keenly avoid those that encounters with it; as a result, social media in today's marketing provides linkages to connect individuals who share similar interests and backgrounds, in which, to consumers, these communities serve as an vital "tuning" mechanism in the selection of needed information among the overwhelming information.

As the business world re-centers around serving and delighting customers, Marketers are confident that social media impacts sales, brand awareness, and loyalty; as a result, social media data impacts their decisions while making predictions or forecasts. According to social media marketing industry report, the social media realm is not a mere fad in which marketers is increasingly attracted and 83% of them place high value on social media of their businesses.

Reviews and user-generated contents such as rate movies, books, music, and other things on social media are involved a high degree of personal taste and subjectivity to users, in which these reviews have one overriding attribute that

gives their influence on consumers' purchasing decision – trust. "More than a quarter of social media users say they are more likely to pay attention to an ad shared by one of their social connections," "Additionally, more than a quarter of consumers are OK with seeing ads on social networking sites tailored to them based on their profile information"; that is, individuals tend to trust these contents so as to filter, and objectively evaluate the mound of information.

Social media users found decision-making to be easier and enjoyed the process more, when compared to those who used other information sources. They also had greater confidence and satisfaction during the process. Those who perceived the information on social media to be of higher quality and greater quantity than expectations were more satisfied overall. This suggests that information overload did not reduce consumer satisfaction with social media.

Social media has enabled marketers to access and monitor consumer opinions on a continual instant basis by listening-in and participating in online conversations, and observing what people are discussing in blogs, forums and online communities. With such vast information freely available on social media, it is up to businesses to harness it positively to improve their product offerings, their customer relationship management, and their profitability.

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IMPACT ON GLOBAL TOURISM INDUSTRY POST COVID-19, PROSPECTS FOR INDIA

28

**SHAILENDRA KUMAR
MISHRA**

INTRODUCTION

The world is facing an unprecedented global health, social and economic emergency with the COVID-19 pandemic. Travel and tourism is among the most affected sectors with restricted movements of airplanes, hotels closed and travel restrictions put in place in virtually all countries around the world. In an unprecedented blow to the tourism sector, the COVID-19 pandemic has cut international tourist arrivals in the first quarter of 2020 to a fraction of what they were a year ago.

Current scenarios point to declines of 70% to 80% in international tourist arrivals for the year, depending on the speed of the containment and the duration of travel restrictions and shutdown of borders; although the outlook remains highly uncertain. These scenarios would put 100 to 120 million direct tourism jobs at risk. This is by far the worst result in the historical series of international tourism since 1950 and would put an abrupt end to a 10-year period of sustained growth since the 2009 financial crisis.

Considerable challenges remain ahead, starting with the unknown duration of the pandemic and travel restrictions, in a context of global eco-

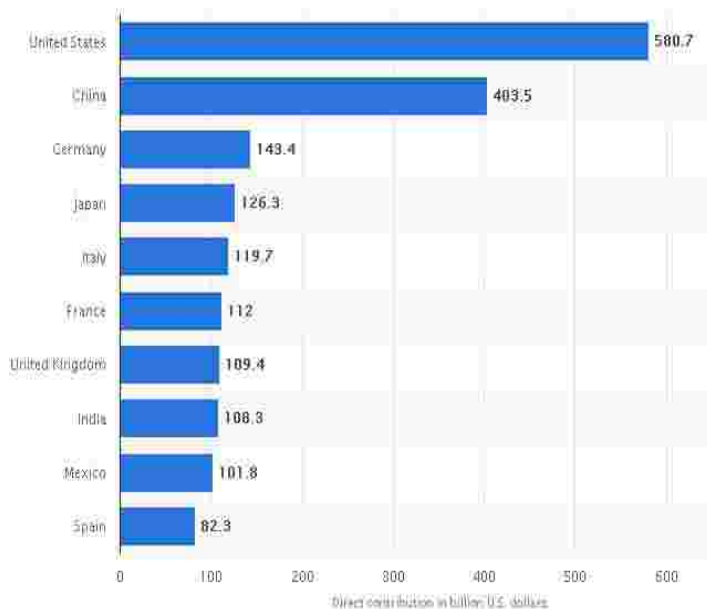
nomic recession. Countries around the world are implementing a wide range of measures to mitigate the impact of the COVID-19 outbreak and to stimulate the recovery of the tourism sector.

Over the past years, most of the countries have considered tourism as a contributor to economic growth and is widely accepted that year after year throughout the world a massive investment continues to pour in its development. Whenever there has been any major impact on the economy of any country, tourism has always been the first one to get affected as people start to cut down on their travel budgets first. However, tourism relatively had a direct role to play when it comes to COVID-19 which has widely spread most in the countries with a high number of tourists.

GLOBAL TOURISM BEFORE COVID-19

It is often difficult to define the tourism industry, as unlike with other industries, there is not one clear product. It incorporates many industries, including lodging, transport,

attractions, travel companies, and more. In its broadest sense, tourism is defined as when



people travel and stay in places outside of their usual environment for less than one consecutive year for leisure, business, health, or other reasons. Globally, travel and tourism directly contributed approximately 2.9 trillion

U.S. dollars to GDP in 2019. In the same year, the United States' travel and tourism industry directly contributed the highest amount to global GDP, with a total of 580.7 billion U.S. dollars. The direct contribution of the travel and tourism industry accounted for 3.3 percent of the total global GDP in 2019, showing a small rise over the previous year. Comparatively, the total contribution of the travel and tourism industry in 2019 accounted for 10.4 percent of the total GDP worldwide.

The international tourism receipts of various countries are shown in the following table. We get the idea of importance of Global tourism.

TOURISM AFTER COVID-19

The global pandemic has grounded airplanes, shut down hotels, and affected the tourism industry in many ways. However, travel and tourism have also enabled the virus to become a global issue, and reflection on the role of tourism in modern societies is needed.

As a result of the pandemic, many countries and regions have imposed quarantines, entry bans, or other restrictions for citizens of or recent travelers to the most affected areas. Other countries and regions have imposed global restrictions that apply to all foreign countries and territories, or prevent their own citizens from travelling overseas.

Together with a decreased willingness to travel, the restrictions have had a negative economic impact on the travel sector in those regions. A possible long-term impact has been a decline of business travel and international conferencing, and the rise of their virtual, online equivalents. Concerns have been raised over the effectiveness of travel restrictions to contain the spread of COVID-19.

International Tourism Receipts (USD billion)

Rank		(USD billion)			
'19	'18	2010	2017	2018	2019
World		979	1,347	1,454	1,480
1	1 United States	137.0	210.7	214.7	214.1
2	2 Spain	58.8	75.3	81.5	79.7
3	3 France	57.1	58.9	65.5	65.4
4	4 Thailand	20.1	52.4	56.4	60.5
5	6 United Kingdom	34.7	47.5	48.6	49.9
6	5 Italy	38.8	44.2	49.3	49.8
7	9 Japan	13.2	34.1	42.1	46.1
8	7 Australia	32.6	41.7	45.0	46.0
9	8 Germany	34.7	39.9	43.0	41.6
10	10 Macao (China)	22.3	35.9	40.7	39.5
11	11 China	45.8	38.6	40.4	35.8
12	13 India	14.5	27.4	28.6	30.0
13	15 Turkey	22.6	22.5	25.2	29.8

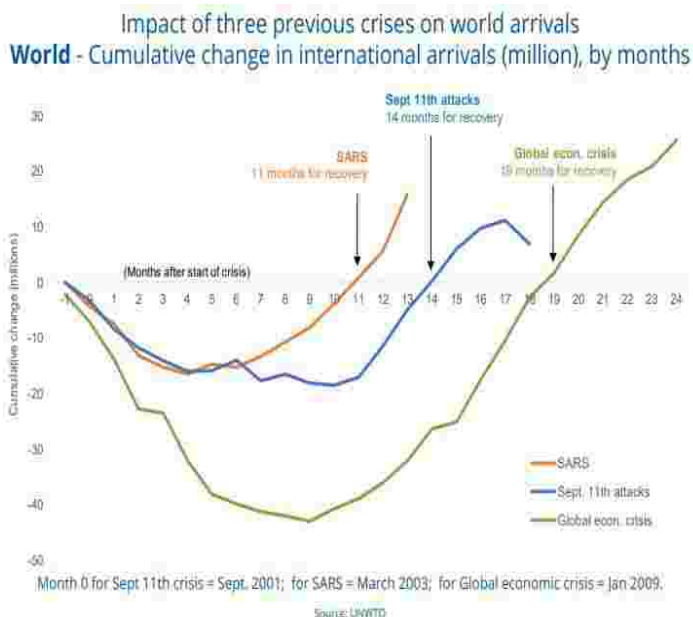
FUTURE TRENDS

Business travels have been affected significantly. Already online meetings have become the norm. Corporate advisories are out in most multinationals negating travel. A significant proportion of companies are actively seeking both to reduce business travel and to cut the number of employees commuting even to the workplace, as per research by global agency Sewells. Google, Amazon, Infosys and other many more big companies have given some of their employees “work from home” permanently.

Leisure travel too will dwindle for some time. With so much uncertainty, shut borders, grounded flights, shuttered establishments, job losses, recessionary economy, uncertain school terms ... holidays seem a distant frontier for now. Global travel seems bleak. Domestic prospects may be somewhat better. But the holiday mood at this point is not buoyant enough. Leisure may find other avenues for now.

The impact of the loss of demand in international travel could translate into:

- Loss of 850 million to 1.1 billion international tourists
- Loss of US\$910 billion to US\$1.2 trillion in export revenues from tourism



- 100 to 120 million direct tourism jobs at risk

ANALYSIS ON THE BASIS OF PREVIOUS CRISIS

Although we don't know when the situation will be normal but based on previous crisis, we can have some idea when the tourism industry would be normal. Based on previous crises, leisure travel is expected to recover quicker, particularly travel for visiting friends and relatives, than business travel. The graphs of previous crisis are shown below. We can see that

- **For September 11th crisis:** It took 14 months for recovery
- **For SARS:** it took 11 months for recovery
- **For Global economic crisis:** it took 19 month for recovery

EFFECTS ON INDIA

India attracted 10.5 million foreign visitors last year; 5 million NRIs travelled back home to be with family and friends; 1.8 billion Indians travelled within the country for holidays, pleasure and leisure; 26 million Indians travelled overseas for tourism.

India has an estimated 53,000 travel agents, 115,000 tour operators, 15,000 adventure companies, 911,000 tourist transporters, 53,000 hospitality companies and five lakh restaurants, the industry employs an estimated 3.8 crore people. And these statistics do not include numbers for aviation and starred hotels which are not in the medium & small enterprises count. Some of these people may get affected due to COVID-19 if certain steps are not taken to recover the tourism industry.

PROSPECTS FOR INDIA

Tourism may look inwards, be more domestic directed. Thankfully, traditional domestic travel destinations like Himachal, Ladakh, Goa, Uttarkhand, Andaman, even Pondicherry have remained largely inert to the virus. So much of the honeymoon and holiday traffic may stay within India. This is surely a silver lining in another wise gloomy scenario. Unfortunately, Kerala and the Golden Triangle of Delhi/Agra/Jaipur are pretty badly impacted. But in a disaster situation, as they say, whatever gets saved from the inferno is a bonus.

Tourism can play a big role in reviving the economy hit by Covid-19. The Centre and all states have to seriously think how the “post-corona tourism” would look like as India has adequate opportunities in this sector. The contours of domestic tourism in the days to come need to be examined and domestic tourism as one area which could benefit most in the post-corona world and play a part in reviving up the economy.

Hence it is required for the government to make new policies and schemes to attract the visitors of both domestic and foreign areas. Many countries have started to make their new tourism plan, like they are giving huge discounts to the visitors etc.

The 5 key factors, however, in the overall travel scenario that will attract the visitors will be:

1. **Safety:** both perception and reality will matter
2. **Health:** government may introduce mandatory checks
3. **Hygiene:** There will be no compromise on this
4. **Brands:** Those that will stand for quality will win
5. **Value:** Good value for good money will be the new mantra

CONCLUSION

Travel and tourism is among the most affected sectors with airplanes on the ground, hotels closed and travel restrictions put in place in virtually all countries around the world. The tourism Industry may suffer a great loss due to the pandemic. Many countries are trying to make new plans to attract tourists. Tourism can play a big role in reviving the economy hit by Covid-19. There may be a Loss of US\$910 billion to US\$1.2 trillion in global export revenues from tourism. Hence certain steps are necessary to implement to revive the industry.

There happened a huge loss to the economies of every country. Tourism sectors can help a lot in uplifting the economy. Government should make new rules and policies which should be based on current situation. The focus should be on health, hygiene, safety and comforts to the visitors across the world.

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INDIVIDUAL BRILLIANCE VS TEAM WORK

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PADIGALA RANGA VINOD

INTRODUCTION

Individual brilliance

The concept of individualism is, at once, an ethical, psychological and political concept. From an ethical and psychological perspective, individualism is the idea that humans should act, think and judge independently following only their own minds. From an ethical and political standpoint, individualism is strongly linked to the supremacy of individual rights.

Team Work

Teamwork is the collaborative effort of a group to achieve a common goal or to complete a task in the most effective and efficient way. It is a cooperative process that allows ordinary people to achieve extraordinary result

“Are groups or individuals better at performing tasks?” we will try to understand when it is good idea to have a group performs a task and when it is better to let individuals do the job.

Classification of group tasks

- 1. Production Tasks:** Each member does the same thing
- 2. Coordination Tasks:** Members must coordinate actions
- 3. Accuracy Tasks:** Members choose best of set of options with objectively correct answer
- 4. Quality Tasks:** Members choose best of set of options with no objectively correct answer

EARLY THEORIES AND RESEARCH

There are actually three different possible relationships between group size and group performance that are Wholism, Reductionism and No-effect relationship.

- 1. Wholism:** Wholism is that any whole is greater than the sum of its parts. Researchers who have the wholistic viewpoint believe that

the experience of interacting with others leads people to perform tasks better than they would if they were performing alone.

2. Reductionism. Reductionism is that group's performance will be less than the sum of what each group member could have done alone. the group will have problems with interaction. the larger the group, the less well it will perform relative to an aggregate of the same number of people.

3. No-effect relationship. The third possibility is that interaction has no effect on group performance. Thus people will perform at the same level whether they are in a group or working alone. Groups would perform at the same level as aggregates of equal size

1.PRODUCTION TASKS:

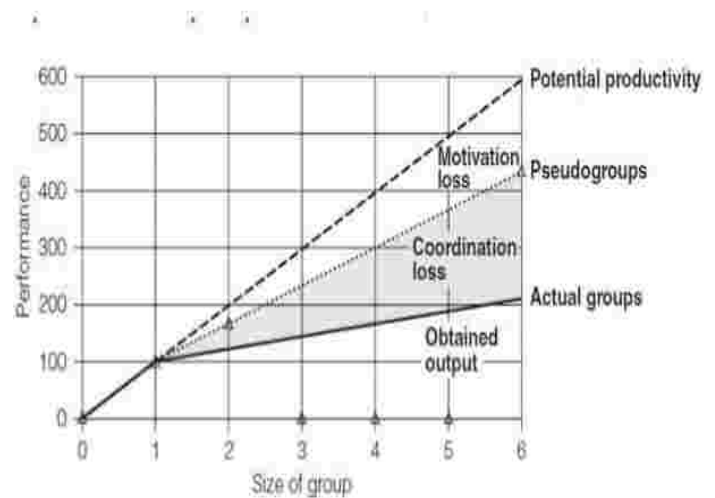
Social Loafing is the phenomenon of a person exerting less effort to achieve a goal when they work in a group than when working alone. It occurs when individual efforts are not evaluated.

Social facilitation is defined as improvement in individual performance when working with other people rather than alone. This is because of competition between members.



The Ringlemann Effect

A researcher named Ringlemann first noticed this outcome back in the 1880s. Ringlemann had different numbers of people pull on a rope together. He measured the amount of force that each person exerted while pulling. Ringlemann's results are presented in Table below:



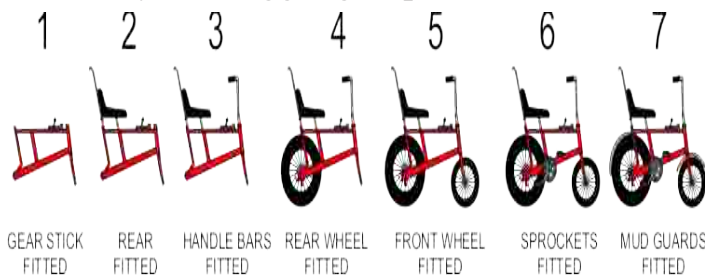
The total performance of his groups followed the reductionist curve for performance and group. As the groups became larger, the productivity per person dropped. Coordination and motivation are reason for the effect.

If your goal is productivity or speed, have group members work separately on a productivity task. If that is impossible, you must just

accept losses in productivity due to coordination or motivation problems. However, you should try to take advantage of techniques that can decrease social loafing. You can lessen motivation problems by evaluating each person's work separately, Sanctioning a friendly competition among group members may also help.

2.COORDINATION TASKS

A coordination task is something that the entire group must perform “together.” For example, each step along an assembly line requires that a different person does a specific job. If one person is missing, the assembly work cannot be done. In addition, one slow worker will hold up the entire line. So the outcome of a coordination task depends on the performance of the least competent group member. The probability that a group will contain an incompetent member increases as the group’s size gets larger. Thus, it is likely that bigger groups will fail



more often than smaller groups.



If your goal is speed, perform coordination tasks with the smallest group possible. Of course, with some coordination tasks, it is not possible to work with a small group. You may be in charge of an assembly line that requires eight workers, for example. You cannot use a smaller number of people. In such a case, you have the alternative of finding out which workers are incompetent

and then either retraining or replacing them.

3.ACCURACY TASKS

Accuracy tasks have objectively correct answers. Group’s outcome on accuracy tasks depends upon the group’s most competent member. As long as one person can perform the task, the whole group has succeeded.

There are two types of accuracy tasks: the task that contains a. one stage and b. more than one stage.

a. Single Stage accuracy task

The abilities of the group members determine the accuracy of the group’s decision. Therefore, a group with no competent members will fail. This is true no matter how large the group is or how well its members interact. A competent person is essential for accuracy tasks. This capable person can perform as well individually or in a group. Group interaction does not help a competent person’s performance. As It is not guaranteed that groups will listen to their most competent members. It appears that the most talkative group member is the most persuasive in groups. The problem is that this member is not necessarily the most competent.

Interaction can hurt group accuracy when the most persuasive member is not the most competent. In addition, interaction will also slow down the group. Thus, if your main goal is accuracy, the best way to perform a single-stage accuracy project is to identify the most competent person and have them work alone if possible.

b) Multiple Stage Accuracy Tasks

Multiple stage accuracy tasks include more than one independent stage. By independent we mean getting the answer to one stage has no effect on getting the answers to other stages. In multiple stage tasks as the stages are

independent different group members can work on each stage simultaneously so the group will finish faster. It is to a group's advantage to turn any accuracy task into a multiple-stage task when it is possible. This is the best way to take advantage of the different abilities of group members. If it can, a group should divide an accuracy task into a number of parts. The group can then assign each section to suitably competent members, increasing the likelihood of an accurate answer.

Dividing an accuracy task into a number of parts also enhances the speed of the group. This is particularly true when the segments are independent--when the group members can complete them separately and then combine the results when each section is finished. If this is the case, the workers can complete all parts at the same time, as long as there are adequate skills for the tasks. This will increase speed.

4. QUALITY TASKS

Quality tasks do not have objectively correct answers. Therefore, there is no way to be sure whether any group member can make a high-quality proposal. Instead, the goal of the group is to come up with a proposal that is most likely to be acceptable to the most people. Their best strategy is for the members to put their heads together and to try to reach a consensus that one option is better than all others.

CONCLUSION

It is clear that groups have the potential to come up with higher quality decisions than individuals. This is so for several reasons.

- a) a bigger group means that more relevant information is available to the group as a whole.
- b) More people in the group bring greater

diversity in viewpoints to the discussion. This means that a greater percentage of various interest groups will have input into a decision that affects them.

- c) More people mean more minds to create the ideas.
- d) In larger groups the odds are greater that group members will recognize a good idea and that someone other than the creator of the idea will remember it.
- e) More people mean the odds are greater that the group will recognize a bad idea and correct it.

There are some drawbacks, One is that the larger the group, the slower it will work. Trade-off between speed and the quality of decision-making is fundamental.

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FUTURE OF BRICK AND MORTAR STORES IN POST COVID-19 WORLD



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MITHUN KUMAR

INTRODUCTION

A brick and mortar store is a business or retail outlet that has at least one physical location. Traditional stores that you find in your local shopping mall are known as brick and mortar stores, for example.

Many customers still prefer a brick and mortar store where they can physically view the product before buying it as well as asking the advice from physical rather than virtual shop assistants. In fact, just 10 years ago you may have heard many analysts calling for the end of the brick and mortar stores. They were called old-fashioned, and the rise of the internet and ecommerce was going to close all physical stores.

We know now that this hasn't been the case. Shoppers have turned to online sources for research and information, and will often go to a physical location – a brick and mortar store – to make the actual purchase.

Now I am going to discuss about this topic by putting some question-answers.

Can your brick and mortar compete against online stores?

E-commerce is experiencing massive growth year after year, shattering records while doing so. There was a time when brick-and-mortar stores were not merely profitable, but also highly influential. Take, for example, Sears. If there were ever a legacy brand that defined American capitalism, it would have been this one. First opened in 1892, Sears began as a mail-order firm that became the largest retailer in America. The brand had stores located on almost every Main Street or in each suburban shopping mall. Sears even diversified its offerings to customers, such as offering insurance through Allstate and credit through Discover.

What Customers Really Want in an In-Store Experience?

This survey also revealed that technology definitely factors into the in-store shopping experience. This is particularly true of email and mobile messages. Approximately 25 percent of UK consumers chose to act by visiting a store or redeeming a discount, thanks to email.

In the U.S., roughly one-third of customers were prompted to action to redeem a discount or purchase a recommended item, with most responding to push notifications.

How Brick-and-Mortar Stores Can Use Technology to Improve the In-Store Experience?

For brick-and-mortar stores to compete with E-commerce stores, they not only have to know what their customers want, but they also need to adapt everything — from their marketing strategies to their pricing to their product offerings. Here's how you can get started with relative ease.

Start selling your products online:

Only having a physical location limits your potential. If you haven't done so yet, create an E-commerce site so you can join the E-commerce playing field. This will keep you competitive, and it can also generate multiple streams of income. Embrace multichannel marketing. This is where you utilize offline and online marketing channels to target and engage your specific audience. For example, when a customer checks out in-person, ask for his or her email address or phone number. This enables the customer to receive exclusive *coupons and discounts, resulting in future purchases*: If you use geofencing and the customer is in your store's proximity, he or she will receive a coupon or discount to encourage a stop at your store.

Focus on a niche:

What makes your business unique? Instead of trying to be a one-stop shop, focus on marketing the hyper focused offerings that differentiate your business from others.

Emphasize speed and convenience:

While it may seem that online shopping is more convenient, brick-and-mortar stores have one major advantage: instant gratification. For example, if a customer comes into your store to purchase a new appliance, offer same-day delivery or even free local pickup if you don't have the item in stock.

Be competitive with your prices:

Price matching may seem like an uphill battle. However, speak with your vendors to see if they'll lower the cost of goods. You can also offer better deals in-store and offer customized discounts by segmenting your customers based on previous purchases or demographics.

Create a helpful environment for customers:

Regardless of whether it's online or offline, nothing trumps customer service. It only takes one poor experience to make a negative and long-lasting impact on a customer. For example, if you don't have an item in stock, have an associate order the item for the customer online while he's standing right next to him.

Start using bots to assist customers during off-hours:

When emailing customers, make sure you tell them what steps to take next, and ask for their feedback so you know which areas to improve.

Do brick and mortar stores still have a future?

With all the hype around online and digital, it's hard to separate fact from fiction.

While digital has been one of the principal disrupters in retail, pure-play online retailers, such as Amazon, only account for 5% of total U.S. retail sales with an additional 5% of retail sales categorized as multi-channel.

That means that 90% of retail sales are still

happening where sales have taken place for hundreds of years: physical stores. And that also means that 95% of all retail sales are captured by retailers that have a physical presence.

Even though this may seem like a bold claim to some, the future of the retail industry is still solidly anchored in the brick and mortar channel. Consumers prefer to shop in physical stores as it allows them to have a sensory experience – they can touch and feel products, immerse in brand experiences, and interact with sales associates.

This hypothesis was recently confirmed by the results of a survey conducted by consulting firm A.T. Kearney.

From teenagers to seniors, 2,500 shoppers were asked what channels they prefer for various stages of the shopping process – from initial discovery of new products to making a return.

The results:

The store wins in almost all stages, even with the famously digital millennial generation.

The study also points to the immense value of the in-store experience for ALL retail sectors, as opposed to the previously held belief that the in-store experience was more important for only certain categories, like apparel.

For instance, 35% of consumers shopping for computer equipment and electronics, a category that has been dominated by e-commerce, prefer to try out the items in a store before buying them..

How can brick and mortar stores compete online?

According to Business Insider, there are 300 million users of Amazon.com and 50% of US online shoppers are on the Amazon mobile app. And recently, Walmart and Google joined forces to go after Amazon with voice-activated

online shopping using Google Express. Today's busy lifestyles and the ease of online shopping continue to cause trouble for brick-and-mortar stores, with those numbers not getting back in their favor any time soon. So how can they compete?

28 % of surveyed shoppers said they preferred buying online. The number one reason people shop online is to save money, other top reasons are that online is easier, faster, has a better selection, and is more informative. However, another 33 percent of respondents thought in-store purchasing was in fact easier because they can physically interact with products, returns are easier, and it's better to get information from a store associate. Brick and mortar shops respond to the digital market by combining the internet with their in-store sales to give customers the best of both worlds. They use social media accounts to promote events and interact with customers via email. High-end retailers like computer stores or furniture stores have succumbed to a new trend called show rooming. Show rooming means browsing products inside a store and then buying a cheaper version on your phone while still inside the store. But there is also such thing as reverse show rooming where shoppers do the opposite by researching products online and then going to buy them in-store. Retailers also draw shoppers in with in-store pickup of online orders, free Wi-Fi, digital coupons, and discounts for buying online while in the store. For instance, when Kohls customers order electronically using one of their in-store kiosks, they get free shipping.

Innovation for improving the customer experience on both sides will determine who survives, and who doesn't.

CONCLUSION

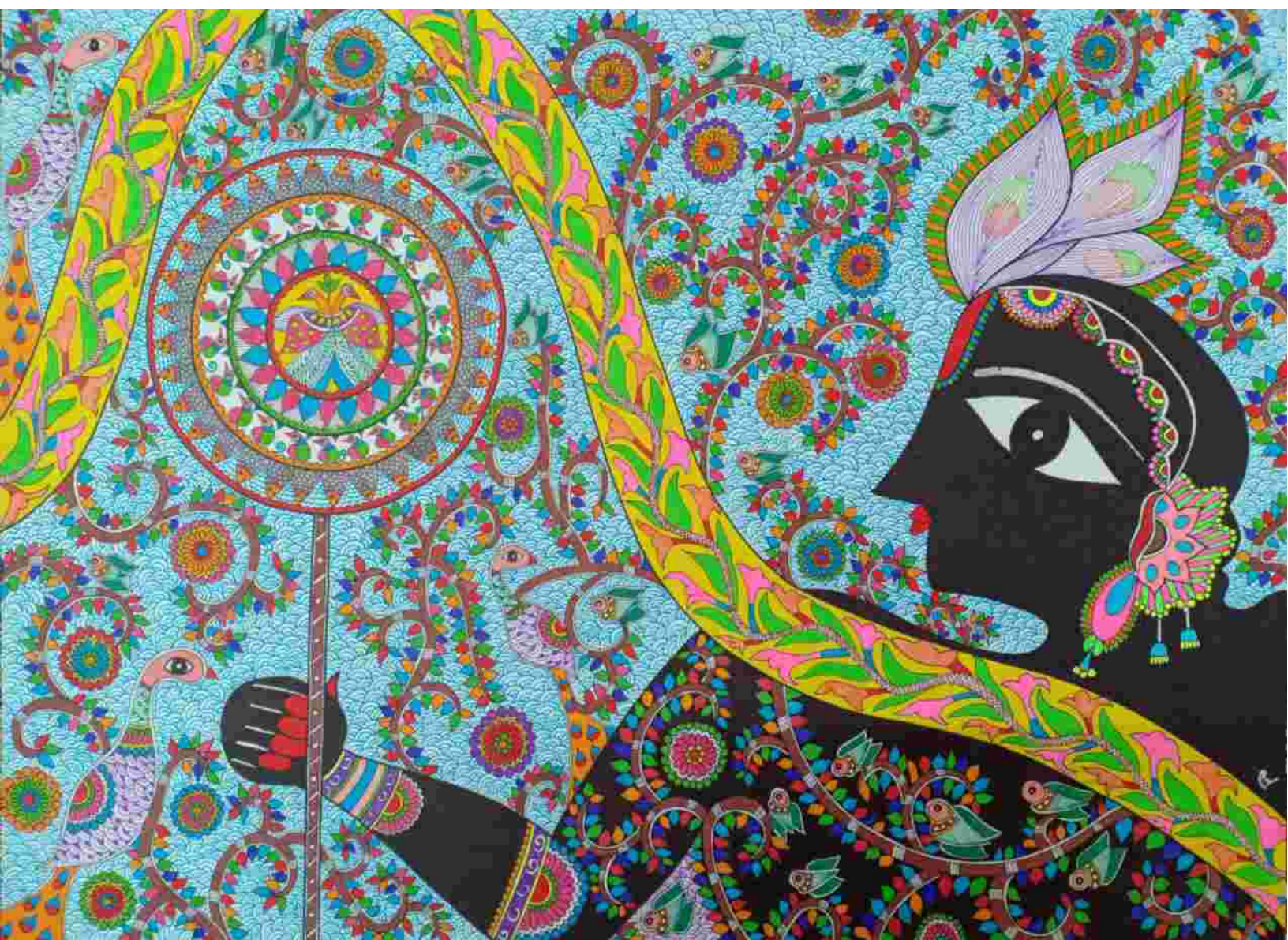
Just because you're a brick-and-mortar retailer doesn't mean that your online competitors are going to put you out of business. Remember,

customers actually get more satisfaction from shopping in-store. The catch? You have to create an experience that will make your customers keep coming back and back again.

As online shopping continues to evolve with innovative ways to bring low-priced products to your doorstep, there will always be a need for the in-store shopping experience and the interaction it allows. Innovation for improving the customer experience on both sides will determine who survives, and who doesn't.

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