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# EMPOWERMENT AND POVERTY REDUCTION OF ARTISANS OF RURAL AREAS THROUGH HUMAN RESOURCE MANAGEMENT

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## **Abstract**

Empowering a community through Human Resource Management is an impressive way to develop a community by providing quintessential resources and helpful management system. Development of a country depends on the development of people. India is a progressive country but still there are two dimensions of this incredible country. One has orthodox beliefs and the other is developed, cultured & urbanized. 70% of people live in villages; whose earnings are dependent only on agriculture, handicraft and other small scale activities. The money earned in these activities is insufficient to provide basic educational facilities to their children. The mist of ignorance is rapidly spread over the minds of rural people. It is really a matter of thinking, and concern for the comprehensive Indian growth. The main reason for backwardness is lack of knowledge and scarce in resources. The efforts put to eradicate this backwardness by the Private sector / Government and many other Non Governmental Organizations are still on process but because sheer ignorance, the positive result of the effort put is less than expected. This paper presents a way to progress in Human Resource Management which can be helpful towards people living in villages to expose them. Human Resource Management makes the possibilities to provide facilities and resources to the rural people to recognize their talent in various art, agriculture and other activities which they are good at and achieve a unique identification and respect. Development in rural areas and Identification of these talents are the two roots of Empowerment. Information technologies and media can play significant role for this reorganization program. People belonging to the rural side of India can be recognized throughout the world for their talent and skills which are actually hidden and which need to be disclosed to the whole world.

**Keywords:** Poverty reduction, Rural Artisans and Empowerment.

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## **Introduction**

The concept of empowerment is to provide identity to a particular community to make them confident and self dependent. It is a process to obtain power or control over their lives and improve them in a manner which will increase their status and efficiency in the society or country. Community empowerment means to make people eligible to take decisions that affect their communities. Empowering is a kind of identity development and making the community self dependant. Community empowerment is essential to make India a developed country.

The key points to develop rural community are:

- Learning
- Equality
- Participation
- Co-operation
- Social Justice
- Confident

- Inclusive
- Organized
- Influential

These key points can provide empowerment to the rural communities. It is more beneficial and a long term achievement program. It will empower the related community widely and effectively. These dimensions can contribute to community empowerment.

There are many limitations of a particular society which have been a hindrance in. Few of them are as follows [1]

- Lack of awareness
- Lack of resources
- Lack of agriculture facilities
- Huge Population
- No technical qualifications
- Poverty
- Illiteracy
- No motivation
- Government ignorance
- Corruption
- Mentality or mind set
- Old customs and rituals

The solution of this problem is efficient human resource management system which can develop and empower such communities.

People living in rural areas have immense talent in small scale activities like handicrafts, architectural works like stone carving, weaving, embroidery, Pottery, Painting etc need to be recognized and their talent to be respected and given the necessary attention. Empowerment of rural/villagers are as important as to empower an organization or government to run a proper democratic system successfully.

There are many communities which are leading the Indian traditional cultures and history. Some examples are like **Weaving Crafts [1]** of Uttaranchal, Jammu Kashmir and Himachal Pradesh, **Painting Crafts [2]** of Bihar & Rajasthan, **Ethnic Crafts** of Madhya Pradesh & Rajasthan, **Traditional Crafts [3]** of Delhi & Uttar Pradesh **[4]**, **Metal ware [5]** of Muradabad & Kerala, **Leather craft** of Agra and Kanpur, **Beach Artifact** of Kerala and Goa, Mughal Miniature painting, Marble slabs of Agra **[6]**, and many more arts from each corner of country.

These artists play a main role in enhancing the Indian culture through their arts.

This paper is based on the empowerment of poor and rural community of Artisans through human resource management (HRM) [7], so that such people can organize and manage their various arts in such a way that it can improve Indian economic condition as well. The theoretical meaning of empowerment is giving power to that community's people, which can be possible only when they will be educated, resourceful and economically strong.

Empowering rural and villagers is in respect of providing them better resources. The main aim of such program is to increase their income by developing their skills and recognizing their talent.

This paper suggests that empowerment is essential strategy to improve the livelihood of rural & poor community.

It is a kind of control over the various resources provided by government or non government organizations. As there are many villagers who are not aware of newly developed & easy techniques of agriculture, Horticulture and Animal Husbandry. Although many organizations like ICAR (Indian

Council of Agricultural Research) [8] and state departments, ministry of education and other institutions are working on this issue. It is improving their socio economic condition.

**Organization of paper:** section II presents the efforts made by other organizations, section III is describing the HRM, section IV is providing solution for empowerment, and section V is conclusion.

**I. Efforts made by GO/NGO**

There are many empowerment experiments for different communities already done in past.

Various Non Government organizations (NGOs) are already working for the literacy development, running programs for agriculture, health, human resource developments, community developments, industrial developments etc. There are various vocational training programs also.

Few examples of different organization and plans are as follows:

**Krishi Vigyan Kendra (KVKs) [9]**

KVK is running rural human resource development programs. It is working in the villages of Andhra Pradesh. It has increased 127.70% income of farmers by organizing various training programs on new technologies update and various food processing techniques. This has resulted 100 % increase in Annual income among the MPs rural community.

**National Literacy Mission (NLM) [10]**

The organization's goal is to make everyone literate. It has started education for women in villages and increased literacy rate. NLM signifies that only 54.16 % of women are literate. Overall Literacy rate in India is around 60% which is very low.

**Self Employed Women Association (SEWA) [11]**

This organization is working on empowerment of women. It has started working in Gujrat, India. SEWA has provided training programs like handicraft, and embroidery. It makes women self dependant. SEWA is a fast action community empowerment program. IT is also providing bank accounts and health insurance policies for women to reduce their poverty help.

**Accredited social health activist (ASHA) [12]**

Asha as a health activist in the community has varied roles to play in improving the health of the community, like spreading awareness for health improvement. Gram Panchayat is supporting it.

**International Association for Community Development (IACD) [13]**

It is an International organization for community development. It has started from United Nations and now it is working for all International and regional bodies. It works for community development of labours. They advocate for community development values, principles and approaches, giving their members a voice at the global level.

**II. Human Resource Management**

Human resource management (HRM) [14] is a function to improve productivity by selecting and motivating human resources. HRM is focusing on how people can manage within organization [15]. It is responsible for development of employees in an organization, training of employee and other skill development programs. HRM is also responsible for strategic management of workforce.

Human Resource Management program can play major role to improve the condition of communities which are not developed. Through HRM program it can be possible to provide facilities and resources to the rural people to present their various arts, agriculture and manpower to the world and achieve a unique identification.

**III. Role of HRM in Community development & Poverty Reduction**

Human Resource Management is responsible to select proper human resource to develop complete society [16].

HR can select a person who can explain the new development among his communities, so that the community can get benefit of that.

Development is possible only when sufficient financial support and employment is given to the rural communities.

Poverty of such communities is not only exuberant in money but also in education, health, awareness and resources.

Financially well to do people can produce more and more good quality products.

Financial improvement of Rural Artisan Community is very helpful for their development. HRM should select good market where artisan can sell their product and get benefits of that (earn money etc). It will improve their status and livelihood.

The media can also play a vital role to empower the community. It can advertise arts and culture of those people who are really jewel of country. A good market can improve financial status of poor artist.

A good advertisement can popularize the art as well as Indian traditional culture.

Another important development is the level of education. If such artisans are educated, it would make it easy for them to understand tips and tricks to reap more benefits from new technology.

They can communicate their ideas and products to other people. They can improve their products and sell at high rate (MRP) in market.

HRM can organize exhibition of the Arts & products made by the rural people, Such As :

**Antique & Famous Craft Items:** Marble Pots, Sculptures, Ceramic Tiles, Blue Pottery, Puppets, Tattoos, Leather items, Terracotta, wood items, Stone designing, fabric embroidery, creative ornaments, Miniature Painting, Kundan and Meenakari etc. Or have an official website on the internet so that the whole world can access to these creative products both in India and abroad.

“Employment is a key to Empowerment”. HRM can provide professional training programs & workshops for product development so that un-employed people can start their own business. This is how HRM can work to provide them Employment.

HRM can suggest new ideas to GO/NGO for supporting financially to the rural people. The idea is to provide loan to such community at very low interest rate.

#### **IV. Strategy for development**

The mission of empowering can be done only with a certain planning and strategy.

The strategy is as follows -

##### **Identify the needs of community:**

The first thing is to meet such artisan who generally lives in villages to identify their needs and interests. It will help in development process. The needs may be financial help, market, or advertisement. A SWOT analysis of particular community is a better tool to identify strengths, weaknesses, opportunities and threats. Participatory Rural Appraisal (PRA) is another useful tool for directly involving the community in identifying their needs and implementing methods to fulfill it.

##### **Fulfill the needs:**

After identification of needs of rural community HRM can make plans to provide efficient support to the rural community. HRM can arrange every type of support to those communities to come forward.

##### **Identify the representative of community:**

Identifying a representative of community and understand their real issues of concern is a challenge. Community representative can understand the development ideas better, and can explain their products better than other members. He can advertise the product very well. The collaboration with other industries is also depends on the presentation of representative.

##### **Partnership with other organization:**

HRM can manage support or help from other government or non government organizations. It will be helpful in producing good products. HRM can manage partnership of a community with other



organizations, so that artisans can get help in selling their products. The organizations which are based on marketing can help artisans to advertise their products. HRM can make agreements/MOUs of work strategy, profit distribution and peaceful exit strategy, between both artisan and partner organization.

**Budget and Resource Management:**

The economic imbalance may be an obstacle on the way of community development. So budget and resource management is required. The planning should be at-least for 5 years, short term planning is not beneficial. Partners can invest money to get profit, if the community of artisans is working in collaboration with other organizations.

**Planning for durability:**

HRM has to plan efficiently. There are many problems faced by the society, one such is the economic imbalance. HRM has to plan everything to fix the issues. Each step should be planned to solve all problems. The program design should also include a communication strategy for disseminating program successes, obstacles and learning to the local community (in a culturally appropriate manner) and include their feedback to improve ongoing implementation and build community support.

**V. Conclusions**

There are various communities of artists living in rural India whose talent and skills are not recognized. These artisans are expert in churning magnificent piece of arts which is related to soul of Indian culture but are unable to put across to the world due to lack of awareness of such facilities and due to problems like poverty, illiteracy etc. Though there are many plans executed by government and non government organizations for the development of rural artists.

To empower the artisan’s community, certain strategies are proposed which can be executed by HRM. The strategy includes the finding and fulfilling the needs of community through various techniques to reduce poverty and empower them. These strategies will improve the lifestyle of community of Artisans of Rural Areas and then the rural India will move on towards real development and will be a better place to live in by the execution of the above mentioned strategies. Through this the fruits of real development can be achieved by India.

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# COMMUNITY EMPOWERMENT THROUGH WOMEN ENTREPRENEURSHIP - A CASE STUDY OF TIBETAN WOMEN ENTREPRENEURS IN KARNATAKA

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## Abstract

Self-development constitutes one possible approach to community development. It nurtures local entrepreneurial activities and relies basically on local resources in order to create new jobs and economic activities. Entrepreneurship can reduce inequality and facilitate economic growth. When women are empowered it leads to healthier, better educated families, and ultimately more prosperous communities. It also contributes for community welfare as it creates new jobs and the generation of additional income as new firms start and existing ones grow. Entrepreneurship is a stepping stone or even is called as a mediator of economic growth and development. Entrepreneurship is considered to be a key for women empowerment especially in rural areas and hence promotion of women entrepreneurs is focused highly by the government of most of the countries. It is rightly said that the role of women in the economic development is inevitable. There is a need of continuous attempt to inspire, encourage, motivate, support and help overcome the problems faced by women entrepreneurs. To accelerate community development and in turn economic there is a need to encourage women to take up self employment and constant encouragement and support is required in the areas of training and provides adequate finance for a better performance. This paper brings a brief study of the importance of entrepreneurship for a healthy Tibetan community development and its influence on the empowerment of Tibetan refugee women entrepreneurs settled in Karnataka. Also it throws light on the various obstacles faced by them in carrying out their enterprise and few suggestions to overcome them.

**Keywords:** Tibetan Women Entrepreneurs, Entrepreneurship, Enterprise, Community

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## Introduction:

Women entrepreneur has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and also provide employment for others. She is able to bring in new changes in family as well as in the society. So is the case of Tibetan women in Karnataka who has proved it true by empowering themselves by being entrepreneurs.

Tibetan women have turned out to be largely enterprising after coming to India as history does not speak of it much while they were in Tibet as it was basically the men who took the lead in marketing and earning money, while women were confined to home, land and the domestic animals, but after they arrived to India in 1960's, women started venturing into business and made it a point to go far and wide without confining to the neighbouring towns and cities. The number of Tibetan women-in-exile turning entrepreneurs has increased drastically. Tibetan women are given due importance. Women work in par with men, apart from the social function of a traditional homemaker. A typical Tibetan woman, during most of her youthful days can be seen having a baby tied on her back. Nursing mothers whether rich or poor prefer to nurse their babies and we can see that there is no restriction for the pregnant women or the

mothers in their post natal period with regards to food and work. Thus we see the women working without any break both at home and at work place. And so the Tibetan woman, generally with a large family has all importance in their society and her role is pivotal.

The study basically focuses on the Tibetan Women Entrepreneurs who took up some enterprise for their livelihood and survival. A seemingly ignorant and illiterate woman who reached India as helpless refugees, began their enterprise as we can see, all started from scratch and today they are working independently in the host country.

This development is not just about offering the opportunity of a livelihood and access to basic social services; it is also concerned with creating an environment where people can realize their rights and participate meaningfully in society. Entrepreneurship on farm, home and other sectors can directly affect the income of a major chunk of their Tibetan population. Women comprises half of human resources, they have been identified as key agents of sustainable development and women's equality in all aspects is as central to a more holistic approach towards community development that are sustainable.

In the words of former President of India APJ Abdul Kalam, "empowering women is a prerequisite for creating a good nation, when women are empowered, society with stability is assured. Empowerment of women is essential as their thoughts and their value systems lead to development of a good family, good society and ultimately a good nation." (Sharma Sheetal, 2006)

**Literature Review:**

Tibetans, as described by Richardson, 1962 (Tibet and its history), are kind, gentle, honest, open and cheerful. They are humorous and enjoy leisure. They are equally intelligent and self-reliant and accord a high position to women. However, men are respected as superiors since it is believed that women have to be reborn as men in the cycle of reincarnation to be eligible for the realization of the 'Absolute'. According to Deakins and Freel, 2012 an entrepreneur is a leader who is willing to take risk and exercises initiative to take advantage of the opportunity in the market by planning, organizing and executing resources.

Lee (1996) examines the motives that stimulate women into becoming business owners. The study finding concludes that women entrepreneurs are motivated by a high need for achievement, a slightly higher need for dominance and moderate needs for affiliation and autonomy. A study conducted by the Centre for Entrepreneurship Development, Ahmadabad (1984) identified the constraints of women entrepreneurs such as traditional values, social and family responsibilities, lack of confidence in dealing with various institutions, problems of obtaining finance and technical know-how and inability to migrate to places offering better infrastructural facilities. The centre found in the course of conducting EDPs that the training helped women to overcome the above said barriers.

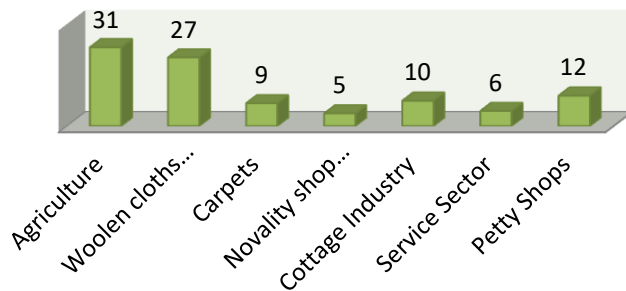
**Objectives of the study:**

- To portray the type of enterprise owned by Tibetan women settled in Karnataka
- Reasons for the increase of Tibetan women entrepreneur's
- Benefits due to increase in entrepreneurship of Tibetan women
- To study the problems faced by Tibetan women entrepreneurs

**Research Methodology:**

A random sampling technique is adopted for the sample selection. A sample of 100 women respondents is taken on the basis of criterion that they should be running their enterprise independently and not in partnership. Both primary and secondary data were needed to undertake this study. To collect primary data, a rigorous field survey was conducted with a designed questionnaire in all the 4 settlements of Karnataka State in India. The respondents answered all the questions without any bias.

**Chart 1 Showing types of Enterprise owned by Tibetan women**



**Findings:**

Majority of the women entrepreneurs are into agriculture where they grow maize, ragi, cotton, paddy or a mix of any of them. Some with irrigation facility even grow banana and coconut which is something new and special among Tibetans. For agriculture the entrepreneurs use the modern machinery for cultivation such as tractors

for ploughing and trashing. They provide employment to local Indian's also. Most of the agricultural work is being carried out with a mutual help. They exchange labour and work for the common interest of the community. They share their land with others for various purposes such as to dry the hay, to tie the cow and work related to ragi, maize, and other crops which require large plain areas till the output is disposed or shifted to godown as shown in chart 1. They hire local Indian workers on daily basis and pay them very high wage when compared to other Indians who provide job. Dairy farming is also a major source of contribution for an entrepreneur and her family. Almost every family has few milking cows and the Tibetan cooperative society takes the responsibility of collecting milk from the farmers and in turn to the milk dairy. Rearing animals specially the cows and ox is not a tough job for them because the cow owners work together and appoint people to rare the animals in the forest areas or even in the baron areas during the off seasons.

Agricultural entrepreneurs do not confine only to agricultural produce. They even deal with sweaters and textile cloths during off season that is around 3 to 4 months in a year. They buy clothes from wholesale dealers from Ludhyana in Punjab state and textile clothes from Delhi and sell them at different places as per the demand and requirement of that particular place. The women entrepreneurs make all arrangements related to their children and aged parents, cattle etc. and gear-up for a long trip. Today in most of the states the Tibetan women entrepreneurs have made their identity and have set up stalls and they are well known for woolen cloths.

Around 12 % represents carpet weaving and agriculture. Some of them even go to the carpet weaving centers on hire basis with an understanding with the Tibetan cooperative society.

5% respondents own novelty shops, which are normally stocked with fancy items like curious, trinkets, ornamental knives and even idols of Gods and Goddess of all religion especially of Hindu's which is in great demand. Even electronic goods are also sold in such shops. They even deal with perfumes, jeans, talcum powder and creams which are preferred by the Tibetans themselves. These novelty shops are found in tourist spots in the settlements and by the main road.

10% respondents are into cottage industry making 'thupka' (dry noodles), 'khata' (sacred scarf), Tibetan incense sticks, 'pangde' (apron for married women) and milk-by-products etc. Other enterprise which account for about 6% includes mainly service sector such as beauty parlors, hotels, tailoring, car rental service and computer centre for both browsing and typing etc. 12% respondents have a permanent place of business as they run petty shops which include grocery, provisions, medical stores etc which is being carried on throughout the year without any change in enterprise.

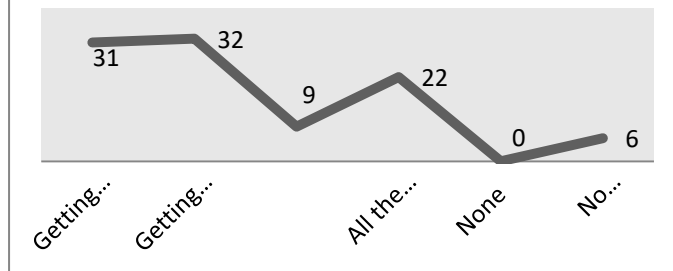
**Chart 2 Showing the reasons for the increases in the number of Tibetan women entrepreneurs**



Reason for the increase in the number of Tibetan entrepreneurs, 86 respondents felt that there was an increase in the Tibetan women entrepreneurs after coming to India and it was endorsed by the respondents quite reasonably as shown in Chart 2. Of the varied reasons that are quoted, 21 plus 29 percent of the total respondents said that they had to face the challenges after

being displaced from their own place and had to survive in completely new setup with different weather condition, eating habits, different language, altogether a major change which had forced them with no option but to start with an enterprise of their choice which supported them then and also a great support for their survival even today. 20 percent respondents said that the increase in Tibetan women entrepreneurs is to sustain her and her family which they think is an opportunity for the women. The respondents says that there was a huge task to safe guard the interests of Tibet and Tibetan and this was to be somehow shouldered by the women folk. More responsibility on women is a universal truth which almost all the respondents agreed and said they consider this as a blessing and carry out our responsibility to keep all family members happy. 10 percent respondents feel that men are not very good at doing business, they can do manual labour, but here in India as women have taken the lead the men have taken a back seat in financial matters specially with regards to earning. Whereas 5

**Chart 3 showing Line diagram on kinds of benefit received by respondents due to increase in entrepreneurs**



percent respondents didn't have any opinion regarding the reason for the increase of entrepreneurs because they felt that there is a decrease in the number of women entrepreneurs because some have already moved abroad for a better life.

The increase in Tibetan women entrepreneur is said to have benefited in various ways, while 31 percent respondents said it helps in getting better standard of living, 32 percent respondents said that the increase has helped in bringing about a change in the social status of women in the society.

The other one being politically strong with 09 percent respondents answering that; though

interest in political field is not shown by the respondents, they feel this rise in the entrepreneur has made Tibetan government in exile strong, and that they also are politically strengthened which in-turn could help in clearing the hazards that may come in their way in future. 22 percent respondents were glad to say that there is indeed an overall development. There was not even one who disagreed with the women's contribution. Lastly 06 percent respondents were not ready to agree or disagree with the contributions made by the Tibetan women entrepreneurs to the Tibetan community as they were not very sure.

To know the various problems faced by Tibetan women in running the enterprise is yet another objective of this study as explained in table no. 1.

60 percent respondents agreed upon the major challenge of balancing family and business. Indeed, it is a great challenge for women either married or unmarried to combine family and business. Especially, the married entrepreneurs who have small children. 2 percent of the sample size does not take any special training to run their enterprise, they get few days training in carpet weaving but otherwise no such training facilities are availed as they do not know the need and importance of training..

1	Combining family and business life	60
2	No training related to the enterprise	10
3	Financial problems	02
4	Gaining the acceptance and respect of people	04
5	Government conditions and restrictions	10
6	Being a women/gender discrimination	05
7	Other problems.	09

10 percent expressed their unhappiness towards financial constrains and the problem of obtaining loans for their enterprise.

Almost all Tibetan women were happy about the society's response and acceptance of women entrepreneurs. They get good and equal respect in the community and are encouraged by others in carrying out their day-to-day business activities.

10 percent of the respondents felt that Government restrictions is little too much and they are not allowed to do business as they were doing 10 years back. 95 percent respondents felt that there is absolutely no gender discrimination among the Tibetans but 5 percent said that at work place they find few bad elements that disturbed them and remind them of their gender.

Other problems such as marketing their products, availability of raw materials, competitions, etc. were minimum and are part of any business which they are confident of overcoming without many difficulties.

**Implications:**

1. There is a fast and study economic growth which sets example for others.
2. Unity among the Tibetans.
3. Mutual help and support.
4. Tibetan women entrepreneurs are able to provide job for the Indians.

**Suggestions:**

Few suggestions can be proposed based on the findings:

1. Tibetan women can achieve better if the family responsibility is lessened.
2. Adequate and timely financial assistance is required even though they are able to manage without much financial assistance.

3. Entrepreneurial achievement can be doubled if a formal entrepreneurial training is provided.
4. Unlike some other communities, Tibetan community has great respect for the women folk except a few orthodox families who discourage women entrepreneurship which has to be educated.
5. Even among Tibetans there is a small percentage of population who has gender bias; of course it will take its own time to overcome this problem.
6. Waiving of tax for the tiny enterprises will be a motivational factor for the entrepreneurs.
7. Creating conducive trading environment in terms of providing a permanent place to set up their shops with scope for expansion, availability of raw materials, labor, government support in terms of liberalization, facilities to promote their products not only within India but also at the international level etc.

**Conclusion:**

This work is an eye opener to this closed society as acknowledged by Tibetans themselves. This study clearly underlines the success story of the displaced lot who fled their country with little or no money, and within a span of 54 years they are on par with any of the urban middle class Indian family. This proves that 'hard work is sure to yield fruit' and this is the best example for any community to emulate. No doubt even Tibetan Women entrepreneurs are surrounded by problems like any other entrepreneur in general and women in particular. Still, she makes her way out without pausing, as her goal is predetermined. However, she needs little more encouragement and commemoration for the tireless job done to grow from nothing to everything today and thus, elevating the standard of living and empowerment of the Tibetan community is general.

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# The 10 Companies with Best CSR Reputations

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## Abstract

Indian companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal. Nearly all leading corporates in India are involved in corporate social responsibility (CSR) programmes in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others. The new Companies Act has asked Corporate India to step in with the provision that companies invest 2 per cent of their net profits in CSR. Global Reporting Initiative (GRI) that forms the basis for this paper has several parameters that are far in excess of what the Indian Companies Act prescribes. It covers sustainability and CSR issues while at the same time also looking at employee standards, health and safety issues and much more. We have attempted in our study to examine GRI reports and publicly disclosed information online and via annual reports under the CSR lens. We believe that it is not sufficient for companies to merely invest in CSR projects and meet the 2 per cent norm, but we need to understand whether CSR is looked at strategically. Do companies have a CSR policy? Is there board oversight? Is CSR information reported? And more than this, entire do CSR activities cover all stakeholders? The study therefore examines and ranks companies on the basis of four criteria. These criteria are assigned weights of 20 per cent, 10 per cent, 50 per cent and 20 per cent respectively and form the basis of our ranking. We rank companies on their focus on CSR and sustainability by creating a combined score that weighs each of the four parameters. For example, if the company's website provided sustainability/GRI report on the website, and then it received a score of 1 on that dimension else the score is 0. After the analysis has completed the review if there are differences of opinion on a score, they are resolved through mutual agreement or reference to the authors. Where sustainability/GRI reports were not available data was sourced through annual reports and websites. The study looked at top 115 companies to arrive at the ranking. It covers industries as varied as automobiles, banks, diversified, FMCG, infrastructure, information technology, metals and mining, oil, power, steel, pharmaceuticals, telecommunications and others. This paper never compares and contrasts the Global best and Indian best companies rather it portrays the best CSR practices of top 10 companies across the globe.

**Keywords:** Stakeholder responsibilities and societal obligations; Corporate Social Responsibility (CSR) programmes; The new Companies Act; 2 per cent; Global Reporting Initiative (GRI); Publicly disclosed information; the CSR lens.

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## Introduction:

**Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship or sustainable responsible business/ Responsible Business)** is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that



appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

**Definition**

Business dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies express this citizenship (1) through their waste and pollution reduction processes, (2) by contributing educational and social programs and (3) by earning adequate returns on the employed resources."

A broader definition expands from a focus on stakeholders to include philanthropy and volunteering.

**Seven reasons why sustainability programs are good for industry associations**

1. **Help attract and retain members:** Sustainability and CSR programming increases the value and relevance of the association to current and prospective members. It reduces the risk that members will have their CSR and sustainability needs met by other organizations or initiatives.
2. **Enhance innovation in the sector:** Cost-effective pre-competitive CSR and sustainability collaborations can result in industry innovation, enabling the industry to improve its collective CSR impacts while driving business and operational benefits.
3. **Build positive government and NGO relations:** Associations that increase their CSR or sustainability expertise are better positioned to contribute positively to regulatory initiatives by government and other agencies and to engage constructively with NGOs and other stakeholders. Associations with voluntary industry CSR and sustainability standards that exceed compliance requirements are able to forestall government regulation.
4. **Help identify industry priorities:** Many generic global CSR and sustainability initiatives and standards are now available, and this in turn can make priority-setting for members difficult. An industry approach can assist member companies to develop an industry-relevant model tailored to the sector's most material risks and opportunities.
5. **Fulfill association goals:** Typically association goals include assisting members to be competitive and profitable. CSR and sustainability is one tool to enhance member profitability and competitiveness.
6. **Build industry reputation and brand:** An association's CSR and sustainability program demonstrates the sector's commitment to sustainable practices and leadership. It can build positive stakeholder relationships with customers, communities, NGOs, suppliers and others. In doing so, it enhances the sector's social license to operate and grow.
7. **Enhance employee recruitment and retention:** Associations with CSR programs are able to attract and retain the best and brightest employees who prefer to work for organizations aligned with their values.

**Corporate social responsibility in India**

Indian companies are now expected to discharge their stakeholder responsibilities and societal obligations, along with their shareholder-wealth maximization goal. Nearly all leading corporate in India are involved in corporate social responsibility (CSR) programmes in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others.

The 2010 list of Forbes Asia's '48 Heroes of Philanthropy' contains four Indians. The 2009 list also featured four Indians. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in

October 2009. According to a study undertaken by an industry body in June 2009, which studied the CSR activities of 300 corporate houses, corporate India has spread its CSR activities across 20 states and Union territories, with Maharashtra gaining the most from them. About 36 per cent of the CSR activities are concentrated in the state, followed by about 12 per cent in Gujarat, 10 per cent in Delhi and 9 per cent in Tamil Nadu.

The companies have on an aggregate, identified 26 different themes for their CSR initiatives. Of these 26 schemes, community welfare tops the list, followed by education, the environment, health, as well as rural development. Further, according to a study by financial paper, The Economic Times, donations by listed companies grew 8 per cent during the fiscal ended March 2009. The study of disclosures made by companies showed that 760 companies donated US\$ 170 million in FY09, up from US\$ 156 million in the year-ago period. As many as 108 companies donated over US\$ 216,199, up 20 per cent over the previous year.

Although corporate India is involved in CSR activities, the central government is working on a framework for quantifying the CSR initiatives of companies to promote them further. According to Minister for Corporate Affairs, Mr. Salman Khurshid, one of the ways to attract companies towards CSR work is to develop a system of CSR credits, similar to the system of carbon credits which are given to companies for green initiatives. Moreover, in 2009, the government made it mandatory for all public sector oil companies to spend 2 per cent of their net profits on corporate social responsibility. Besides the private sector, the government is also ensuring that the public sector companies participate actively in CSR initiatives. The Department of Public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important corporate social responsibility projects to be funded by 2-5 per cent of the company's net profits.

As per the guidelines, companies with net profit of less than US\$ 22.5 million will earmark 3-5 per cent of profit for CSR, companies with net profit of between US\$ 22.5 million - US\$ 112.5 million, will utilise 2-3 per cent for CSR activities and companies with net profit of over US\$ 112.5 million will spend 0.5-2 per cent of net profits for CSR.

#### **CSR Initiatives and Green Measures**

India Inc has joined hands to fine-tune all its activities falling under CSR. For this, it has set up a global platform to showcase all the work done by Indian firms. Confederation of Indian Industry (CII) and the TVS Group collaborated to form the CII-TVS Centre of Excellence for Responsive Corporate Citizenship in 2007. It provides consultancy services and technical assistance on social development and CSR.

According to a National Geographic survey which studied 17,000 consumers in 17 countries, Indians are the most eco-friendly consumers in the world. India topped the Consumer Greendex, where consumers were asked about energy use and conservation, transportation choices, food sources, the relative use of green products versus traditional products, attitudes towards the environment and sustainability and knowledge of environmental issues.

1. Reliance Industries and two Tata Group firms—Tata Motors and Tata Steel—are the country's most admired companies for their corporate social responsibility initiatives, according to a Nielsen survey released in May 2009.
2. As part of its Corporate Service Corps (CSC) programme, IBM has joined hands with the Tribal Development Department of Gujarat for a development project aimed at upliftment of tribals in the Sasan area of Gir forest.
3. The financial services sector is going green in a steady manner. With an eye on preserving energy, companies have started easing the carbon footprint in their offices. The year 2009 witnessed initiatives including application of renewable energy technologies, moving to paperless operations

and recognition of environmental standards. Efforts by companies such as HSBC India, Max New York Life and Standard Chartered Bank have ensured that the green movement has kept its momentum by asking their customers to shift to e-statements and e-receipts.

4. State-owned Navratna company, Coal India Ltd (CIL) will invest US\$ 67.5 million in 2010-11 on social and environmental causes.
5. Public sector aluminum company NALCO has contributed US\$ 3.23 million for development work in Orissa's Koraput district as part of its Corporate Social Responsibility (CSR).

#### **CSR Rules under Companies Act, 2013**

The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 1, 2014. With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. Contribution to any political party is not considered to be a CSR activity and only activities in India would be considered for computing CSR expenditure.

The net worth, turnover and net profits are to be computed in terms of Section 198 of the 2013 Act as per the profit and loss statement prepared by the company in terms of Section 381 (1) (a) and Section 198 of the 2013 Act. While these provisions have not yet been notified, it has been clarified that if net profits are computed under the Companies Act, 1956 they needn't be recomputed under the 2013 Act. Profits from any overseas branch of the company, including those branches that are operated as a separate company would not be included in the computation of net profits of a company. Besides, dividends received from other companies in India which need to comply with the CSR obligations would not be included in the computation of net profits of a company.

The CSR Rules appear to widen the ambit for compliance obligations to include the holding and subsidiary companies as well as foreign companies whose branches or project offices in India fulfill the specified criteria. There is a need for clarity with respect to the compliance obligations of a company as well as its holding and subsidiary companies.

The activities that can be undertaken by a company to fulfill its CSR obligations include eradicating hunger, poverty and malnutrition, promoting preventive healthcare, promoting education and promoting gender equality, setting up homes for women, orphans and the senior citizens, measures for reducing inequalities faced by socially and economically backward groups, ensuring environmental sustainability and ecological balance, animal welfare, protection of national heritage and art and culture, measures for the benefit of armed forces veterans, war widows and their dependents, training to promote rural, nationally recognized, Paralympics or Olympic sports, contribution to the prime minister's national relief fund or any other fund set up by the Central Government for socio economic development and relief and welfare of SC, ST, OBCs, minorities and women, contributions or funds provided to technology incubators located within academic institutions approved by the Central Government and rural development projects. However, in determining CSR activities to be undertaken, preference would need to be given to local areas and the areas around where the company operates.

To formulate and monitor the CSR policy of a company, a CSR Committee of the Board needs to be constituted. Section 135 of the 2013 Act requires the CSR Committee to consist of at least three directors, including an independent director. However, CSR Rules exempts unlisted public companies and private companies that are not required to appoint an independent director from having an independent director as a part of their CSR Committee and stipulates that the Committee for a private

company and a foreign company need have a minimum of only 2 members.

A company can undertake its CSR activities through a registered trust or society, a company established by its holding, subsidiary or associate company or otherwise, provided that the company has specified the activities to be undertaken, the modalities for utilization of funds as well as the reporting and monitoring mechanism. If the entity through which the CSR activities are being undertaken is not established by the company or its holding, subsidiary or associate company, such entity would need to have an established track record of three years undertaking similar activities.

Companies can also collaborate with each other for jointly undertaking CSR activities; provided that each of the companies is able individually report on such projects. A company can build CSR capabilities of its personnel or implementation agencies through institutions with established track records of at least three years, provided that the expenditure for such activities does not exceed 5% of the total CSR expenditure of the company in a single financial year.

The CSR Rules specify that a company which does not satisfy the specified criteria for a consecutive period of three financial years is not required to comply with the CSR obligations, implying that a company not satisfying any of the specified criteria in a subsequent financial year would still need to undertake CSR activities unless it ceases to satisfy the specified criteria for a continuous period of three years. This could increase the burden on small companies which do not continue to make significant profits.

The report of the Board of Directors attached to the financial statements of the Company would also need to include an annual report on the CSR activities of the company in the format prescribed in the CSR Rules setting out inter alia a brief outline of the CSR policy, the composition of the CSR Committee, the average net profit for the last three financial years and the prescribed CSR expenditure. If the company has been unable to spend the minimum required on its CSR initiatives, the reasons for not doing so are to be specified in the Board Report.

Where a company has a website, the CSR policy of the company would need to be disclosed on such website. Corporate India has seen in the last decade that the path towards growth is not linear. Expansion means a constant hunt for resources that go into manufacturing and invariably a conflict between man and nature.

The western world has simplified much of this debate into the climate change challenge which rests on this simple logic. The Indian challenge and that of any developing country like ours is much more complex. We need food for our teeming millions, education for our children and women empowerment.

#### **India's Best Companies for CSR 2014: How the 100 firms were selected**

Corporate India has seen in the last decade that the path towards growth is not linear. Expansion means a constant hunt for resources that go into manufacturing and invariably a conflict between man and nature.

The western world has simplified much of this debate into the climate change challenge which rests on this simple logic. The Indian challenge and that of any developing country like ours is much more complex. We need food for our teeming millions, education for our children and women empowerment. With this the conversation in corporate circles has moved beyond 'should CSR be mandatory' to 'what should we do and how'? Indian companies are now new to sustainability reporting. In fact, there are companies that have been generating sustainability reports for ten years or more.

Global Reporting Initiative (GRI) that forms the basis for this reporting has several parameters that are far in excess of what the Indian Companies Act prescribes. It covers sustainability and CSR issues while at the same time also looking at employee standards, health and safety issues and much more. Attempt is made to examine GRI reports and publicly disclosed information online and via annual

reports under the CSR lens. I believe that it is not sufficient for companies to merely invest in CSR projects and meet the 2 per cent norm, but we need to understand whether CSR is looked at strategically. The 2 percent norm is not the only criterion looked for but beyond this percent the paper looks for the spontaneous contributions by the corporates.

**Top 10 Companies for CSR**

Ranking	Indian Company	Best practice	Global Company	Best practice
1	Tata Steel	The CSR programme is managed by three organisations — Tata Steel Rural Development Society (TSRDS), Tata Steel Family Initiatives Foundation (TSFIF) and the Tribal Culture Society (TCS). The Company uses Human Development Index to keep track of CSR in villages.	Microsoft	Microsoft Youth Spark is committed to helping young people capture opportunity. Use programs to learn skills, to prepare for the jobs of the future, even to start your own business. Youth Spark is created for you.
2	Tata Chemicals	Conservation of whale shark- a rare species. The Company spends Rs 12 cr on CSR every year & wildlife conservation tops priority.	Google	Tech giant Google is donating \$11.5 million to several coalitions fighting to end the modern-day slavery of some 27 million people around the world. The largest ever corporate grant devoted to the advocacy, intervention and rescue of people being held, forced to work or provide sex against their will, Google said it chose organizations with proven records in combating slavery.
3	Mahindra Group	'Nanhi Kali' -focuses on educating the girl child. CSR is a mix of strategic philanthropy, shared values & sustainability.	Disney	Disney encourages environmental education. Earth, Oceans, and African Cats – have planted three million trees in Brazil's threatened Atlantic Forest, protected 40,000 acres of coral reef in the Bahamas, and conserved 50,000 acres of savanna wildlife corridors in Africa.
4	<u>Maruti Suzuki</u>	'Making it Matter'- Community development and road safety propel Maruti's CSR in the fast lane. The village	BMW	BMW Warm-Heart Fund BMW Warm-Heart Family, including firms, employees, dealers, customers and warm-hearted people to provide from financial

		development will include construction of household toilets, upgrading Government schools, separate toilets for girl students.		assistance and spiritual support to people in need.
5	<u>Tata Motors</u>	A deep concern for the environment drives Tata Motors undertake green projects that preserve and regenerate local ecologies.	Apple	Building environmental responsibility into products and processes.
6	Siemens	Raising health awareness in India. Fitness, in general, is still not a high priority for most people in India. To change this, the Health Management team at Siemens India introduced the Fit4Life program.	Daimler	Promote climate protection, conserve valuable resources, and contribute to the preservation of a livable environment – at their locations and beyond.
7	Larsen & Toubro	L&T's participates in building a healthy community through continuing initiatives in several areas of healthcare, with a focus on mother & child care and HIV/AIDS awareness.	Volkswagen	Offering employees vocational qualifications and continuing professional development in vehicle and production technology. This represents one of Volkswagen India's contributions to sustainable regional development.
8	Coca-Cola India	Coca-Cola India has supported community programmes with a focus on education, health and water conservation. The Company has commissioned 400 rainwater harvesting systems, provided clean drinking water to more than 100 schools, supported school projects and driven reform in sustainable packaging, disaster relief and rehabilitation".	Sony	As an official FIFA partner, Sony launched " <u>Dream Goal 2014</u> ," a special CSR program conducted in conjunction with the 2014 FIFA World Cup Brazil™. This program, made possible through collaboration across the Sony Group in partnership with participating NGOs worldwide, showcases a wide range of online and offline initiatives that are expected to benefit approximately 30,000 children in Latin America, Africa and Asia.
9	Steel Authority of India	SAIL has supported maintenance of monuments in Delhi's Lodhi Gardens, and Vedvyas, Saraswati	Colgate Palmolive	Free dental health care packs, including samples, are also distributed by the company to encourage good oral hygiene.

		kund in Rourkela. To take care of distinct features of tribal culture, a 5-day Chhattisgarh Lok Kala Mahotsav is celebrated every year in Bhilai and nearby places in which more than 600 artistes participate. To promote local culture and games, various Gramin Lokotsavs and Gramin athletics competitions are organised by SAIL at different locations throughout the year.		
10	Infosys	Provide schools with computers it has also helped build 60,000 school libraries, Nirmala shouchalayas.	Lego Group	In 2013 the LEGO Group became the first – and remains the only - toy company to be named a World Wildlife Fund (WWF) Climate Savers Partner. One of the world’s largest conservation organisations, WWF collaborates with leading global companies committed to setting ambitious targets to reduce greenhouse gas (GHG) emissions. Through its Climate Savers program, WWF encourages its partners to transform into low-carbon leaders, acting as change agents within their sphere of influence.

**Impact**

- The ICC has tied up with McGrath Foundation, Cancer Society of New Zealand, Room to Read and Think Wise for its Corporate Social Responsibility (CSR) partnerships during the 2015 World Cup in Australia and New Zealand. The ICC will once again be working with Room to Read and will also partner with UNAIDS and UNICEF to deliver the global cricket AIDS awareness partnership THINK WISE.
- Corporates to Pump in Rs. 14,000 Crore towards CSR in 2014-15: Arun Jaitley.
- Tata Group CSR Spend Crosses Rs. 660 Crore in 2013-14.
- Infosys to Contribute Rs. 240 Crore towards CSR.

**Conclusion**

It can be concluded that Social corporate responsibility and the maintenance of **high ethical standards** is not an option but an obligation for all business. What can't be measured can't be improved. That was the spirit behind our effort to gather data on how much listed firms are concentrating on CSR currently. It turned out to be one of the most difficult exercises we have undertaken. Despite reaching out to them individually, we realised that there are many, even among the top 100 firms by revenue, who

don't report their CSR spends or even declare the social causes they support. That's because they aren't required to do so by law.

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# GLOBALIZATION CONTEXT OF HUMAN RESOURCE MANAGEMENT

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## **Abstract**

According to C. B. Mamoria, "Manpower" or "human resource" may be thought of as "the total knowledge, skills, creative abilities, talents and aptitudes of an organization's work force, as well as the values, attitudes and benefits of an individual involved....It is the sum total of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the employed persons". It is the most valuable asset of an organization, and not the money or physical equipments. It is in fact an important economic resource, covering all human resources-organized or unorganized, employed or capable of employment, working at all levels-supervisors, executives, government employees and so on. In India Human resource being adequate, if trained, can meet the global demands effectively. India is playing and will continue to play an increasingly important role in the global arena is now well understood. Indians have won this honor through conscious effort. Indians have become genuinely quality conscious. It is no longer necessary to stress the importance of quality to most. And those in the service sector are increasingly aware of the need for service orientation. As for investing in technology and infrastructure, we are certainly catching up, even hiring managers and experts where there are skill gaps. As a result of all this, be it in auto ancillaries, biotechnology, software services, business process outsourcing, garment exports or food processing, one is beginning to find 'India inside'. Going global is now an important part of every entrepreneurs and executive's agenda and preoccupation..

**Keywords:** Globalization, Human Resource Management

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## **Global competitiveness**

The global competitiveness report for 2005-06 ranks Switzerland at the number one, Singapore at fifth, the US at sixth, South Korea 24th, UAE 32nd, and India 43rd. Recently, our great President in course of one of his addresses used some global competitiveness indexes and pleaded to set a target for the nation to achieve. "Competitiveness comes from technology, administration, management, work environment and employee productivity. India is ranked 56 in terms of Growth Competitive Index and 127 in terms of Human Development Index. We have to work together to become 10 in the Growth Competitive Index and 29 in Human Development indexed".

## **Areas of Competitiveness**

- (a) Physical competitiveness: A country cannot become physically competitive unless its productive instruments individually achieve high level of competitiveness
- (b) Intellectual competitiveness: To build Intellectual competitiveness, Investment in education is imperative.
- (c) Systemic competitiveness: Systemic competitiveness refers to issues, attitudes and mindsets that are necessary to fostering a competitive instinct.

## **Competitiveness of HR**

Is India competitive? With the globalization of markets, the increased mobility of corporate assets, and the need for productive human resources, this question has become all the more complex to answer. This question can be discussed by focusing on certain fundamentals: financial performance and

labor productivity. Here if labor productivity is emphasized, the competitiveness of human resource can be measured by the following criteria.

- a) The extent to which labor deployment and productivity in India differs from global benchmarks. In this case, emphasis should be on the amount of labor required to operate a typical business in India and the likely returns on this human investment.
- b) What is the typical ratio of short-term and long-term assets to employee?
- c) What are typical capital-labor ratios? How different are these ratios to those in Asia in general and the world as a whole?
- d) What are the average sales and net profits per employee in India compared to regional benchmarks?

The ability of HR to compete internationally depends upon the strength of the domestic industry to produce qualitative HR at minimum possible cost. In India we have good educational institutions that produce competitive HR. Considering the above criteria; India is well on its way to become a knowledge power, there are all round growth in all the sectors of the economy, viz., agriculture, manufacturing and services. Today, we have an opportunity to take the leadership in the knowledge revolution. Knowledge revolution is indeed the foundation for leading India into a developed Nation.

#### **Challenges**

For HR of India to be globally competitive, India has to improve at the technology end. Remote villages of India are still isolated and far away from the developed technology. Market is booming but what about the poor Indian residing in lakhs of villages? Where are the schools, hospitals, colleges, roads, bridges, electricity, drinking water, health-care facilities in those villages? Farmers are committing suicide continuously. The real India lives in the villages and government should take care of Real India to develop India.

There is a vast room for research and improvement in Education system of India. Advanced Education institutions at primary levels can make our HR far more competitive Government also has to work on bringing the literacy level up. The resources are not yet fully explored. Mindset of society as a whole has to be changed, when it comes to female HR. Female HR of our country does not get sufficient opportunity to explore the globe. While there is a current emphasis on 'accent neutralization', it may not be long before the world -gets reconciled to Indian English, given that we are fast becoming the back-office to large parts of the world.

Having said this, if there is an important dimension of our competitiveness that needs substantial change, it is our cultural competitiveness. India's poor show at Health and Primary Education category does give a signal that the government should concentrate more in this area and on the infrastructure development too.

#### **Opportunities**

HR of India has vast opportunities across globe. Especially in developed countries because of high salary structure there. Looking to the competitiveness of HR of India qualitatively and cost-wise, good employers across the globe also prefer Indian employees. High Standard of living in developed countries makes our HR more mobile and competitive. Work environment abroad is professional.esti

**Table-1 : dFactors responsible for driving productivity and competitiveness India's performance on different categories**

<b>Category</b>	<b>Rating</b>
Market Efficiency	21
Business Sophistication	25
Innovation factor	26
Institutions Factors	34

Efficiency Enhancers	41
Higher Education and Training	49
Technological Readiness	55
Infrastructure	60
Macro Economy	88
Health and Primary Education	93

Looking to India's enormous human potential, two factors stand out.1.. The proven capability of our managers and 2. The ability of our young men and women to absorb and master new technologies.

As for India's management talent, it is already gaining global recognition. Our premier management institutions are rated among the best in Asia. Foreign companies are recruiting on the campuses of these institutions for international positions. Large number of Indians is being seconded to overseas positions in transnational corporations. Numerous Indians are in leadership positions in global enterprises. This global recognition of Indian talent is a tribute to India's professional management institutions and other educational institutions dedicated to raising standards in India.

**Conclusion**

India needs to take the initiatives to improve on the global competitiveness ratings already available from the reliable and recognized agencies. Increase the creative class in number as well as quality. Let the professional institutes and laboratories concentrate on both-pure technology as well as applied technology to improve the quality of life of the people. Use synergy. Work in virtual research clusters. They can't remain exclusive. Next world war will be fought in research labs and educational institutes through worldwide connectivity tools. The study suggests that efficient HR of India is globally competitive in general.

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# **IMPACT OF VOCATIONAL EDUCATION IN BUSINESS MANAGEMENT STUDENTS EMPLOYABILITY – A STUDY AT S.D.M COLLEGE UJIRE**

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## **Abstract**

In the present employment market, employer verifies skills of an individual than the number of degrees a candidate has or pursuing. Skill component is very important and plays a very decisive role in jobs. Vocational education can provide diverse opportunities and make them fit in present world where the common policy is survival of the fittest. Today the time has come for educational institutions to shoulder responsibilities of vocational education along with regular education prescribed for a particular course. Making candidate learn better skills, empower them and making them anywhere fit to job markets with acquaintances of necessary skills have become essential for institutions today. This study focuses on vocational skills target to graduate students and evaluation of their progress thereafter so as to bring out quality human resources to our society.

**Keywords:** Pursuing, Component, decisive, Shoulder acquaintance and Progress.

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## **INTRODUCTION**

One of the important task or assignment for leading institutions today is to make students go through vocational education and make them highly proficient in their skill components. To make them aware and participate in skill development courses a good faculty is required who can act as a facilitator. Today whether it is in students area of interest or not, it has become mandatory to undergo skill based education. To provide this institutions may have to undergo different challenges a few of them are as follows:

- 1) Daily with unmotivated and students with lack of interest.
- 2) Updating the courses, reinforcing new pedagogy.
- 3) Making students engaged in the given task.
- 4) Rural area constraints such as availability of resources, skilled and trained manpower etc.
- 5) Natural resistance to change from students.
- 6) Faculties may need additional motivation or push to accept additional responsibilities.
- 7) Creating a serene atmosphere of learning.
- 8) Developing a strong aim of continuous improvement.

With the constantly growing economy where there is need and greed for employment, practically these are lot of chances where one can try to put down other candidate based on skill acquired or the skill one has developed. By knowing these facts it becomes evident to have proper vocational education right from institutional level.

Degree students need more vocational education because today what employers look for eligibility for entering into the jobs. What is required for employers is a graduate from listed university and from a reputed institute and imbued rich in job oriented skills. Most of the employees look out basically three important things from candidates, these are willingness to learn and adapt with organizational cult, bound by sense of humor and enriched with dynamic skills.

Graduation should compromise of teaching and learning specific skills, impart knowledge, come out with positive judgment and well developed wisdom. As per corporate demands it should come out with one of its fundamental aspects of imparting skill based education which can be strongly applied in jobs. The basic aim of the institution should be to bring out quality human resources to deliver quality to the employer and also to the society. The paramount importance of delivering vocation education is to bring out strong change in our degree (graduation) students so that they are absorbed and not rejected anywhere in the employment markets. This is possible if they are enriched with specific skills on time.

#### **LITERATURE REVIEW**

According to **Cutshall (2013)**, a clear message today say that the responses come out and show positive as far as vocational education and qualification for learners is concerned. Living skills has to be taught along with regular academics so that they can clearly understand the application part of it.

According to **Bhakta**, practical education should concern more with growth of students (learner). This can be achieved when one gets employment soon after his graduation which suits his profile. This is possible when the candidate's interest is identified and he is properly mentored. This can get a large glory of success.

According to **Khullar K K**, vocational education should be mandatorily imparted. But there must be multiple options and the candidate can choose any course depending on his interest.

According to **Mahantesh H.B**, vocational education has to be imparted considering two important factors firstly increasing generation gap due to fast changing trend and secondly the area of the interest of the candidate. In his interested area the growth opportunities has to be identified and shown.

According to **GovindaRao** management students should be made proficient in communication, people handling, decision making and problem solving skills which will bring true professionalism in education. These skills if acquired properly can make candidate fit anywhere in employment market.

According to **Sharma**, teachers should be the facilitators. They should guide, motivate and show right directions to their students. They must spend some time with students and practically guide them to prepare for tomorrows jobs. Faculties having industrial experience can even guide students to be fit even for industries.

According to **Sen Gupta** there is a new approach in modern education where technical and vocational education co-inside. Both are equally essential. Especially as far as management students are concerned more soft skills have to be developed for them to sharpen their saw. Sharply observing the trends, remaining focused; delivering expected results just on time should be the present day approach of providing vocational course. Whatever target should be fit for the purpose, beneficial to both organization as well as the candidate who is the integral part of the organization.

#### **SCOPE OF THE STUDY**

Educational institutions are considered as pillars of skill development, a place where individual is transformed and his personality gets developed. At the present situation along with quality education emphasis has to be given for skill development and progress. Skill components are very much demanded by employers today and it has become one of the key success factor of an individual. Skills imparted should exactly fit in to what employees look out for and should be capable of delivering results. If these skills are rightly taught on time it can make young management graduates more efficient. For a management student today wide outside exposure essential, he must be able to withstand pressure anytime, handle any situations, build better rapport and contacts and develop business of an organization. This is what employees look out for. These skills have to be specially taught.

From the international point of view, institutions will get recognized in the society as well as other regulating bodies governing the institutions. It can also get more aspiring individuals willing to

study these and make a better name for them. In other words to grow vertically in their professions, indirectly it brings credit for institutions too.

#### OBJECTIVES OF THE STUDY

This study is undertaken to fulfill the following objectives:

- 1) To stand e importance of vocational education to management students.
- 2) To analyze the benefits of vocational education to management students.
- 3) To study the perception and satisfaction level of students on vocational education.
- 4) To give suggestions based on findings of the study.

#### METHODOLOGY USED

This study is basically a source study. Data for this study is collected from both primary and secondary sources. Primary data is collected from questionnaire issued to the respondents (management students), and also by observation and interview methods. Secondary data is collected from books, magazines, journals and websites. Primary data collected is used for carrying out dedicated analysis. Findings give in this study is purely based on analysis carried out.

#### SAMPLING METHOD USED

Method of sampling used in this study is simple random sampling (convenient sampling) the targeted respondents chosen are management degree students pursuing their bachelor degree in management education. Area chosen for this study is Ujire of Belthangady taluk and the college taken is S.D.M Degree College only. Size of the sample is restricted to 75 respondents only.

#### LIMITATIONS OF THE STUDY

This study observes the following limitations:

- 1) Only one main college of the taluk is considered in this study.
- 2) Only management students pursuing bachelor degree is considered, students from other courses are not considered.
- 3) Size of the sample is restricted to 75 respondents only.
- 4) Time spent for doing the study is for only for a period of one month on the basis of availability.

#### DATA ANALYSIS

Data is analyzed from the responses given by the respondents. Responses are collected through primary data source given to the respondents.

**Table 1: Age of respondents**

Age (in years)	Number of respondents	Percentage (%)
20 – 21	45	60
21 – 22	30	40
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 2: Gender of respondents**

Gender	Number of respondents	Percentage (%)
Male	43	57
Female	32	43
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 3: Area of interest (specializations)**

Area of interest	Number of respondents	Percentage (%)
Marketing	36	48
Human resource	24	32
Finance & banking	15	20
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 4: Respondents opinion on teaching vocational courses along with academics**

Opinion	Number of respondents	Percentage (%)
Required	51	68
Not required	24	32
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 5: Respondents opinion on influence of vocational courses in their career**

Opinion	Number of respondents	Percentage (%)
Develop skills	19	25
Generation employment	32	43
Personality development	24	32
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 6: Respondents opinion on most important part of any vocational courses**

Component	Number of respondents	Percentage (%)
Regularity in usage	26	35
Applicable in life	32	43
Smoothen work	17	22
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 7: Respondents opinion on role of colleges in imparting vocational courses**

Collegerole	Number of respondents	Percentage (%)
Provide infrastructure	23	31
Provide resource e	37	49
Continuous motivation	15	20
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 8: Respondents opinion on benefits of vocational courses**

Benefits	Number of respondents	Percentage (%)
Better prospects	35	47
Employees expectations	40	53
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 9: Respondents opinion on ideal time to teach vocational course**

Ideal time	Number of respondents	Percentage (%)
During the curriculum	39	52
Vacation	36	48
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 10: Respondents perception rating on vocational course**

Rating	Number of respondents	Percentage (%)
Excellent	16	21
Good	24	32
Average	32	43
Satisfactory	03	04
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 11: Respondents satisfaction level on vocational courses**

Satisfaction level	Number of respondents	Percentage (%)
Highly satisfied	20	27
Satisfied	37	49

Not satisfied	18	24
<b>Total</b>	<b>75</b>	<b>100</b>

**Table 12: Respondents opinion rating on various vocational courses that improves employability skills****a) Communication skills**

Rating	Number of respondents	Percentage (%)
Excellent	20	27
Good	31	41
Average	11	15
Satisfactory	13	17
<b>Total</b>	<b>75</b>	<b>100</b>

**b) Convincing skills**

Rating	Number of respondents	Percentage (%)
Excellent	16	21
Good	28	37
Average	25	33
Satisfactory	06	09
<b>Total</b>	<b>75</b>	<b>100</b>

**c) Negotiating skills**

Rating	Number of respondents	Percentage (%)
Excellent	11	15
Good	24	32
Average	33	44
Satisfactory	07	09
<b>Total</b>	<b>75</b>	<b>100</b>

**d) Presentation skills**

Rating	Number of respondents	Percentage (%)
Excellent	18	24
Good	26	35
Average	22	29
Satisfactory	09	12
<b>Total</b>	<b>75</b>	<b>100</b>

**e) People handling skills**

Rating	Number of respondents	Percentage (%)
Excellent	21	28
Good	29	39
Average	20	27
Satisfactory	05	06
<b>Total</b>	<b>75</b>	<b>100</b>

**f) Officially (professionally) writing skills**

Rating	Number of respondents	Percentage (%)
Excellent	10	13
Good	23	31
Average	30	40
Satisfactory	12	16



<b>Total</b>	<b>75</b>	<b>100</b>
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**g) Decision making skills**

Rating	Number of respondents	Percentage (%)
Excellent	19	25
Good	30	40
Average	21	28
Satisfactory	05	07
<b>Total</b>	<b>75</b>	<b>100</b>

**h) Problem solving skills**

Rating	Number of respondents	Percentage (%)
Excellent	21	28
Good	27	36
Average	18	24
Satisfactory	09	12
<b>Total</b>	<b>75</b>	<b>100</b>

**i) Motivating skills to others**

Rating	Number of respondents	Percentage (%)
Excellent	16	21
Good	30	40
Average	24	32
Satisfactory	05	07
<b>Total</b>	<b>75</b>	<b>100</b>

**j) Observing & analyzing skills**

Rating	Number of respondents	Percentage (%)
Excellent	17	23
Good	31	41
Average	22	29
Satisfactory	05	07
<b>Total</b>	<b>75</b>	<b>100</b>

**CHI SQUARE TEST**

Chi square test is a non-parametric test which is used in this study to determine the independence of two attributes. Calculated value is given by

$$\sum \frac{(fo - fe)^2}{fe}$$

Where 'fo' is observed frequency and 'fe' is expected frequency

Expected frequency is given by

(Row total X Column total)/ Gross total

After expected frequency is calculated the difference between observed and expected frequencies are made which is then squared and then divided by expected frequency. This will give the value of calculated chi square.

Tabulated value of chi square is taken from chi square table. This is done by taking selected confidence interval limit and calculating degrees of freedom using (r-1) (c-1) where 'r' is the number of rows and 'c' is for number of columns. If chi square calculated is greater than chi square tabulated null hypothesis is rejected else accepted.

- 1)  $H_0$ : Respondents opinion on teaching of vocational course along with curriculum and their area of interest (Specialization) is independent of each other

Area of interest (Specialization)	Teaching of vocational course		Total
	Required	Not required	
Marketing	26	10	36
Human resource	16	08	24
Finance & banking	09	06	15
<b>Total</b>	<b>51</b>	<b>24</b>	<b>75</b>

Chi square calculated is 7.6282 & chi square value from the table at degree of freedom 2 is 5.991. Therefore calculated value is higher than table value. Hence null hypothesis is rejected at 5% level of significance.

- 2)  $H_0$ : There is a significant relationship between respondents opinion on vocational courses in their career & important component of vocational course.

Component	Vocational courses influence in careers			Total
	Develop skills	Generation employment	Personality development	
Regularity in usage	06	14	06	26
Applicable in life	08	11	13	32
Smoothen work	05	07	05	17
<b>Total</b>	<b>19</b>	<b>32</b>	<b>24</b>	<b>75</b>

Chi square calculated is 7.6282 & chi square value from the table at degree of freedom 4 is 9.488. Therefore calculated value is lesser than table value. Hence null hypothesis is accepted at 5% level of significance.

#### FINDINGS OF THE STUDY

The following are the findings of the study and these findings are based on analysis carried out.

- 1) 60% of the respondents are in the age group of 20 – 21 years.
- 2) Majority (57%) of the respondents are male.
- 3) Majority of the respondents have chosen their area of specialization as marketing.
- 4) 68% of the respondents say that they desperately need vocational courses.
- 5) Majority of the respondents say that vocational courses can generate employment.
- 6) Most of the respondents say that the important part of any vocational course lies in its real life applicability.
- 7) Most of the respondents say that colleges can provide better resource persons through whom, vocational courses can be better taught.
- 8) 53% of the respondents say that, the major benefit of vocational courses is meeting employee's expectations.
- 9) 52% of the respondents say that the ideal time to teach vocational course is along with regular academics itself.
- 10) 43% of the respondents have rated their perception on vocational courses as average.

#### SUGGESTIONS

- 1) Each individual student should be concentrated from year one itself and should be motivated from time to time in his area of interest.
- 2) Students should receive better counseling from mentors and must be capable of taking independent decisions.
- 3) Institute should diplomatically deal with certain student related issues such that moral of student as well as faculty should not come down.

- 4) Time to time training should be given to the students from the inner talents of the institute particularly the proficient faculties within the institutions. Such faculties should be paid reasonable amount of remuneration for their valuable services rendered.

#### **CONCLUDING REMARKS**

We strongly feel that today in the employment market supply has exceeded demand. In such cases getting suitable employment which is fit to be accepted, where there is career wise opportunity wise growth and recognition has become a real challenge for both management students pursuing their degrees as well as the institutions imparting education which has dual role to play. On one side it has to groom its students and sharpen their employability skills and on the other side it has to make sure that it provides better resources, infrastructure and manpower for providing vocational education to students. In the coming days lots of new challenges come up, hence it is always better for institutions to remain alert understand the present trends and make students fit for the purpose.

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# Applying Customer Relationship Management (CRM) Strategies in Organization

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## Abstract

Customer relationship management (CRM) can help organizations manage customer interactions more effectively to maintain competitiveness in the present economy. As more and more organizations realize the significance of becoming customer-centric in today's competitive era, they adopted CRM as a core business strategy and invested heavily. CRM, an integration of information technology and relationship marketing, provides the infrastructure that facilitates long-term relationship building with customers at an enterprise-wide level. Successful CRM implementation is a complex, expensive and rarely technical projects. Customer Relationship Marketing represents a relatively new approach for the companies that wish to create a profitable long term relationship with their clients. CRM applications allow companies to collect and to use information about their customers in order to customize their offer for every client, to increase client's trust in the company and to coordinate their relationship with clients a lot more efficient in all market stages. Every company may take advantage of a relationship marketing approach.

**Keywords:** customer relationship, management, relational marketing, strategy, Customer segmentation, Top Management.

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## Introduction

The emergence of services organizations in the corporate sector, the growing competition due to liberalization, and the growing expectations of customers propelled by globalization and facilitated by IT revolution - are defining new rules of game for existing private and public enterprises in India. Telecom is one of the fast growing sectors among the services. The mobile revolution has created a new wave of interest among people to utilize telephone services. The firms offering the services are vying with each other to capture this sudden spurt in demand. They are using their technology and marketing prowess to attract new customers and simultaneously retain their existing customers, make inroads into competition and at the same time build entry barriers to competition to defend their position.

Customer-driven initiatives to attract, retain and build intimate long term relationship with profitable customers, innovation and delivery of Quality Service have become the key elements in the marketing strategies. Relationship Management with the three focal points – Customer Perceived Value, Customer Satisfaction and Customer Loyalty – has become key success factor in achieving sustained customer patronage and profitability to the firm. Customer Relationship Management (CRM) is an effective tool to achieve this goal. The philosophy and practices of CRM in telecom has caught the attention of policy makers, academicians and researchers.

The first requirement for the successful implementation of CRM is clarity regarding CRM terminology. From the many approaches available, the distinction between the following three areas has become generally accepted.

**Operational CRM:** supports front office processes, e.g. the staff in a call center. Operational integration points exist to human resource systems for user data and ERP systems for transferring order information which was captured e.g. from a call center representative. From an operations perspective, Bose [28]

pointed out that CRM is an integration of technologies and business processes that are adopted to satisfy the needs of a customer during any given interaction.

**Analytical CRM:** builds on operational CRM and establishes information on customer segments, behavior and value using statistical methods. It is useful for management and evaluation purposes, the operational customer data are integrated with a centralized data warehouse which is consolidated data based on certain criteria (e.g. sales, profits). Here the data mining tool analyses defined dimensions, e.g. compares the characteristics of one customer with another, leading to the determination of a customer segment and thus providing the basis for a targeted marketing campaigns.

**Collaborative CRM:** concentrates on customer integration using a coordinated mix of interaction channels (multi-channel management), e.g. online shops, and call centers. Approximately 60% of the companies surveyed use internet portals in their customer communication for selected or suitable activities. CRM is therefore understood as a customer-oriented management approach where information systems provide information to support operational, analytical and collaborative CRM processes and thus contribute to customer profitability and retention. While potential benefits are attractive, CRM implementation must be managed carefully to deliver results.

#### **Impetus for CRM**

CRM uses IT to track the ways in which a company interacts with its customers; analyses these interactions to maximize the lifetime value of customers while maximizing customer satisfaction. The company has a large customer base, though the value of business from each customer is currently low. CRM would help the company in identifying customers who provide the greatest revenues for every marketing or service dollar spent or customers who cost little to attract. Typically, these 'good' customers present 80 to 90 percent of the company's profits, though they are only 10 to 20 percent of the client base.

The motivation for selecting CRM in the company was to increase business value due to the following:

- To help engineering in understanding market demand for specific product designs and act accordingly.
- Single out profitable customers for preferential treatment, thereby increasing customer loyalty.
- Easing sales account management through consolidated information.
- Capability to improve current sales forecasting, team selling, standardizing sales and marketing processes and systems.
- Support direct-marketing campaigns by capturing prospect and customer data, provides product information, qualified leads for marketing, and scheduling and tracking direct marketing communication.

#### **CRM Organization and Processes**

The benchmarking showed that CRM involves significant changes regarding the organization of marketing, sales and service activities. Most companies reorganized internal processes and implemented them on a cross functional and cross-organizational basis. Remarkably, only 30% involved the customers themselves in the design process. More information in redesign efforts were provided by the six successful practice companies:

**Customer life cycle models:** Customer relationships are divided in various phases and individual services are offered to the customer in each phase. For example, customers in the service phase at Heidelberg may obtain information and spare parts through their online shop. Companies such as Censors and Swisscom link analytical CRM processes to the operational activities. The life cycle is used to predict customer behavior, e.g. when a customer can be addressed via a campaign, when he or she is likely to

cancel a relationship etc. Customers are assigned based on past purchases, volumes, and socio-demographic or geographical data.

**Customer segmentation:** Responsibility for customers has been redesigned on the basis of customer and/or market segments. For example, a board member at Consors has responsibility for large volume customers ('heavy traders') across the company's entire product portfolio. Unisys (Switzerland), is now organized according to 'Financial Industries' and Swisscom according to 'Fix net' and 'Mobile' customers.

**Centralized organization units:** Responsibility for CRM activities is usually organized in new organizational units which act as internal service providers. Heidelberg covers local markets with 85 Sales and Service Units (SSU) who provide the business areas with marketing tools, know-how and experience. A new department 'Marketing Intelligence & CRM' (MI-M) coordinates marketing activities and utilizes synergies on a corporate basis. Bertelsmann, Swisscom, and Consors have also established corporate centers which offer specialist skills and know-how in the area of analytical CRM (e.g. churn analyses, data mining).

**Link to forecasting:** Information from operational CRM processes is used in predicting sales volumes and supply chain planning. Unisys implemented a fortnightly evaluation of opportunities which led to a maximum sales forecasting variance of +/- 2%. Bertelsmann uses the planned campaign successes for requirements planning in the supply chain to their book stores, e.g. a campaign success of 15% leads to an equivalent increase in the demand of books.

### **Success Factors in CRM**

#### **Evolution path**

As a first step, most companies implemented a system for operational CRM, e.g. call center or sales force processes. This corresponds to existing research which considers a centralized database providing consistent and up-to-date information as a prerequisite for CRM [15]. Analytical CRM rests upon this foundation and covers data mining and churn analysis functionality. Only little use was made of collaborative CRM which indicates an evolution path from operational, analytical to collaborative CRM and a stepwise implementation of CRM.

#### **Timeframe**

Most successful practice organizations have gone through a rapid system evaluation phase and completed the system introduction phase within approximately 7 months. However, filling the database with meaningful information and achieving adoption in the areas of marketing, sales, and service was considered to take a minimum of 2 years. This supports the average timeframe of four years reported by. Successful companies split these long-term CRM projects into manageable subprojects lasting a maximum of 6 months.

#### **System architecture.**

Advanced CRM companies integrated specialized systems for operational, analytical, and collaborative CRM into a best-of-breed architecture. Following the evolution path described above, mature CRM concepts also required an integration architecture for seamlessly exchanging information. A restrictive attitude was observed concerning the change requests collected among CRM users. All successful practice representatives agreed that customization of standard packages was disproportionate to the achieved benefits.

#### **Change management.**

The benchmarking presents a more specific picture, since convincing call center staff proved to be not as difficult as to obtain the buy in within the sales force. Among the instruments observed were early involvement in the introduction project and the creation in the introduction project and the creation of incentives to use the system on a daily basis.

**Top management support.**

Top management sponsors also ensure that short-term setbacks in the CRM project can be overcome. This is especially important since unlike other IT projects (e.g. eProcurement projects), the introduction of CRM projects is not motivated by quantitative efficiencies but legitimized out of strategic motivations (e.g. strategic necessity, customer retention).

**Models of CRM Philosophically, CRM is seen from three perspectives.**

**(i) Stakeholder model:** Relationship management and marketing are powerful tools for developing long-term relationships with clients, suppliers and distributors.

**(ii) Supply chain model:** Relationship between channel participants is the key strategy for pursuit of efficient supply chain. This minimizes the costs of transactions and the entire supply chain costs.

**(iii) Marketing concept model:** Every customer relationship is important for profitability. Relationship with existing customers is the lifeblood of a business organization and is paramount for the future direction of the business. Organization must deliver what the market needs and wants. Deliver more efficiently, effectively and add more value than competitors. Both internal and external marketing efforts are necessary to do this successfully.

The aim of marketing is to create a customer, who is enthusiastic about company. The customer whose expectations are met or exceeded by the actual performance is satisfied and delighted. The company's interest in customer welfare and its motive to benefit customer would naturally lead to mutual trust and this will gradually develop into an emotional bond of commitment, eventually leading to loyalty. Customer becomes more loyal, making significant use of the entire range of company services (cross selling) patronizing the company over its competitors. Furthermore, this is accompanied by positive word-of-mouth communication and tolerance to unintentional lapses and benevolence to share the information for mutual benefit. Contrarily, in case the customer is dissatisfied, it is possible that the customer may even turn into a 'terrorist towards the company, causing the firm extra costs'. Dissatisfied customer may also dissuade other current or potential customers from dealing with the firm.

**Principles of CRM**

The basic underlying principles guiding development of CRM can be summarized as:

- ❖ Principle of 'Customer Life Time Value (CLV)'
- ❖ Principle of 'Customer Satisfaction (CS)'
- ❖ Principle of 'Customer Loyalty'
- ❖ Principle of 'Wallet share of Customer'
- ❖ Principle of 'Cross Selling and Up Selling'
- ❖ Principle of 'Customer Profitability'.

**CRM Practices- Tools of Business Strategy**

Customer Relationship Management is a corporate level strategy, focusing on creating and maintaining relationship with customers. Berry(1983) recommended the following five strategies for practicing relationship marketing.

- Developing a core product/service around which customer relationship is built.
- Innovatively augmenting and adding value through value added features/services.
- Customizing the relationship to the individual customer.
- Pricing services to encourage customer loyalty.
- Marketing CRM internally to the employees so that they perform well with customers. Promoting employee to customer relationships and top it up with customer to customer relationship to reinforce the good feelings.

**Stages of CRM strategy**

In order to implement a CRM solid solution, at the level of the company, running through some important stages is required:

- winning the support of all organizational levels;
- identifying and dividing the clients per groups of interests;
- achieving a client structure;
- measuring performances;
- planning.

**Stage 1** – winning the support of all organizational levels in order to implement the CRM strategy it is required, first of all, to accept the concept at the level of the whole organization. It is very important that people understand the CRM concept, the need to use it, the advantages that may be obtained as consequence of its application, the content, functioning, implications for the design of the website.

**Stage 2** – identifying and dividing the clients A viable CRM strategy must be based on establishing a customized relation with the most important among the clients of the company. Each client must be treated with differentiation, because each has specific needs. The Internet offers the possibility to treat in a differentiated manner each person, because each individual is unique and has unique desires and needs. The achievement of a valuable CRM presumes understanding the needs and desires of each client, as well as the way these desires may be satisfied using the Internet. In this stage running through 4 sub stages is required:

- a. identifying clients, especially the most valuable for the company;
- b. differentiating clients, their dividing using a series of criteria such as the value for the company, the needs and their unique desires;
- c. interacting with clients, establishing methods of gathering more and more information about the clients of the company, what are they the most interested of, what make them sensitive, etc.;
- d. customizing, finding ways of communication adjusted to every and each client which must be based on the knowledge accumulated about these.

**Stage 3** – achieving a client structure

This stage is very important for the company, because it achieves a profile of the needs and desires of the different groups of clients, as well as of the method they may be better satisfied by means of the Internet. The process of achieving a „Customer Mapping” presumes an interactivity between the company and the client, an „active” listening from the company, as well as an activity of learning the needs, desires of the main clients. The point of starting in designing a „Customer Map” must be the client itself, and not what the management of the company desires or what makes the competition. A CRM strategy must be based, thus, on what the clients needs and search for, rather than what the company’s management thinks.

**Stage 4 – measuring performances (results)**

Measuring the efficiency of the investment in CRM is difficult, if classical indicators, such as ROI (Return of Investment) are used. The advantages offered by such a strategy are most of the time qualitative and less measurable from the quantitative viewpoint. Never the less, a series of studies show there is an average ROI of approximately 10 months, which may differ depending on the company or project. The basic idea is that CRM projects should be based less on technology and more on creating and maintaining a relation with the clients and other partners of the company, on selecting the information needed and on training and motivating the employees.

**Stage 5** - planning The last stage in the development of a CRM strategy is represented by establishing a plan. This should include aspects such as: objectives, method of measurement of the performances,



methods of changing the attitudes, changes at the organizational level, the design, content, functions and method of interaction, etc.

#### **Conclusion**

Creating a profitable and lasting relation with the clients and the employees contributes to a significant increase and to obtaining a profit, fact representing the premise of any business. The staff employed in sales reduces the cycles of sales and increases significantly the indicators of performance (turnover per client, turnover per category of products/services, enlargement of orders etc.), the marketing expenses decrease, creating opportunities and attracting clients are considerably improved. The company achieving all these activities may enhance the productivity and may reach the objective of client's retention, under the conditions where the costs decrease and the promptitude as concerns settling the client's requirements increases. 759 Implementing a CRM solution brings advantages by optimizing all the processes related to the relation with the clients. These applications are meant to „release” the employees from a series of useless activities related to the potential or existing clients, so that those to become preoccupied to work efficiently and with pleasure and focused on what means the most for the clients: offering high quality products and services.

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# Global INNOVATION AND RECENT TRENDS in INDIAN BANKING SECTOR- AN OVERVIEW

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## **Abstract**

Today, we are having a fairly well developed banking system with different classes of banks – public sector banks, foreign banks, private sector banks – both old and new generation, regional rural banks and co-operative banks with the Reserve Bank of India as the fountain Head of the system. In the banking field, there has been an unprecedented growth and diversification of banking industry has been so stupendous that it has no parallel in the annals of banking anywhere in the world. The banking industry has experienced a series of significant transformations in the last few decades. Among the most important of them is the change in the type of organizations that dominate the landscape. Since the eighties, banks have increased the scope and scale of their activities and several banks have become very large institutions with a presence in multiple regions of the country.

**Keywords:** Customers, innovation, private sector banks, public sector, banks satisfaction, government, RBI, global innovation.

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## **Introduction**

Today, we are having a fairly well developed banking system with different classes of banks – public sector banks, foreign banks, private sector banks, regional rural banks and co-operative banks. The Reserve Bank of India (RBI) is at the paramount of all the banks. The RBI's most important goal is to maintain monetary stability (moderate and stable inflation) in India. The RBI uses monetary policy to maintain price stability and an adequate flow of credit. The rates used by RBI to achieve this are the bank rate, repo rate, reverse repo rate and the cash reserve ratio. Reducing inflation has been one of the most important goals for some time. Growth and diversification in banking sector has transcended limits all over the world. In 1991, the Government opened the doors for foreign banks to start their operations in India and provide their wide range of facilities, thereby providing a strong competition to the domestic banks, and helping the customers in availing the best of the services. The Reserve Bank in its bid to move towards the best international banking practices will further sharpen the prudential norms and strengthen its supervisor mechanism. There has been considerable innovation and diversification in the business of major commercial banks. Some of them have engaged in the areas of consumer credit, credit cards, merchant banking, internet and phone banking, leasing, mutual funds etc. A few banks have already set up subsidiaries for merchant banking, leasing and mutual funds and many more are in the process of doing so. Some banks have commenced factoring business.

Innovation through information technology (IT) has made inroads everywhere and banking is no exception to it. Whether it is private or public sector bank, everywhere innovation is the buzzword and technological breakthrough is witnessing new avenues of success. Competition is compelling everyone to move ahead and faster. Now, the working in public sector banks has been changing and customers are sensing the wave of innovation. These banks, which were working traditionally are now coming out and reaching to audience through billboards; FM radio and all possible media. Celebrity endorsements are now common in public sector banks as well. Core banking has added fuel to the fire of innovation. The

ultimate results can be seen in terms of enhanced customer satisfaction in public sector as well as private sector banks.

#### **Role of Banking Sector**

Banks play a very important role in modern economic system. Now a day's growth of nation can be done through banking system. The following are the some of roles played by banks. Banks motivate people to make savings.

- Banks mobilizes savings for the purpose of investment
- For the formation of capital banks play a coordination function between savings and investment.
- For the enlargement of production purpose banks provide credit facilities.
- Banks provides financial infrastructure and funds for backward region which made balanced regional development in the country.
- Banks plays a crucial role for expanding size of market.
- Through banks government fulfil every objective of planned economic development.

#### **Role of Information Technology (IT) and Customer Relationship Management (CRM) in Banking**

IT plays an important role in the banking sector as it would not only ensure smooth passage of interrelated transactions over the electric medium but will also facilitate complex financial product innovation and product development. The application of IT and e-banking is becoming the order of the day with the banking system heading towards virtual banking. Banks, who strongly rely on the merits of 'relationship was banking' as a time tested way of targeting & servicing clients, have readily embraced CRM, with sharp focus on customer centricity, facilitated by the availability of superior technology. CRM, therefore, has become a new mantra in service management, both relationship & information wise.

#### **Foreign Direct Investment (FDI) in India**

FDI: Investment made to acquire lasting interest in enterprises operating outside of the economy of the investor.

- ❖ Maximum FDI permitted in Indian private sector banks – 74 percent, under the automatic route which includes Portfolio Investment i.e. FII's and NRI's, Initial Public Issue (IPO), Private Placements, ADR/GDRs; and Acquisition of shares from existing shareholders;
- ❖ Maximum FDI permitted in Indian public / nationalized banks – 20 percent;
- ❖ Automatic route is not applicable to transfer of existing shares in a banking company from residents to non-residents. This category of investors require approval of FIPB, followed by "in principle" approval by Exchange Control Department of the RBI.
- ❖ The "fair price" for transfer of existing shares is determined by RBI, broadly on the basis of the Securities and Exchange Board of India guidelines for listed shares and erstwhile CCI guidelines for unlisted shares. After receipt of "in principle" approval, the resident seller can receive funds and apply to RBI, for obtaining final permission for transfer of shares.
- ❖ A foreign bank or its wholly owned subsidiary regulated by a financial sector regulator in the host country can now invest up to 100% in an Indian private sector bank. This option of 100% FDI will be only available to a regulated wholly owned subsidiary of a foreign bank and not any investment companies.

Benefits of FDI: } Transfer of technology from overseas countries to the domestic market }  
 Ensure better and improved risk management in the banking sector } Assures better capitalization }  
 Offers financial stability in the banking sector in India.

#### **GLOBAL BANKING DEVELOPMENTS**

The year 2010-11 was a difficult period for the global banking system, with challenges arising from the global financial system as well as the emerging fiscal and economic growth scenarios across

countries. Global banks exhibited some improvements in capital adequacy but were beleaguered by weak credit growth, high leverage and poor asset quality. In contrast, in major emerging economies, credit growth remained at relatively high levels, which was regarded as a cause of concern given the increasing inflationary pressures and capital inflows in these economies. In the advanced economies, credit availability remained particularly constrained for small and medium enterprises and the usage of banking services also stood at a low, signaling financial exclusion of the population in the post-crisis period. On the positive side, both advanced and emerging economies, individually, and multi-laterally, moved forward towards effective systemic risk management involving initiatives for improving the macro-prudential regulatory framework and reforms related to systemically important financial institutions.

Major challenges faced by banks

- a. Increased competition from domestic and international markets;
- b. Transaction costs of carrying non-performing assets and substandard assets in its books;
- c. Frequent changes in key policy rates and reserve requirements by the RBI;
- d. Maintaining sufficient liquidity.

### **Trends in Banking Sector**

#### **Electronic-cheques**

Electronic cheques work same as paper cheques but payment transaction can be done through digital format. XML document provide mechanism to authenticate parties to make transactions. In e-cheques signatures are accompanied by bank –issued certificates which tie with signer’s key to bank account. Nowadays it is very commonly using by everyone. Many of transferring amount transaction can be done through electronic cheques. E-cheques make easy transfer of payments to customers which are easily available to make payment for online purchases. It reduces chance to cheque bouncing banks always give awareness about their account details when any transaction can be done.

#### **ATM**

The automated teller machine or ATM, is such a complicated piece of technology that it does not have a single inventor. Today we use ATM are an amalgam of several different inventions. Automatic Teller Machine enables the customers to withdraw their money 24 hours a day 7 days a week. ATMs can be used for cash withdrawal, payment of utility bills, funds transfer between accounts, deposit of cheques and cash into accounts, balance enquiry etc.

#### **Real time gross settlement**

Real time gross settlement is a fund transfer system. Settlement in “real time” means the transactions happen almost immediately “gross settlement” means transaction is settled one to one basis unlike national electronic fund transfer (NEFT). Where the transaction happens in bulk at a given point in time during the day. This is mainly used for transaction which high in value and need to be cleared immediately. In this the bank that receives money has to credit the amount in the account within 30 min after receiving it.

#### **De-mat account**

India adopted the de-mat system for electronic storing. According to depositary act 1996 to maintain shares and securities electronically and eliminating the troubles associated with as per shares. De-mat system was introduced .to invest shares and securities every investor should have registration. Instead of investor taking physical possession of certificates a de-mat account is opened. De-mat account can be provided by through stockbrokers. It can be held electronically. For the purpose of purchase and transfer of shares and their process for sales. To access de-mat account, it requires two types of passwords.

- Internet password
- Transaction password

### **Bio- metric**

Authentication for the purpose of security the bio-metric authentication places a major role. Now a day's many organisations are implementing bio-metric authentication. It works comparing two sets of data

- a. Owner of the device
- b. Visitor of device

Both are one and same gives access to person. There are different types of scanners

- i. Finger print scanner
- ii. Eye scanner
- iii. Speaker reorganization

### **Customer management**

Banks need to clearly articulate and measure the expected benefits from the winning strategies which would be dependent on the value various initiatives provide customers. These include:

- ❖ Customer segmentation
- ❖ Co-creation
- ❖ CRM to customer experience
- ❖ Use of alternative channels
- ❖ Effective cross and upsell

### **Technology in training and e-learning**

- ERA of liberalization and reforms in the country
- Increase in investment on training and development by banks in India New technology
- Adoption
- Productivity
- Responding to skills deficiencies
- Staff performance management

### **Mobile banking**

Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet.

### **Credit Cards:**

These plastic cards enable customers to spend whenever he/she wants within the prescribed limits and pay later. Debit card is a prepaid card with stored value, whereas credit card is postpaid with fixed limits. It is seen that spending is higher through debit cards than with credit cards currently CITY Bank and time bank have started with Debit cards and now other banks are also following these to launch their own cards.

### **Point of sale [POS] terminal:**

Payment card at a retail location for electronic transfer of fund is called POS. The client enters his personal identification number [PIN] and confirms the amount due. Customer's account is automatically debited with the amount of purchases and it credits the retailers account POS installed at petrol stations and large retail houses are linked to banks network participant sometimes make illegal money at the cost of investors. SEBI should find ways to overcome this to give a good scope for Demat in India

### **Core Banking –**

Core banking is a banking service provided by a group of networked

### Innovation in Indian Banking

Nowadays the Indian banking sector has seen number changes. Most of the Banks began to take an innovative challenge towards banking with the objectives, to create more customers, and consequently to the banks. The government result of regulations, tax policies, globalization, liberalization, privatization to raise risk in the monetary market. The financial innovation in development and design the implementation of innovative financial process. the financial year innovative banking sector are using Internet Banking, Mobile Banking, Debit Card, Credit Card, Automatic teller machine, Fund Transfer, RTGS, NEFT, EFT, ECS, Advisory Services, Payment Utility bills, fund Transfer, Insurance Schemes, Cheque Books, Travel Cheques and value added services. Today's digital age and hyper-connected environment requires banks to re-imagine their business continuously, and Indian banks are leading the pack when it comes to transforming from digital to truly digital. The year 2017 will be no different for the Indian banking sector; there will be growth fueled by innovative initiatives such as Unified Payments Interface (UPI) and technology. Our top picks for major technology trends that will reshape Indian banking are as follows:

1. **Open banking** -a connected ecosystem for financial and non-financial services with multiple underlying service providers is the future of banking.
2. **Banking strategy**- Banks are already making gains in cloud adoption. Technologies are changing the face of business—Big Data, block chain, artificial intelligence (AI), will be leveraged using cloud computing. Business models for merging banks will also be largely driven by the strategy.
3. **Block chain** – the banks try to meet the increasing demands of customers; block chain will be one of the enablers for re-imagining processes. The current year 2017 will increasingly move some project, product and leverage block chain to automate inter-organizational processes. The new Emirates NBD and ICICI Bank Partnership to launch a block chain pilot network for international remittances and trade finance is advancing in this technology.
4. **Artificial Intelligence**- has the potential to transform both front office and back office operations with its self-improving programs—at ICICI Bank. The banks will explore the concepts to integrate the conversational interface into their Omni channel strategy.
5. **More things to bank** -The year 2016 was the year of mobile-first strategy. Indian banks leveraged the increasing adoption of mobile to provide customized offerings on their apps.
6. **Banking architecture simplification**- The new technology is the bedrock of banking architectural simplification. The New Year will see banks move to componentization instead of the traditional monolithic architecture. The Indian government has made it clear that India will be yanked away from a cash-based economy. GST rollout will give further impetus to the Indian economy. In 2017, banks will not only have to keep up with the growing expectations of a billion connected customers, but they'll also have to make sure that they are leagues ahead of the emerging competition.

#### Different Players of the Banking Industry

- Enhancing core banking value
- Revamping the digital agenda
- Moving from information to insight
- Dealing with a changing risk regime
- From cash to electronic modes of payment
- Grappling with financial inclusion
- Empowering employees
- Accelerating innovation

### Conclusion

The banking sector in India has become tougher in term of development and economic growth the number of customers in the financial sector. In the next generation will play a vital role in further strengthening the banking sector. Nowadays, the new technology is sure that the future of banking will introduce more offers and services to the customers with the bust banking product and innovations. Banking sector also increased the accessibility of a common person to bank for his productivity and requirements. The Indian banking sector has improved the terms and new Technology. The innovative banking technology changing reforms have changed the face of Indian banking and financial sector. The banking system has improve the manifolds in terms of product and services, technology, banking system, trading facility etc. it is the evident that the banking system has grown in India to compare with other country. Future, the banks comprehends their customer and bank will be meeting their requirements. Indian Banking Sector provide better services with other developed banks.

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# ETHICS AND STRATEGIC MANAGEMENT

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## Abstract

The increasing research in the area of Business Ethics, Corporate Social Responsibility suggests that in the current business environment the increased use of ethics and adherence to corporate social responsibility can be strategically profitable for a Business enterprise. This raises a critical question : Is it ethical for a business to use Business ethics and Corporate Social Responsibility for its own strategic benefit ? In this article I try to define the concept of strategy in order to state the different approaches of strategic use of Ethics and corporate social Responsibility in the current literature. I then try to analyse such approaches of ethics under both Utilitarianism and Deontological views of Ethics. I end it by stipulating the limits of strategic use of Ethics.

**Keywords:** Corporate Citizenship, Ethics, Social Responsibility, Corporate responsiveness, Strategy.

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## INTRODUCTION

Many authors and researchers have suggested that increased use of ethics and adherence to corporate social responsibility by a business enterprise has positive correlation with its increasing profitability and performance. (Waddock and Graves, 1997; Hosmer,1994; Cochran and Wood, 1984). Some authors have also indicated that increased use of ethics and adherence to corporate social responsibility is a strategic investment to a business enterprise and can be used for competitive advantage (Burke and Logsdon, 1996). This raises a critical question : Is it ethical for a business to use Business ethics and Corporate Social Responsibility for its own strategic benefit ? Thus can a business enterprise can ethical and Corporate Socially Responsible for wrong reasons. In this article I try to define the concept of strategy in order to state the different approaches of strategic use of Ethics and corporate social Responsibility in the current literature. I then try to analyse such approaches of ethics under both Utilitarianism and Deontological views of Ethics. I end it by stipulating the limits of strategic use of Ethics.

## DEFINITION OF STRATEGY

The word strategy is borrowed from military science where strategy means the science and art of winning at war. According to Von Clausewitz (1982, p. 4), strategy means "makes the plans for the separate campaigns and regulates the combats to be fought in each."

Early definitions of corporate strategy from the 1960's focused on making plans to compete successfully in business. Two classic definitions were those of Chandler (1962) and Harvard Business School's "Business Policy and Strategy" Program (Andrews, 1967). According to Chandler (1962, p. 13), "Strategy is the determination of the long-run goals and objectives of an enterprise, and the adoption of a course of action and the allocation of the resources necessary for carrying out these goals." Andrews (1967, p. 14) wrote, "Strategy is the pattern of objectives, purposes or goals and the major policies and plans for achieving these goals...."

## PRINCIPAL ELEMENTS OF STRATEGY

Both definitions incorporate the four principal elements of what has come to be known as the "design" school (Mintzberg, 1990): strategy is

- Long-term,



- Requires setting specific goals,
- Development of a plan, and
- Commitment of resources.

In this paper, strategy refers to the plans and actions taken to achieve competitive advantage and superior performance. Yet this is not enough. The plans and action taken must also lead to the creation of unique resources and capabilities (Peteraf, 1993) that leverage organizational routines (Nelson and Winter, 1982) and that are the source of sustainable competitive advantage and superior performance. Ethics demands that we concern ourselves with intentions, and intentions require that we consider the plans we make to fulfill our intentions.

#### **ETHICS-BASED SOCIAL STRATEGIES**

Ethics-based and social strategies embrace a large number of approaches that relate the firm to its social environment. Hosmer (1987, p. 3) explains that ethical problems in management "represent a conflict between an organization's economic performance (measured by revenues, costs, and profits) and its social performance (stated in terms of obligations to person both within and outside the organization)."

In utilitarian philosophy, the concept of the greatest good for the greatest number tends to conflate ethics and social responsibility, but this need not always be the case. The terms are not used here in a precise way to distinguish between two different approaches, but rather as a way to describe a certain kind of strategy, which has not yet received a generally accepted name.

#### **CORPORATE SOCIAL RESPONSIBILITY AND RESPONSIVENESS**

In the 1950's, business leaders began to debate widely the social and ethical responsibilities of corporate enterprise. Not only in the strategic management literature, but also in the social sciences (Riesman et al., 1950), part of the scholarly effort in the United States was directed to understanding more fully the implications of the triumph of U.S. corporations following World War II. Corporate social responsibility only spoke of what obligations corporations should fulfil in order to improve their social environment, rather than how they should respond.

Corporate social responsiveness was concerned with the ability of the firm to "respond to social pressures (Frederick, 1994, p. 154) in an apparently antagonistic environment with the "firm" on one side and the "stakeholders" on the other. Corporate social responsiveness can be understood as a way of protecting the firm's strategy from the social issues affecting the firm.

#### **CORPORATE CITIZENSHIP**

The concept of corporate citizenship is closely related to corporate social responsibility and responsiveness. These latter concepts emerged from the sociological literatures, while the concept of citizenship came from the political science literature. It tends to focus not only on the legal responsibilities of the corporation, but also on those actions that aim "to enhance the quality of community life through active, participative, organized involvement" (Tichy, McGill and St. Clair, 1997, p. 3). It goes beyond mere philanthropy to actual projects undertaken by the firm and its employees. Instead of the somewhat reactive approach of corporate social responsiveness, citizenship calls upon the firm to engage its social environment proactively. Although its aim is not strategic in intention, corporate citizenship may have positive consequences for the financial performance of the firm.

#### **STAKEHOLDER STRATEGIES**

Proponents of stakeholder management have characterized the firm as a set of identifiable interest groups to whom management has responsibilities; activities undertaken by the firm vis-a-vis stakeholders are seen as reflecting values and ethical principles. According to Freeman and Gilbert (1988, p. 71), the test for the presence of an enterprise strategy is "a commitment to a set of purposes or values and ethical principles." They then identify seven different kinds of

enterprise strategy that reflect different economic and/ or ethical priorities. For example, the unrestricted stakeholder enterprise strategy holds that the firm exists to maximize the interests of all stakeholders, while the Rawlsian enterprise strategy seeks to protect the interests of the least advantaged stakeholder.

### **ETHICS STRATEGY**

Frederick (1986, p. 137) writes of an "ethics strategy whose purpose would be to enhance and improve a company's ability to cope with ethical problems and issues. Central to this strategy is an understanding of the dominant values of the company's culture. Those values will determine how successful an ethics strategy will prove to be." The purpose of this strategy is to align the firm's culture with the core values of society. The ethics strategy of Frederick is very similar to the enterprise strategy of Freeman in that it provides guiding principles based explicitly on ethical criteria. But this is not the same as strategy. The ethics strategy does not require the investment of resources, is not related to financial performance, and does not involve a plan. These principles may guide the formulation of the plan and help set strategic direction, but ethics cannot be a strategy without those additional elements. Finally, if all that is involved is implementing socially-accepted ethical principles, all firms will have the same or similar "ethics strategies" and no competitive advantage will exist. Thus ethics strategies as per Frederick are not really strategic in nature.

### **STRATEGIC PHILANTHROPY**

Philanthropy is strategic when it is designed to create value for the firm (Burke and Logsdon, 1996). One special kind of strategic philanthropy is cause-related marketing, which is "organized around the marketing objectives of increasing product sales or enhancing corporate identity" (File and Prince, 1998, p. 1530). Cause-related marketing justifies support of nonprofit organizations by linking such support to corporate benefits (Varadarajan and Menon, 1988). One area of philanthropy sometimes associated with cause-related marketing is corporate sponsorships. In 1996, U.S. corporations donated over \$2 billion to non-profit events such as classical music concerts, art exhibitions, golf tournaments, and literacy campaigns (Mullen, 1997). There is a fine line between such philanthropy and publicity for the firm.

### **CORPORATE SOCIAL STRATEGY**

Husted and Allen (1998, p. 9) have been developing the concept of corporate social strategy, which they define as "the firm's plan to allocate resources in order to achieve long-term social objectives and create a competitive advantage." Some foundations and consulting firms are using the concept to draw attention to the opportunities that firms have to create value added for the firm through its social and environmental programs (Fundacion Empresa y Sociedad, 1997).

### **REVIEW OF LITERATURE**

As per Bryan W Husted and David B. Allen: 2000. 'Is It Ethical to Use Ethics as Strategy?', 12<sup>th</sup> Annual EBEN conference it has been propounded that ethics can be used as a strategy by a business enterprise and in some radical instances it ethics might conflict with the very nature of business. In this paper I try to discuss how ethics can be used as a strategy for a greater good.

### **STATEMENT OF PROBLEM**

This paper is about the representation of intentions and plans in the pursuit of gaining strategic advantage via socially responsible and ethical behavior. I do not claim to provide a recipe for deciding how to evaluate the ethical status of intentions and plans. However, I do explore what we believe are two essential elements in strategic management.

- I ask first what it means to understand strategic behavior in a more complete framework that includes social responsibility and ethics.

- And I seek the grounds of dialogue in the field of business ethics by which managers can move forward on their intentions and create plans that fulfill their objectives in meeting their social responsibilities and ethical commitments to their stakeholders.

#### **OBJECTIVES OF THE STUDY**

The objectives of the study are

- To discuss the various objections made to the use of ethics and corporate social responsibility as a strategy.
- To analyse such approaches of ethics under Utilitarianism and Deontological views of Ethics.
- To analyse such approaches of ethics under Deontological views of Ethics
- To stipulating the limits of strategic use of Ethics.

#### **ANALYSIS AND DISCUSSION**

Now let us examine some of the criticisms that have been leveled against such social and ethics-based strategies that go to the ethics of such strategies. We will first look at utilitarian criticisms and then examine a deontological critique.

##### **UTILITARIANISM**

Utilitarianism requires us to evaluate the ethics of an ethics strategy in terms of its consequences. Although utilitarian philosophers disagree over the correct standard (whether we should maximize average or total happiness), those consequences which maximize happiness are considered to be ethical (Smart and Williams, 1973).

##### **OBJECTIONS MADE TO THE USE OF ETHICS OR CORPORATE SOCIAL RESPONSIBILITY AS STRATEGY**

At least five objections may be made to the use of ethics or corporate social responsibility as strategy because of its unfavorable consequences.

##### **Ethics may be used to create a competitive advantage**

By imposing the ethical conventions of one firm on an industry, ethics may be used to create a competitive advantage. In effect, business ethics creates a monopoly for those firms already in compliance with respect to those that are no. Although nothing prevents a firm from complying with specific ethics standards, the firm that already complies with those standards has a cost advantage and thus a short-term competitive advantage with respect to firms that do not comply.

However, ethics-based and social strategies are not limited to the construction of ephemeral entry barriers that benefit one firm in detriment of a larger, stronger rival. Though industry ethics codes may acquire a semi-mandatory nature, social and ethics strategies are not focused on minimum standards of conduct, but on a consummate performance that goes beyond minimums. No firm is prevented from finding a unique niche within the panoply of social projects that are available to business. In fact, social strategies require firms to carefully think about their own unique capabilities to craft strategies that will enable them to make unique contributions. In a sense, each ethics or social strategy should create a kind of mini-monopoly for every firm, but each firm needs to do the difficult work of finding its own way in developing projects that take advantage of its core competencies.

##### **Business is ill-equipped to solve social problems.**

Few firms have the expertise necessary to attack such problems as poverty, illiteracy or AIDS. Like the proverbial elephant in a china shop, many firms are insensitive to social realities (Peel, 1998) and make a muddle of their excursions into the task of helping remedy social ills.

The response to this concern lies, as Logsdon and Burke (1996) argue, in the recognition that a firm is more likely to create value from social projects that are highly central to its mission and objectives than from projects that are not central to its mission and objectives. If a firm is involved in

a project that is central to its mission, then it is more likely to have the knowledge necessary to solve a particular problem. We argue that firms that do not have a strategic perspective are more likely to become involved in problems that are not central to their objectives - where they have neither the expertise to make significant contributions nor the commitment to work through problems should they arise. Non-strategic approaches are thus more likely to fail to achieve any real improvement with respect to a given social problem.

**Ethics strategies may subvert ordinary democratic processes.**

Nobel laureate Milton Friedman (1962, pp. 133-134) asks pointedly: As companies become involved in social problems, they begin to make decisions that may not be in the best interests of society as a whole. Only freely elected representatives should be involved in decisions that affect the public interest. For example, in many countries corporate philanthropy is tax deductible. Instead of directing resources to areas that will most benefit the public good through government, tax-deductible philanthropy allows the firm to decide where to direct those resources in terms of its own interests.

Yet the involvement of firms in social projects does not leave the government without means to influence the direction of private investments to serve the public interest. Fiscal policy can still be used to motivate corporate social investments in areas that are particularly important to a nation like drug abuse, racism, poverty, support for the arts, etc.

**Revolves around the strategic nature of ethics and corporate social responsibility.**

Given the fact that these strategies must produce value for the firm, corporations tend to be conservative and direct funds toward popular and politically correct causes. Controversial causes do not receive support. Estimates are that 80% of corporate philanthropy is directed toward "safe issues" (Peel, 1998). For example, AIDS has been long neglected by government, science, and business because of its relationship to the, for some, politically unpopular topic of homosexuality (Shilts, 1995).

**Risk becoming involved in issues that may be highly distasteful to some sector of the public.**

Finally, and possibly the mirror image of the last issue, those firms that are willing to risk support for unpopular or controversial causes risk becoming involved in issues that may be highly distasteful to some sector of the public. For example, Adolph Coors used Coors Brewery to pursue his personal, unorthodox, conservative agenda. It may be better, some may argue, to have companies meet the statutory minimum ethical standards, and let people as individuals decide what is best for them.

Both action theory and stakeholder theory remind us that we must measure the greatest good in function of the importance given by those who consider themselves directly affected. If all firms were to pursue social strategies under this dictum, we could then sum the value added of all firms' social strategies with the expected result that we would achieve a new kind of competitive behavior in which the total "social value added" is greatly increased.

**DEONTOLOGICAL ETHICS**

Deontological ethics is concerned with a different kind of problem that may plague ethics and social strategies - the issue of motives. Doing the right thing for the wrong reason is still morally objectionable. Kant (1964) argues forcefully that good actions that arise out of self-interest or immediate inclination are not morally praise-worthy. Only those actions done from the motive of duty are morally laudable. Corporate intentions with respect to social projects are questionable at best, and outright self-interested at worst. By its nature, a strategy seeks to increase value for the firm by the creation of competitive advantages. If an action does not intend to create value for the firm, it is not strategic. By definition strategy requires actions in the interest of the firm. Thus, an ethics

strategy would by definition be incompatible with the condition of moral motives required by Kant to evaluate the moral praiseworthiness of a particular action.

Certainly, the firm has a duty to maximize earnings for its owners. It also has duties to other stakeholders such as its customers, suppliers, creditors, the community, and the natural environment (Freeman, 1984). These duties are often opposing and thus provide the crux of ethical dilemmas for managers (Hosmer, 1987). Ethics strategies and social strategies seek to reconcile these opposing duties, in order to create an inclination (in the words of Kant) to do good. To the extent that such motives are not founded on duty, although complying with duty, such motives lack moral content. This is not to say that they are immoral or unethical, only that they are not morally praiseworthy from a Kantian perspective. Such a limitation may be one that social strategies will have to accept.

Nevertheless, ethics and social strategies may very well be an expression of a desire to comply with duties owed to owners as well as to other stakeholders. Thus the problem of good deeds, but questionable motives is not inherent in ethics-based and social strategies. The strategic orientation only reminds those managers with desires to be socially responsible (or the desire to pursue social actions of their choosing) of their duties to owners. However, we should remember that we only tend to judge the motives of those who offend rather than those who please; nor do most stakeholders have the information necessary to make reasoned judgments regarding the motives of those who propose social projects. In general, the stakeholders are constrained by limited time and information to either accepting or rejecting the social projects (and strategies) of business firms.

Finally, there is concern about what happens when a particular ethics strategy no longer provides the company with a competitive advantage. A firm that is committed to social projects as a question of duty will continue to support them, regardless of the consequences for its competitive advantage. If a particular social strategy loses its competitive advantage, an ethical response to those duties may be to change the social strategy and develop new strategies that do comply with the obligations of duty to owners and other stakeholders.

## CONCLUSION

In this paper, I have defined the nature of strategy and examined whether the nature of such social and ethical-based corporate strategies is, in fact, ethical. From a utilitarian perspective a number of objections were answered. Although ethics can create a monopoly position for a given firm, it does not prevent any other firm from developing the same kind of monopoly with respect to a given social project. Although managers may not be publicly elected officials, governments will still have the means to direct private action in the public interest. Certainly, a strategic focus may increase the likelihood of conservative social projects, but the overall number of social projects, including more controversial ones, should increase. Finally, the possibility of distasteful projects may increase, but overall social projects will also increase, outweighing the damaging effects of a few extreme social projects.

The deontological approach questions the motives of ethics-based and social strategy as inherently self-interested and not based on a sense of duty. Yet social strategy emerges from a sense of the conflicting duties that managers owe to both asset owners as well as other stakeholders. Social strategy is only a tool to comply with conflicting duties and is not itself a motivation. The motives of actors will still have to be judged independently of the strategy in order to determine the moral acceptability of a given strategy.

Social and ethics-based strategies provide new and exciting opportunities to reconceptualize the role of the firm in society. Certainly, such strategies are not without pitfalls, but they have the potential of increasing overall social welfare. The motives behind such strategies are often mixed,

but no particular set of motives can be attributed to the strategic focus other than a concern to take into account the impact of a program on the firm. As with any instrument, social strategy can be used in ways consonant with the demands of ethics. It is in this spirit that we urge business people to look at social strategies as a legitimate and ethical option for their firms.

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# THE STUDY ON WORKING CAPITAL MANAGEMENT OF K.S.R.T.C IN KARNATAKA – WITH SPECIAL REFERENCE TO K.S.R.T.C BANGALORE DIVISION

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## Abstract

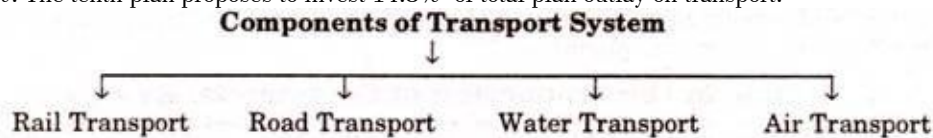
Transport system is the foundation stone of economic infrastructure. It helps in the development of trade, commerce and industry. If agriculture and industries are supposed to be the body, transport may be called the veins of the economy.

Transport system removes the hindrance of place and time. It facilitates the mobility of goods and services from producers to consumers. It also helps in removing regional inequalities. Development of transport facilities is also essential for serving and tapping of natural resources. Transport system is known as symbol of civilization. Broadly speaking, transport system of a country refers to the different means which carry men and material from one place to another.

**Keywords :** KSRTC, Capital Management, Road Transport

## Introduction

From the beginning, Indian planners gave top most priority to the development of transport system in the country. During the first three plans, allocation to the transport sector was 25 to 28 percent. In the subsequent plans, due to pressing need of industrial sector, allocation for transport system declined. For example, allocation for transport sector in Eighth Plan was 13% and in Ninth Plan, it was 15.2%. The tenth plan proposes to invest 14.8% of total plan outlay on transport.



Road transport is the second important mode of transport in India. It covers every corner of the country which the railway transport even could not cover. Road transport provides the basic infrastructural facilities to both the agricultural and industrial sector of the country. Moreover, construction and maintenance of roads can generate huge employment opportunities as it is twice as labour intensive as agriculture or housing. Indian roads carry 85 per cent of the passengers and 70 per cent of the freight traffic of the country. The highways, make up only 2 per cent of the road network by length, but carry 40 per cent of this traffic.

Even the remotest regions of the country are well connected by public transport system in India. Moving from one location to another isn't an issue within the country. Railways, road transport and air transport are the main public transports available in India. In addition to, the country has a developed waterway network as well. Whilst the first two are affordable for people in general, the air transport has limited availability because of its airports and cost barrier. Common man doesn't find air travelling affordable. Public transport facilities are meant for carrying goods as well as people.

Efficient public transport system is pivotal for socio-economic growth and development of a country. It plays a major role in reducing poverty and checking deprivation in hinterlands where public

transport is often the only means of transport for the poor. It is not just cheaper but also vital as it saves fuel and curbs pollution.

Bus-based public transport system is an ideal mode to meet the increasing demand for passenger transport services, particularly in the rural areas of India. An efficient bus transport system has the potential to significantly improve the livelihood opportunities of rural populace, besides giving them a greater access to education, healthcare and leisure.

From a mobility perspective, bus transport is more efficient than personal motor vehicles as the former ensures an optimum usage of the available road space and the energy it consumes, by transporting the maximum number of people per unit of road space. For example, a bus carrying 40 passengers uses only 2.5 times more road space than a car that can carry maximum four people. Moreover, on an average, a bus consumes only about three times as much fuel as a four-wheeler. Therefore, it is immensely important that steps are taken to strengthen, promote and popularize a sustainable bus-based public transport system in India.

In India, the law enabling state road transport undertakings dates back to 1950 when the Road Transport Corporation Act was enacted to facilitate the creation of State Road Transport Undertakings (SRTUs) in the states to provide bus-based passenger transport services. As on date, there are 62 SRTUs which continue to dominate the sector in terms of coverage and patronage. However, the performance of many SRTUs reveals that they have not been able to positively augment their operations since nationalization. Moreover, the share of buses owned by SRTUs as compared to the total number of registered vehicles has been consistently declining. The enormity of the situation is such that as per the latest 'Review of the Performance of SRTUs (Passenger Services) 2014-15' published by the Ministry of Road Transport and Highways, Government of India: Bihar has only 2 buses per 10 lakh of population. The situation in many states is also on similar lines, if not worse. Among the states, Karnataka fares the best with 393 buses per 10 lakh of population. However, none of the states meet the standard norm of 400 buses per 10 lakh of population.

An efficient transport network is a crucial infrastructure in the socioeconomic development of a country. Economic and commercial importance of the greatest magnitude is, now-a-days, attached to the development of transport. The transport industry, which undertakes nothing more than the mere movement of persons and things from one place to another, has contributed to the most important activities of men in every stage of advanced civilization. In fact, the whole structure of industry and commerce rests on the well laid foundations of transport.

Transportation touches so many fringes of the economy. Its service is so important to modern economy that it may not be much to say that just as the human legs have made the human body mobile, so transportation provides legs to the various economic activities and makes the whole economic mechanism mobile. India is a very vast country with an area of 32.76 lakh square kms and more than 70% of the population lives in 5.68 lakh villages scattered far and wide. Road passenger transport is essential for the economic development of the country. Vast areas of hinterland especially the villages in the backward districts, hilly areas, tribal areas, etc., would be difficult of access, if there is no adequate passenger road transport. Recognizing the importance of passenger road transport as an important public utility service and a basic infrastructure for economic and social development, the Government of India (GOI), immediately after the independence, passed legislation in 1950 for the formation of Road Transport Corporation (RTC). This Act aimed at the formation of the State level public sector road transport corporations (SRTC) and providing an adequate, efficient economic and well co-ordinated road transport services to the travelling public.

SRTCs play a significant role in the social and economic development of the country. They render vital transport services adequately and economically and exert the necessary unifying social and



cultural influence over the diverse sectors of the economy. At present, there are 69 SRTCs in India, accounting for almost 35% of the total passenger bus transport operation, moving over 60million people throughout the length and breadth of the country, compared to 11 million passengers carried by Indian Railways. The investment in the SRTCs has also grown proportionate to this expansion over this period. The paramount role of the movement of men and material over far flung areas has to be taken care of by the SRTCs. The SRTCs are, therefore, called as instruments of "public good". The Karnataka State Road Transport Corporation (KSRTC) is one of such SRTCs which have been doing a great service for the cause of public good all along the commitment to the economic viability in its operation.

Transport is the activity concerned with the movement of men and materials from one place to another. It is a public utility service which gives place and time utility to goods and services. Transport links production distribution centers and the ultimate consumers and thereby brings together all the elements of economic system. Transport is the nerve centre of economic system. It plays an important role in the development of economy and civilization. In a vast country like India transport occupies a very important place. Modes include air, rail, road, water, cable, pipeline, and space. Vehicles traveling include automobiles, bicycles, buses, trains, trucks, people, helicopters, and aircraft. In the transport industry, operations and ownership of infrastructure can be either public or private, depending on the country and mode. Passenger transport may be public, where operators provide scheduled services, or private. Freight transport has become focused on containerization, although bulk transport is used for large volumes of durable items.

Transport plays an important part in economic growth and globalization, but most types cause air pollution and use large amounts of land. While it is heavily subsidized by governments, good planning of transport is essential to make traffic flow, and restrain urban sprawl. Transport demand in most Indian cities has increased substantially, due to increases in population as a result of both natural increase and migration from rural areas and smaller towns. Availability of motorized transport, increases in commercial and industrial activities have further added to transport demand. A close link between infrastructure spending and GDP growth has been established studies have revealed that 1 percent growth in the infrastructure stock is associated with 1 percent growth in per capita GDP. "If agriculture and industry can be compared to human body and bones, transport is compared to its nerves" as the saying goes "moving wheels reflect civilization. Transport helps in overall development of a country. Thus transport is regarded as civilization.

#### **Importance of Road Transport System in India**

Road transport plays a pivot role in the country's transport system. Besides the fact-that social and economic progress of the country depends on the development of road, there is also a significant link of bringing about the sentimental integration of the common masses.

In the words of Benthan "roads are the veins and arteries of a country through whose channels every improvement takes circulation." Infact, roads reaches the door steps. It was after 1913 that motor transport commenced in India. To keep proper control over it, Motor Vehicles Act 1939 was passed. It has now been replaced by Motor Vehicles Act 1988. It has been amended in 1994. At present, there are 303 lakh motor vehicles whereas in 1947 their number was about 2 lakhs.

According to Road Re-organization Committee's Report, road-system encourages the sale of such perishable goods as vegetable, fruits, milk, butter, etc. in the wide markets where from the farmer returns with the knowledge of fertilizers, implements and improved methods of agricultural production. Road transport provides employment to large number of people. According to Road Transport Development Committee, an outlay of Rs. 3,500 crore on roads can generate employment for 170 lakh persons. Though road transport has certain limitations, it is indispensable to the development of commerce and industry. It plays a very significant role in the economic development of a country.

Road transport is still the dominant mode of transportation – both for moving goods and passengers. India has a huge network of roads comprising of National Highways, State Highways, Major District Roads and Village and other roads. Road transport managers take overall responsibility for the efficient and safe running of vehicles carrying passengers and/or goods by road.

The public bus transport in Karnataka is managed by the Karnataka State Road Transport Corporation (KSRTC). It was set up in 1961 with the objective of providing adequate, efficient, economic and properly coordinated road transport services. It operates 5100 schedules using 5400 vehicles covering 1.95 million kilometers and an average of 2.2 million passengers daily. About 25000 people are employed in KSRTC. For better management of public transport, KSRTC was bifurcated into three Corporations viz., Bangalore Metropolitan Transport Corporation, Bengaluru on 15th Aug 1997, North-west Karnataka Road Transport Corporation, Hubballi on 1st Nov 1997 and North-East Karnataka Road Transport Corporation, Gulbarga on 1st Oct 2000.

Karnataka provides efficient public transport to people of different income groups across the state as well as in neighbouring states. The Govt. of Karnataka has bifurcated the Corporation into four separate Corporations to fulfill the diverse needs of commuters through effective and efficient control by distributing areas.

**KSRTC:** It has its corporate office at Bangalore and covers seventeen southern districts of Karnataka and provides services to 16093 villages out of 20792 villages, the percentage service provided being 77.4. It operated 8168 Schedules utilizing 8713 vehicles, operating 28.86 lakh kms/day earning gross revenue of Rs. 965.98 lakh and carrying 28.89 lakh commuters daily with workforce of 38083 employees.

**BMTC:** The operational jurisdiction of BMTC went beyond BBMP limits by 25 kms Bengaluru, thus providing services to commuters in and around sub-urban of Bengaluru city. During 2018-19 (Up to Nov-18) BMTC has operated 11.28 lakh kms per day with a fleet of 6631 and work force of 34002 earning on an average Rs. 5.07 crores of traffic revenue by providing transportation facility to 45 lakh commuters. The Corporation has also inducted 279 new buses and scrapped 325 old vehicles.

**NWKRTC:** It has its Corporate Office at Hubballi and covers six Districts in the State. During 2018-19 (up to Nov-2018), the Corporation has a workforce of about 23251 employees, it operated 4663 schedules utilizing 4886 vehicles, operating 16.17 lakh Kms per day, earning gross revenue of Rs.492.89 lakh and carrying 22.45 lakh passengers on an average daily. NWKRTC has extended services to 4519 villages out of 4609 villages, the percentage service provided being 98.0%. As on 30-11-2018 it had one central office, 8 divisional offices, 50 depots, 171 bus stations, one regional Workshop and one Regional Training Institute.

**NEKRTC:** It has its Corporate Head Quarters at Kalaburagi, and it had 9-operating Divisions, 52-Bus Depots, 147-Bus stands, 9- Divisional Workshop, 1-Regional Workshop, and 2-Regional Training Institutes (Humnabad and Hagaribommanalli) in its administrative area. During the year 2018-19 (up to November- 18), the Corporation operated 4190 schedules utilizing 4857 vehicles, inducted 494 new vehicles and scrapped 358 old vehicles which were not fit for operation. It is operating 14.05 lakh kms, and earning daily (gross revenue) of Rs.4.56 crore.

#### **Working capital Management**

A business cannot run on fixed assets alone. A lot of money has to be invested in short term resource of financing as well. The management of such asset, which is referred to as working capital management or current asset management, is one of the most important aspect of overall financial management. For facility of understanding, it's necessary to deal with certain term before proceeding with the discussion any further.

Working Capital Management is concerned with the problem arise in attempting to manage the current assets, the current assets refers to the inter relationship that exist between them. The term

Current assets refers to those assets which in ordinary course of business can be, or will be, turned in to cash within one year without undergoing a diminution in value and without disrupting the operation of the firm. The major current assets are cash, marketable securities, account receivable and inventory. Current liabilities are those liabilities which intended at their inception to be paid in ordinary course of business, within a year, out of the current assets or earnings of the concern. The basic current liabilities are account payable, bank overdraft, and outstanding expenses.

The goal of working capital management is to manage the firm's current assets and current liabilities in such way that the satisfactory level of working capital is mentioned. The current should be large enough to cover its current liabilities in order to ensure a reasonable margin of the safety.

**Need of Working Capital Management:**

The need for working capital gross or current assets cannot be over emphasized. As already observed, the objective of financial decision making is to maximize the shareholders wealth. To achieve this, it is necessary to generate sufficient profits can be earned will naturally depend upon the magnitude of the sales among other things but sales cannot convert into cash. There is a need for working capital in the form of current assets to deal with the problem arising out of lack of immediate realization of cash against goods sold. Therefore sufficient working capital is necessary to sustain sales activity. Technically this is refers to operating or cash cycle. If the Working Capital Ratio Analysis and Estimation Company have certain amount of cash, it will be required for purchasing the raw material may be available on credit basis. Then the company has to spend some amount for labour and factory overhead to convert the raw material in work in progress, and ultimately finished goods. These finished goods convert in to sales on credit basis in the form of sundry debtors. Sundry debtors are converting cash after expiry of finished goods, and sundry debtors and day to day cash requirements. However some part of current assets may be financed by the liabilities also. The amount required to be invested in this current assets is always higher than the funds available from current liabilities. This is the precise reason why the needs for working capital arise.

**CONCEPTUAL FRAMEWORK**

**Definition of Working capital Management:**

According to Prof. Hoagland "Working Capital is descriptive of that capital which is not fixed, but the more common use of working capital is to consider it as the difference between the book value of current asset and current liabilities."

**Current Assets:** Current assets have been defined as assets that are usually converted into cash within the current accounting cycle, i.e., one year. Major current assets are cash, bills receivable, accounts receivable and inventory. For example, cash is used to purchase raw materials and pay the labour and other manufacturing cost to produce products, which are then carried as inventories.

**Current Liabilities:** Current liabilities are those liabilities which are intended at their inception to be paid in the ordinary course of business, within a year, out of the current assets or earnings of the concern. The basic current liabilities are Accounts payable, Bills payable, Bank overdraft and outstanding expenses.

**Gross Working Capital:** The term gross working capital, also referred to as working capital means the total current assets. Gross working capital refers to the firm's investment current assets. Current assets are the assets which can be convert in to cash within year includes cash, short term securities, debtors, bills receivable and inventory.

**Net Working Capital:** Net working capital refers to the difference between current assets and current liabilities. Current liabilities are those claims of outsiders which are expected to mature for payment within an accounting year and include creditors, bills payable and outstanding expenses. Net working capital can be positive or negative.

Efficient working capital management requires that firms should operate with some amount of net working capital, the exact amount varying from firm to firm and depending, among other things; on the nature of industries.net working capital is necessary because the cash outflows and inflows do not coincide. The cash outflows resulting from payment of current liabilities are relatively predictable. The cash inflow are however difficult to predict. The more predictable the cash inflows are, the less net working capital will be required the concept of working capital was, first evolved by Karl Marx. Marx used the term ‘variable capital’ means outlays for payrolls advanced to workers before the completion of work. He compared this with ‘constant capital’ which according to him is nothing but ‘dead labour’. This ‘variable capital’ is nothing wage fund which remains blocked in terms of financial management, in working-process along with other operating expenses until it is released through sale of finished goods. Although Marx did not mentioned that workers also gave credit to the firm by accepting periodical payment of wages which funded a portioned of W.I.P, the concept of working capital, as we understand today was embedded in his ‘variable capital’.

**Permanent Working Capital:** The need for current assets arises, as already observed, because of the cash cycle. To carry on business certain minimum level of working capital is necessary on continuous and uninterrupted basis. For all practical purpose, this requirement will have to be met permanent as with other fixed assets. This requirement refers to as permanent or fixed working capital

**Temporary Working Capital:** Any amount over and above the permanent level of working capital is temporary, fluctuating or variable, working capital. This portion of the required working capital is needed to meet fluctuation in demand consequent upon changes in production and sales as result of seasonal changes.

#### **OBJECTIVES OF THE STUDY**

The study is based on the following objectives:

1. To study the performance of Karnataka State Road Transportation Corporation in Karnataka.
2. To analyze the working capital management of KSRTC in Karnataka in general and in Bangalore Division in particular.
3. To understand the perceptual level of KSRTC employees towards capital management
4. To identify the growth in co-relation with revenues and expenditures of the KSRTC
5. To identify the problems associated with the working capital management in KSRTC.

#### **RESEARCH METHODOLOGY**

The present study has been conducted on the basis of secondary data and is descriptive in its nature. The study period is confined to a period of ten financial years from 2009-10 to 2018-19. The required secondary data for the study was collected through different websites, annual reports of KSRTC and different journals. The researcher has been selected KSRTC Bangalore Division for the study. To make the analysis meaningful advanced statistical tools like – Ratios were applied. To test hypotheses the correlation and regression was applied with the help of SPSS Software package.

#### **LIMITATIONS OF THE STUDY**

1. The study is confined to Bangalore Division only.
2. As the study is based on secondary data, the inherent limitation of the secondary data would have affected the study.
3. The study is restricted to ten years period.
4. The figures in financial statements are likely to be a least several months out of date, and so might not give a proper indication of the company’s current financial position.

### MAJOR FINDINGS OF THE STUDY

- ❖ The current liabilities of KSRTC have increased over the period of time than current assets which indicated less liquidity position of the firm.
- ❖ The company quick ratio at all satisfactory during the study period except for the year 2018-19 by comparing with standards.
- ❖ It is identified that the absolute liquid ratio has very low by comparing standard ratio during study period.
- ❖ The company performed well by showing increasing trend in Current asset turnover ratio for the years 2013-14 to 2018-19 is 6.89, 7.39, 8.34, 10.98 and 10.17 respectively.
- ❖ From the year 2013-14 to 2018-19 cash turnover ratio showed overall decreasing trend from 188.21 to 104.51. But all the years showed very good cash turnover ratio compared to the standards.
- ❖ The company had negative working capital in the year 2013-14 and 2018-19. The negative working capital is very good sign for management of current assets and current liabilities. In the year 2013-14 to 2018-19 the company has working capital turnover ratio 61.34,-53.33, 24.39, 140.38 and -11.91 respectively.
- ❖ It is identified that in the year 2018-19 the net profit is high at 0.66 and thereafter it was gradually decreasing and reached to 0.35 by the year 2017-18.
- ❖ There is negative correlation between total expenses and total revenue of KSRTC.
- ❖ There is no significant impact of income and expenditure on profitability of KSRTC.

### SUGGESTIONS

The suggestions are as follows:

- The company didn't maintained enough cash balances to meet its daily requirements. It is strongly recommended to the KSRTC to maintain sufficient cash balances to meet its daily requirements, so that the absolute liquid ratio meets the standard ratio of 0.5:1.
- It is suggested to the company to increase sales to utilize assets efficiently in the future.
- It is suggested for the company to improve net profit position in future since the profit motive is the main objective to survive business.
- It can be interpretation from the SWOT analysis that the services offered by the undertaking lack customer orientation. They are unable to change categories of services offered with customer preferences. As a result, the Corporation lost its share to other competing modes. The Corporation shall identify various marketing opportunities, determine the uniformity in that and finally develop separate strategic plan for each category of customers.
- KSRTC shall follow the fare differential policy in peak periods as well as during off-seasonal periods.
- The Corporation shall clearly define the line and staff functions performed by the upper, middle and lower level management. It helps in creating role clarity among management which leads to better plan and strategy construction.
- Political interference in the external as well as internal affairs of the Corporation shall be minimized.

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# MANAGEMENT GRADUATE'S AND THEIR SUITABILITY TO THE CORPORATE SECTOR

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## Abstract

Higher Education contributes to the promotion of Civic behaviours, Nation-building and Social cohesion through the transmission of democratic values and cultural norms. This supports the formation and strengthening of social capital, generally understood as the benefit of membership in a social network that can provide access to resources, guarantee accountability and serve as a safety net in times of crisis. The institutions, relationships and norms that emerge from Higher Education are instrumental in influencing the quality of society's interactions, which underpin economic, political and social development. Higher Education Institutions are at the crossroads for social co-operation, which can foster strong networks, stimulate voluntary activity and promote extracurricular learning and innovation..

**Keywords:** Management Education, Marketing, Financial etc..

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## INTRODUCTION TO HIGHER EDUCATION:

This paper is an introduction to Indian Higher Education System and in particular the present Management Program. This chapter also includes information about the present Corporate Scenario and the suitability of existing Management Curriculum to meet the Corporate Expectations. Countries like India need to assess the relevancy of Academic Output from Higher Academic Institutions as per the changes in Global economic environment.

The review of literature illustrates every year approx 9 million graduates are being produced by the academic institutions from various streams and most of them are being absorbed by the Industries at various cadres to channelize the turn of our economy. These Recent College Graduates (RGS) are provided basic training to tune up with the Industrial climate. It is rightly said, "What is really needed to make Democracy function is not knowledge of facts but right Education"

- Mahatma Gandhi.

"Higher Education contributes to the promotion of Civic behaviours, Nation-building and Social cohesion through the transmission of democratic values and cultural norms. This supports the formation and strengthening of social capital, generally understood as the benefit of membership in a social network that can provide access to resources, guarantee accountability and serve as a safety net in times of crisis. The institutions, relationships and norms that emerge from Higher Education are instrumental in influencing the quality of society's interactions, which underpin economic, political and social development. Higher Education Institutions are at the crossroads for social co-operation, which can foster strong networks, stimulate voluntary activity and promote extracurricular learning and innovation."

- V.N. Rajasekaran Pillai, Vice-chairman, UGC.

The famous philosopher Einstein while discussing the need for education has projected the following fundamentals:

- To educate the individual as a free individual: To understand and use critical thinking skills,
- To educate the individual as a part of society : Virtually all our knowledge, our clothes, our

food is produced by others in our society, thus, we owe society and have responsibility to contribute back to society,

- Through education, knowledge must continually be renewed by ceaseless effort, if it is not to be lost. It resembles a statue of marble which stands in the desert and is continually threatened with burial by the shifting sand. The hands of service must ever be at work, in order that the marble continue to lastingly shine in the sun.

According to Ronald Barnett (1992), there are four predominant concepts of Higher Education:

- ❖ Higher Education as the production of Qualified Human Resources,
- ❖ Higher education as Training for a Research Career,
- ❖ Higher education as the efficient Management of teaching provision,
- ❖ Higher education as a matter of extending Life chances.

Higher Education is generally understood as to cover teaching, research and extension. But, in real, if we analyse each concept of Higher Education, the Higher Education plays a different role in the society. The 21st century is emerging with new society, where knowledge is the primary resource of production instead of capital. Efficient utilization of this existing knowledge can create comprehensive wealth for the Nation and improve the quality of life-in the form of good communication facilities, quality education, better infrastructure, science and technology, health care facilities, and other social indicators.

1. To prepare students for research and teaching,
2. To provide highly specified training course adopted to the needs of economic and social life,
3. To be open to all, so as to cater to the many aspects of life long education,
4. To promote international co-operation through Internationalization of Research, technology networking and free movement of persons and scientific ideas (UNESCO-1996).

Since the achievement of Independence, the Indian Government aim is to provide education and equalizing educational opportunities to all. Accordingly, the Higher Educational Institutions have been visualized with an aim of advancing quality education to develop a compliant citizen, who has a clear idea about his roles and responsibilities in the society, and focuses on the interrelationship of quality education and quality of life. But to achieve this, all important instruments and the agencies contributing to or responsible for, this growth should be integrated in order to ensure all round development.

The Public Universities, in general, plays a major role in regulating the Academic activities on their campuses as well as their areas of jurisdiction through the affiliating system. Even the private institutions enjoyed large- scale financial support in the form of grants. Private funds as well as individuals played key roles in the cause of higher education.

Ministry of Human Resources Development (MHRD) reveals that there has been an increasing awareness among the people of our, that the Country should be looked upon as it`s valuable resource- indeed and that our growth process should be based on the Integrated Development of the Citizen, beginning with childhood and going right through life.

In pursuance of this idea, a new Ministry was created under a suggestive name, Ministry of HRD on 26<sup>th</sup> Sept, 1985, through 174<sup>th</sup> amendment to the Government of India ( allocation of business) Rules 1961.

Currently the Ministry has two Departments namely:

- Department of School Education and Literacy and
- Department of Higher Education

In terms of number of students, Indian higher education and research sector is the largest in the World. Very few Universities in India have made their way in the recent internal ranking. Of the top 200



Universities of the World, except the IIT Kanpur ranked at 29, University of Delhi at 130, IIT Chennai ranked at 132.

But the review of literature gives a broad picture that, recently, the number of Private Institutes in the country has increased impressively where as the number of Public Institutions and Aided Institutions has increased only marginally. Though the count of Educational Institutes increasing in the country the quality output of students are compromised every year. When we are looking for a quality life through quality education, we should have a broader vision of education. The short-term market-oriented focus of educational programs, the unstable and unbalanced emphasis on offering of only job-oriented programs by the educational institutions is a result of a narrow view and lack of preparation of the purpose and goals of education.

#### **MANAGEMENT EDUCATION IN INDIA:**

As a concept, the management education was first developed in USA, in 1881 (with the funding of Joseph Wharton) Wharton School of Finance and Economy at the University of Pennsylvania (Pierson 1959). This program was seen as significant to be referred as MBA program as idealistic business education. Then in 1906, the first well-known full-fledged Management School was established by Harvard University inspired by Wharton School, was the notion of professionalism. Until a few decades ago, however, the Management Education has not gained prominence. MBAs had over the years gone through roadblocks in terms of acceptance, visibility and credibility in the eyes of the Corporate World (Vijayasarathy 2004).

The emergence of professionalism and significant increase in the demand for Management Graduates in the Corporate Sector paved way to rise the status of MBA program, and is closely linked to the Globalization, competitive global business environment and its increasing importance. The demand from the employment market has in turn led to a significant expansion of Management Education across the world. This is evidenced by the spurt in the number of business schools from both the private and public sectors. Today, from a wealth-creating economy point of view, the challenge of Management Education is to develop new skills, including 'Employability' skills and the expertise needed to undertake 'knowledge work'. Investment in knowledge and skills brings direct economic returns to individuals and society (Scottish Executive 2005). People who gain knowledge, skills and competencies through learning will invariably contribute to the economic development of Nations. Management education thus plays a vital role in enhancing competitiveness in a global knowledge society.

#### **Management Education in the country can roughly be divided into Four Groups:**

- The First group is at the top, and are the reputed institutes like
- IIM, IIT. etc., imparting high quality of education.
- The Second category is those institutes, started by industrial houses, which offer some surety of a job after the course.
- The Third category is the university departments which have not been able to impart quality education but can provide jobs in regional industrial groups.
- The Fourth category is those institutes which have neither the advantage of low fees of a university nor the backing of an industrial house.

Recently, a number of academicians, retired people, politicians and others have started such institutes which remain essentially money making devices.

#### **Areas in Management Education:**

Marketing, Finance, Production and Personnel are the four major areas in management with each having several sub-branches.

- **MARKETING MANAGEMENT:** Includes sales, purchase, domestic and international marketing (exports-imports), advertising, marketing strategy, materials management,

consumers' behavior, market development and research.

- **FINANACIAL MANAGEMENT:** Includes all the aspects relating to finances, investments, financing decisions, portfolio management, project management, working capital management, international financial management, etc.
- **PRODUCTION MANAGEMENT:** Takes care of Production methodology, costing, operations research and quality control etc.
- **PERSONNEL MANAGEMENT:** Deals with the most complicated aspect i.e. management. It looks after the areas of Human Resource Development (HRD), Recruitment, Training, Management-Union Relations, Labor and Personnel Policies, Organization behavior, Management of Change and General Administration.

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