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### **From The Editor's Desk,.....**

With great pride, enthusiasm, and anticipation, I invite you to read the inaugural issue of the International peer reviewed biannual “CMR Journal of Innovation and Research” (CMRJIR) — “a new age journal.”

There are challenges in synergizing various disciplines into one with innovative ideas and research in academic circle. Innovation and Research in Multi-disciplinary field of study can play a very distinct role in bringing about this synergy.

One of the major objectives of research publication is its usability and application. CMRJIR attempts to document and spark debate on the research focusing on emerging multi-disciplinary issues covering economics, commerce, management, education, social sciences and application of information technology areas. The key focus was given to the emerging sectors and research which discusses application and usability in various groups and society in general.

CMRJIR, like all other quality academic journals, uses double blind peer review with rigorous evaluation criteria through an editorial review board consisting of accomplished scholars representing a wide range of scholarly achievements globally. I take great pride in our editorial board members and consider myself fortunate to be able to draw upon their individual and collective knowledge, talent and judgment to select and review the quality of papers.

On behalf of the CMRJIR, I must thank the University administration for its kind support in bringing out the inaugural issue. Support from Shri K.C. Ramamurthy (IPS., Retd.), Chairman, CMR Group of Institutions, Dr. Sabitha Ramamurthy, Chancellor, Dr. Anand K. Joshi, Vice Chancellor, Dr. Praveen R., Registrar and my other colleagues is extremely appreciated.

I also thank all the Editorial advisory team members, editorial team members and reviewers who made this journal a possibility. We as a team hope that the research featured in CMRJIR sets up many new milestones. CMRJIR had an overwhelming response from eminent scholars and researchers globally for contributing papers; we appreciate all authors for contributing quality papers.

### **B.S. Patil**

Editor-in-Chief

CMR Journal of Innovation and Research



# Strategies for High Performance of Teams: A Conceptual Framework

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## Abstract:

*High Performance Teams (HPT) are the primary units responsible for outstanding performances for many organizations, yet HPTs are a rarity in today's workplace. HPTs are group of like-minded, highly strategized individuals whom are grouped together to achieve a common purpose or in pursuit of a common goal. These HPTs differ from the ordinary teams as they work together alongside each other rather than against each other. They do not work in favour of themselves but for the benefit of the organization they work for. Their unique traits give HPTs the advantage to succeed in complex environments, yet not lose focus on their priorities for the organization. They are able to develop a strong and effective team structure by embracing differences, perspectives, creativity and talents. The paper discusses and analyzes the literature reviews on the definitions of HPTs, trust and confidence, conflicts and selection processes linked to High Performance Teams.*

**Key Words:** *High Performance Teams, Strategies, Group*

## 1. Introduction:

Extensive research on HPTs revealed a number of opinions about its varied definitions, covering wide range of issues such as trust, confidence, conflicts and selection process in HPTs. Following is an overview of literature and subsequent research about the global scenario of HPTs.

Teams do exist in every organization; however a High Performance Team (HPT) is a group of symbiotic individuals that have repetitive interaction in pursuit of a common purpose (Hanlan, 2004). HPTs comprise individuals with unique skills and talents; who appreciate the richness of diversity within the team to co-operate, consult and coordinate tasks effectively and efficiently. "A vast array of research concerning teamwork is conclusive: teams are capable of outstanding performance and are the primary unit of performance for increasing number of organizations. Nevertheless, high performance teams (HPTs) are a rarity." (Castka, Bamber, Sharp, & Belohoubek, 2001).

Since the 1980s, organizations increasingly initiated, improved and implemented the use

of team structures, which are said to have produced significant results (Kirkman & Rosen, 2000). Cohen and Bailey (1997) found that team structures were used in organisations with more than 100 employees 82 percent of the time. Gradually, more and more organizations started adapting team approaches within their structures as publications infer that teams are assets in helping organizations increase their efficiency, flexibility and productivity (Kirkman & Rosen, 2000).

HPTs are not just an assembly of individuals from varied professional backgrounds but are highly capable of capitalising on multiple perspectives for a successful outcome. Shulman (1996) discusses the common factor of HPT as having shared development and outcomes including shared ideas, norms, visions, meanings, responsibility, experiences, understanding and effective coordination among group members. In addition, there are numerous fundamental factors that every team necessitates to be successful. These factors include clear purpose, focused goals and objectives, performance feedback and controlled mechanisms, effective

communication practices, healthy conflicts, rewards and recognition. Most importantly, 'teamwork' in HPT helps produce synergy and is considered to be one of the most influential attributes for successful teams and organizations (Harris, 2014, Personal communication). It is rather difficult to address every performance criterion and issue; hence this paper aims at focusing on some of the major components of HPTs.

## **2. An Overview:**

HPTs are principle-based. This entails that successful high performing teams rely on fundamental principles for their guidance and cohesion, rather than on contract and agreement. HPT members carry out their tasks that are governed by a set of principles, that are closely aligned to their organisation's values and beliefs; instead of explicit 'procedures' or 'service level agreements' (Hanlan, 2004). Successful HPTs do not predetermine performance or outcomes; instead they communicate their intent through overarching organisational principles guiding their work ethos and actions. This enables employees to eradicate the feeling of uncertainty or anxiety in uncertain or unknown situations. Hofstede's cultural dimensions imply that when discussing a project with people from a country whose Uncertainty/Avoidance Index (UAI) scores are relatively low for example, United Kingdom, China, New Zealand and India, they are more inclined towards novel events and valuing differences (Hofstede & Bond, 1984). There are fewer rules, simple structures and they are more concerned with long term strategies and not on what is happening on a daily basis. Our experience, while working in the UAE, was evident that Americans expected the details at the end of any project but the Emiratis needed comprehensive details at every phase of the project; otherwise they would take it as an "Insult", showing Power Distance (Hofstede, 1991). It was found that working with Emiratis or Arabs is an emotional workout as they are shy and reserved but also, they try to avoid resolving conflicts. This results in an "unhealthy" team dynamic (Suliman & AL Shaikh, 2007).

HPTs' successes are guided by those who understand their underlying processes. Executives avoid using top-down approaches in communicating goals, benchmarks, and

telling employees what or what not to do. Hanlan (2004) says that by simply commissioning orders, teams rarely achieve high performance. HPTs' success is a result of natural processes, whereby the organisational needs are integrated with team creativity and individual desires. These processes are highly dynamic and interactive; this energy is unlikely to be visible to a casual observer. This phenomenon may be explained better by linking it to the 'Individualism' (IDV) component of Hofstede's cultural dimensions. This scope refers to the strength of the ties people have with one another. This is seen in an organisational context whereby team cohesion is strong; loyalty and respect to other members of the team are highly valued over 'loose' connections. A successful HPT with a low IDV score consists of individuals who work for intrinsic rewards with emphasis on skill development – becoming a master of something - and they value harmony and honesty (Hofstede & Bond, 1984).

If we look around, we discover that different groups are made up of different kinds of people. These individuals have different skill sets, qualifications and expertise. A manager may embrace and transform the group into a high performance team. As a HPT, members share the same values as they are grouped together to decide and achieve set goals and objectives, and also there is a right balance of creativity within the team. The manager has to mould the team and steer the members in the right direction by transparent communication of set standards for the team. The manager should convey a sense of urgency but also empower members to rely on their skills and responsible behaviour to produce quality results. HPT members will inevitably promote and provide high grade of excellence. Rewards in shape of positive feedback or praises, or even small prizes will help the team to attain their set objectives. Team members are encouraged to have open communication and managers should provide emotional support thus creating a synergetic environment to learn new things and develop healthy team dynamics (Katzenbach & Smith, 1993).

### **2.1. Characteristics of a High Performance**

**Team :** While sifting through the literature on HPTs, differing views and perspectives about HPT's were evident. However, the following characteristics of HPT's were commonly

quoted by different researchers and we are concordant with their views that these are the fundamental features of a HPT.



**Figure 1: Fundamental Features of HPTs**

Adapted and remodeled from : Cowell (2000), Costa (2003), Covey (2004), Daly (1996), Dubick (1991), Feiner (2004), Larson & LaFasto (1989), Severinsson (2003)

### 3. Diversity:

Daly (1996) describes that diversity in itself is not accountable for depicting how well a team works together; instead integration – the combination of clear communication, constructive solving of differences and the generation of innovative solutions – is a result of bringing together multiple perspectives

within a team for the team's success. Taking it one step further, we may say that effective communication revolves around more listening than talking - where members hear what is intended. This, however, can be challenging when interacting with different cultures. Conflict is bound to occur when there are contrasting opinions, mind-sets and ways of practices (Singleton et al, 2011).

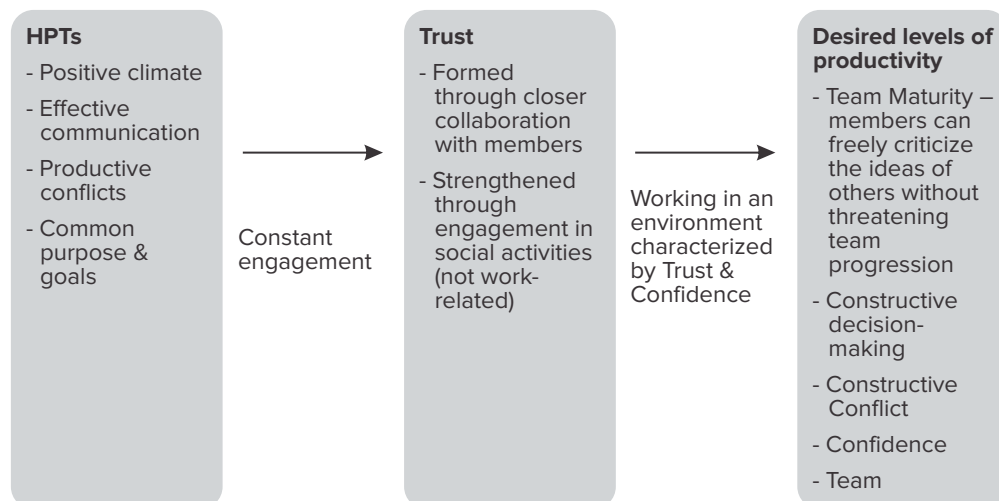
Collaborative Conflict Management (CCM) involves members resolving differences without alienating one another – balancing the anxiousness of their own goals over the goals of others in the team. CCM also includes constructive and innovative practices, where members build upon the ideas and opinions of others rather than making their own prevail (Singleton et al, 2011).

### 4. Collaborative Climate and Trust:

Working effectively together takes place in three ways; 1) structural features, which includes clear identified roles, responsibilities and accountabilities 2) clear and open communication, and 3) climate, depicting the feelings of collaboration and trust (Larson & LaFasto, 1989).

Larson and LaFasto (1989) suggested that trust is probably one of the most important factors in building HPTs. Trust is a combination of honesty, openness, consistency and respect –

**Figure 2: Relationship between HPTs and Productive Outcomes Characterized by Collaboration**



Source: Developed on the basis of different sources from literature reviews on Trust and Conflict



which are essential for teams to stay 'problem-focused'. When trust is built within a team environment, tremendous triggers and stresses can be alleviated off the team (Costa, 2003). This results in more time, higher energy and focused concentration, as well as the ability to work on meaningful problems and solutions. This then creates a deeper level of interaction and expression between members (Covey, 2004).

#### **5. Structure and Performance:**

Teams can function effectively under extraordinary structures and a few can flourish under minimal structures. Depending on the purpose of the team, structures are built to achieve a particular performance objective – a formation that does not confuse the efforts with the results – and a simplified structure that makes sense to team members (Larson & La Fasto, 1989).

Four essential factors critical to team structures are:

- 1) Clear roles and responsibilities
- 2) An effective communication system
- 3) Monitoring individual performance and providing feedback
- 4) Fact-based judgment (Larson & La Fasto, 1989).

#### **6. Environmental Strategies:**

Weiss (2002) asserted that the primary responsibility of a manager is to ensure that the job environment is furnished with the right tools and is conducive to “doing the job right every time”. Dubickl (1991) lists six environmental attributes that support high performance. They are:

- 1) Flexibility – minimising formality and keeping things simple.
- 2) Responsibility – giving members the opportunity to take calculated risks.
- 3) Clear standards – clear individual and team standards that compel team performance.
- 4) Rewards – performance-based reimbursement to avoid favouritism.
- 5) Clarity – clear communication around plans, procedures and expectations.
- 6) Commitment – willingness to give extra efforts and feel pride in one's work.

It is the practice of all six attributes that supports the overall commitment to team development and improved performance.

#### **7. Conflict Management:**

HPTs' success is often a reflection of the team's ability to combine talent in a creative and coordinated fashion. Central to this is the use of conflict; which is a catalyst for creativity but also establishes a platform for open exchange of ideas, objective assessment of alternatives and the rigorous constructing of perspectives (Shermon, 2004). This, in turn produces beneficial conflicts in which creative ideas, innovations and solutions are crafted.

In a team with multifaceted perspectives, conflict is inevitable. However, not all conflict is bad. Healthy or positive conflict is beneficial to HPTs as members become conflict competent. Conflict competence is the ability to develop and utilise cognitive, emotional and behavioural skills that enhance productive outcomes of conflict while reducing the likelihood of escalation or harm (Cupach, Canary & Spitzberg, 2009). At the same time, the varying perspectives in a multifaceted team may give rise to destructive conflict (Chekwa & Thomas, 2013). Such interactions may produce anger and alienation, which can lead to individual dissatisfaction and resentment within teams.

Conflict and diversity in interdisciplinary HPTs are said to be 'natural' and mostly unavoidable (Chekwa & Thomas, 2013). The natural tendency is to perceive conflict as a threat. However, for team decision-making, conflict is rather appropriate and necessary (Chekwa et al, 2013). The analysis of varying perspectives enables one to distinguish the practical from personal problems and identifies the hidden stresses – conflict emerges to become a medium for growth (Payne, 1982). Conflict does not just reflect the divergent perspectives of team members but, more importantly, their interactions with the organization, system and that of its clients (Severinsson, 2003). Its importance can easily be outweighed by destructiveness if it is not handled carefully and managed skilfully. If managed appropriately, the growth of conflict allows for teams to draw inferences on its roles with people, systems, providers and institutions:

Disagreements that are internal can be negotiated within the team, disagreements

that are a reflection of institutional priorities require group efforts at system changes, not inter-professional blaming and name calling (Nason, 1983)

High Performing Teams create 'functional diversity'; wherein members seek information about each other, enough to enhance unity and demonstrate their own expertise and proficiencies within a team (Chen, Wang & Zhang, 2011). If a problem presents itself within this team, members can resolve the conflict constructively as they have knowledge about the behaviour and personality of other members in the team. This helps in quickly putting differences aside and generating ways to move ahead with a challenging task.

Key points for avoiding unhealthy or high levels of conflict within a high performing team:

- **Embrace Diversity** – to improve on creativity and innovation regardless of difference in values and belief systems (Singleton et al., 2011).
- **Patience** – to allow for differing perspectives and quality decision-making (Shermon, 2004).
- **Professionalism Personal Problems** – as members are working towards a common goal, HPT members set aside differences to pursue the task at hand (Chen, Wang & Zhang, 2011).
- **Interchangeable Leadership** – leadership is not the responsibility of one member but the focus of every member in their roles and of their tasks (Morgan & Anthony, 2008).
- **Development of Robust Techniques:**
  - a) **Compromise** – to find a fair solution between disagreeing parties;
  - b) **Collaboration** – encourages open discussion for conflict resolution and is open about the damage the conflict is causing;
  - c) **Accommodation** – encouraging one of the conflicting parties to “give in for the sake of giving in” if conflict is seriously jeopardising the team productivity and is harmful to the organization (Feiner, 2004).

Healthy conflict enables discussion of inefficiencies within a team, promotes pre-discussion disagreements, which stimulates

the quality of making decisions; side stepping to go back to basics and brainstorm; explore new strategies, inspire and implement approaches – which contributes to team development (Butler & Williams-Middleton, 2014).

## **8. Commitment:**

Unified commitment – an amusing component of HPTs – is the focus on clear and worthwhile goals and relinquishing the self (or ego) for the greater purposes of the team (Larson & La Fasto, 1989). HPTs are not only committed to organisational goals, but more importantly they are committed to one another. High performing individuals within HPTs outshine their work relationship and begin to, truly, care for each other, where the attitude becomes, “if one of us fails, we all fail” (Katzenbach & Smith, 1993). This delivers the message that it is important for HPTs to spend time with other members by participating in social activities outside of the work environment and getting to know the more intricate aspects of each player. This not only strengthens the ties between members but also forms a bond of trust between them, plus this makes more fun being a member of a HPT (Covey, 2004).

**8.1. Attitude:** During the process of brainstorming ideas by assessing one another's views, the team members are able to learn from each other and this help in resolving differences among members of a HPT (Suliman & Al Shaikh, 2007). In essence, conflict needs to be viewed as part and parcel of HPT and it could be unhealthy if the team tries to avoid conflicts (Suliman & Al Shaikh, 2007).

HPTs cultivate a set of attitudes that sustain, enhance the energy, interest and the overall experience that is needed within a team. HPTs avoid trivial problems that are focused on the team; rather they generate enthusiasm, energy, respect and results – which are critical factors for team performance (Cowell, 2000).

## **9. Team Selection and Development:**

Team selection is an important process that helps identify members with specific qualities and skills for a specific role (Hanlan, 2004).

### **9.1. Selection Process:**

- 1) **Member's qualification** – designed to identify the best and most suitable from pool of candidates.

- 2) Peer selection – Let employees have a say in choosing who they prefer as colleagues (avoiding favouritism).
- 3) Personality test – Tools such as Talent Dynamics or Myers Briggs (MBTI) tests to find out in what role a person is most likely to find their flow.
- 4) Performance improvement – select members that have a breadth of experience and strong interpersonal skills to ensure productivity, progress, effective and efficient performance. (Suliman & Abdulla, 2005)

Qualities of HPTs' members are (but are not limited to) skills, experience, talent for innovation; personality, character, commitment, capabilities and enterprising nature for team's development (Castka, Bamber, Sharp & Belohoubek, 2001).

**9.2. Team Development:** While some members claim that HPTs are where one finds them, not where one wishes they were (Katzenbach & Smith, 1993), there are many ways to help facilitate team development and performance. In adapting Kotter's 8-step leadership change model, critical practices that have led to high performance are:

- 1) Establishing urgency and a sense of direction – recognising that the more urgent and clearer the expectations, the higher the probability of reaching high performance.
- 2) Teams must select individuals based on specified skills for the task and skill potential.
- 3) Getting the right vision – creating a vision that can be conveyed in a matter of minutes is going to move people into action much more effectively than detailed analyses ever will.
- 4) Communication – keeping communication channels open and simple. Clear rules of behaviour must be agreed upon.
- 5) Empowering the team – mini goals and victories must be provided to help the team establish sense of early confidence.
- 6) Create short-term wins – provides feedback about the validity of organisation's vision and strategies; provide members who are working hard

and efficiently with recognition and encouragement; build faith in change project and take power away from cynics.

- 7) Implementing and sustaining change – to create structures and situations that empower people to take risks and deal with problems without fear of reprisal. Removing structural obstacles is also important: giving people enough leeway to innovate and solve those intractable problems.
- 8) On-going proceeds – Change does not stop here. New ways of working must continue successfully for some time before the culture truly changes. Culture cannot change until new ways of operating are implemented. Finally teams need a plethora of positive feedback, recognition and rewards for their diligent work and efforts (Kotter, 2007).

## 10. Recommendations:

In constructing HPTs within your organization; first and foremost it is beneficial to understand the mix of individuals within the team. This comprise of their skill sets, their capabilities, their behaviours and their individual goals. In comprehending these individual attributes, you as a leader of a team are now able to decide upon the factors needed to align these varied goals to that of the overarching organization or project goal.

Secondly, it is necessary to explain to members the difference between building a HPT and an ordinary team. A HPT works together in synchronisation with each other. As a HPT, members work in harmony in achieving the set goals rather than working against one another for individual benefits.

Thirdly, as a leader, you are to explain that “every member is a leader of their own tasks.” Each member contributes equally and takes responsibility for their ideas and the following outcomes. They provide the team with their individual creativity that further adds to the talent and credibility of the team. Their ideas, skills and experiences contribute as a whole to the task outcomes, and they do not work in solo to achieve effective results.

Lastly, each member is treated equally and fairly across the board. Regardless of years of experiences or position titles; there are no hierarchies within a HPT. Everyone works

together, alongside each other with respect, trust and dignity in the work they do and in the work of their peers. If conflict occurs, HPT members are able to quickly shift and transform the issue into a 'healthy conflict' – which is seen to improve on ideas and promote innovation to solution. HPT members regard wasting time as an opportunity cost. The more time invested in ideas and solutions, and less in working politics, the more exhilarating the outcomes the organization yields.

## 11. Conclusions:

To conclude, there are many organizations with great strategies in developing HPTs but how many of those great strategies are actually executed? The paper focuses on the structure of teams, but more importantly, members are recognized as valued assets of an organization. Teams have the capability to increase organisational performance, but also to heighten team members' satisfaction by helping them become more valuable in the process. This value improves task efficiency and over a period of time, there are bound to be high-level improvements in team effectiveness. On the path of developing tremendous outcomes through effective HPTs in organizations, the ultimate benefit is individual development. It is through the process of collective progression and excellence that individuals become more than 'the sum of their counterparts' and learn to work together in harmony, towards goals that provide significant meaning, not only for the organizations, but also, more importantly, for the individuals. It is imperative that managerial bodies understand these characteristics of High Performance Teams discussed in this paper. In this era of competitive marketplace, it is essential to harness the power of teams that promote advanced performance at the individual, team and organisational levels for short- and long-term organisational successes.

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# Dimensions of Entrepreneurial Orientation Among Indian Students: A Regional Perspective

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## Abstract:

*Entrepreneurs need a variety of competencies to realize their aspirations. Different entrepreneurial abilities have been examined for their relationships with entrepreneurial performance. Various types of entrepreneurial characteristics like age, gender, parental background etc. influence entrepreneurial performance. The present study focuses on the aspect of gender differences on managerial competency as an essential dimension of entrepreneurial orientation among the graduating youth willing to become entrepreneurs. A sample of 200 students, who indicated beforehand that they were interested in becoming entrepreneurs among a population of around 1200 final year post-graduate students were served with a questionnaire schedule containing five statements. The responses were analysed through statistical techniques such as ANOVA, t-test and effect size measurement to understand the gender-specific variance. The components of proactiveness and self-confidence attracted similar preferences from both genders while the aspects of autonomy, risk-taking and drive and energy yielded gender-specific variances.*

**Key Words:** *Entrepreneurship, Entrepreneurial orientation, Managerial competency, Gender, Demographic factors.*

## 1. Introduction:

Entrepreneurship is the ability and enthusiasm to build up, organize and manage a business venture along with its risks with the aim of making profit. Professor Howard Stevenson of the Harvard Business School says that entrepreneurship is the quest for opportunities further than resources available. The Merriam-Webster dictionary defines entrepreneur as one who organizes, manages and assumes the risks of a business or enterprise. Entrepreneurial orientation refers to the set of personal and psychological traits, values, attributes, and attitudes robustly correlated with an impetus to undertake entrepreneurial activities. Entrepreneurs need a variety of competencies to realize their aspirations. Entrepreneurs must be able to make efficient decisions regarding different functions of their business such as production, pricing, marketing, resource allocation etc., by availing themselves of the principles of managerial science. The entrepreneur, therefore, is diversely projected as a self-employed owner

of business, initiator, manager, innovator, decision-maker, and risk taker and many more. Hence an entrepreneur is supposed to possess versatile competencies. Entrepreneurial competencies are regarded as distinguishing attributes encompassing personality traits, skills and knowledge, and therefore can be seen as the total ability to perform a role effectively. Forbes magazine outlines that management skill and strong team building abilities are often perceived as essential leadership attributes for successful entrepreneurs. As entrepreneurs and managers involve in similar roles and perform similar tasks in many aspects of business management, it is coherent to take up the competency approach to study entrepreneurs. In fact, the competency approach has become an increasingly acceptable means of probing entrepreneurial attributes (Chandler and Jansen, 1992). Sony and Iman (2005) categorised entrepreneurial competencies into four dimensions: management skills, industry skills, opportunity skills and technical



skills. Boytazis (1982) argues that the characteristics leading to competence can be a person's motive, trait, self-image or social role, skill or knowledge. Further, entrepreneurs' family background, experience, education and training, and other demographic variables also should be considered as critical factors influencing the entrepreneurial competency (Herron and Robinson, 1993). Specifically, managerial skills are essential for the success of any business. A firm's gradual growth into multifaceted operations augments the need for incorporating professional management practices.

## 2. Managerial Competence:

Competency by and large means possession as well as exploitation of configurations of knowledge and meticulous skills at different levels to carry out specific task effectively and efficiently. Managerial competency is an approach to optimal utilisation of resources to meet organizational objectives on a sustained basis. Managerial Competency of an entrepreneur is the capability to define the outcomes clearly, guide the people involved and finally to get the things done by efficient ways and means. Built on McClelland (1973)'s research, Boyatzis (1982) had categorized managerial competencies and defined them as underlying characteristics of a person which results in effective and superior performance. Entrepreneurs, in fact, are both administrators and decision-makers. Optimization of any business activity depends on the rationality of the decisions made based on the principles of managerial science. Given the present state of business, an entrepreneur without enough managerial competency will be doomed to suffer defeats and may end up in discontinuance of business. Resource allocations and establishment and adaptation of organization will never be rationally achieved if involvement and the support from management knowledge are not made. Entrepreneurs' management competence is one of the vital aspects that form the essential content of entrepreneurship and entrepreneurial orientation. Since management is a series of activities focusing on planning, organizing and controlling a firm, it is associated with experience, education, and training through which knowledge and skills can be passed on to entrepreneurs. The

entrepreneurial orientation in terms of management professionalization thus implies that the entrepreneurs' propensity, practice, performance and decision making etc. have to be made in a managerially proficient manner, so that they are able to minimize administrative errors and maximize the efficiency and effectiveness in business operation. Various types of entrepreneurial characteristics have been examined for their relationships with entrepreneurial performance. One category of these characteristics is demographic characteristics like gender (Changanti and Parasmaman, 1996), age (Begley and Boyd, 1985), ethnic (Cooper, Dunkelberg, and Woo, 1988). A common thread among these literatures is that whether possessing specific characteristics help the firm to be successful or not. Keeping in mind the significant role of an entrepreneur in the venture success, the present study focuses on the aspect of gender orientation of the managerial competency and to understand the entrepreneurial orientation of the present generation youth. The following five components have been adapted from the literature to define managerial competency essential for entrepreneurial orientation.

**2.1. Autonomy:** Autonomy means the capability and determination to be self-directed in search of opportunities. The history of entrepreneurship is filled with stories of self-determined pioneers. The need for autonomy of an entrepreneur is characterized by a drive to control and influence others, an urge to win arguments and a passion to persuade and prevail, which are essential qualities of managerial competency.

**2.2. Risk Taking:** The foremost factor that distinguishes entrepreneurs from non-entrepreneurs is the uncertainty and riskiness of self-employment. All business endeavors involve some degree of risk. Entrepreneurs must not only be risk takers but also risk handlers (Longenecker & Schoen, 2001). Risk handling is an essential managerial behaviour.

**2.3 Proactiveness:** Proactiveness means 'acting in anticipation of future problems, needs, or changes'. A proactive person is someone who can actively take personal initiative (Crant, 2000) to create favorable conditions for influencing and changing the status quo in a persistent and action-oriented manner (Bateman and Crant, 1993). Individuals with proactive personality are unconstrained

by situational forces when pursuing their goals in the external environment. A manager needs to be essentially proactive.

**2.4. Drive and Energy:** Entrepreneurs are driven to succeed and expand their business. They are always on the move, full of energy and highly motivated. They are driven to succeed and derive plenty of self-motivation.

**2.5. Self Confidence:** An entrepreneur is regularly called upon to perform tasks and make decisions that require great amounts of faith in one self. He or she needs to have a strong but realistic self-belief and sustained ability to achieve the predetermined goals.

### **3. Gender:**

Based on the findings of previous research, it can be said that gender plays a major role in involvement in entrepreneurial activity. Despite the rapid growth of women in professional and managerial jobs, the gender gap in entrepreneurship remains significant. Rosa et al, (1994) found that women were unenthusiastic to start new businesses while men were 50% more likely to be involved in entrepreneurial activity than their counterparts. Global Entrepreneurship Monitor (2002) found that there was no country where women were more active than men on entrepreneurship though differences among them were not statistically significant. Kolvereid (1996) found that males had significantly higher entrepreneurial intentions than females. However, the process of involvement appears to differ significantly in comparison to the processes that affect men. There are variables that influence entrepreneurial behavior across countries and across gender. In other words, they influence both sexes but not necessarily in the same way or with the same intensity. Clearly, female entrepreneurship is a cross-cultural phenomenon with culture specific aspects. Harris and Gibson (2008) determined that there was a significant difference between male and female business students in their need for innovation in business, with males having higher scores on the entrepreneurial attitude scale than females. Cross-national empirical studies report significant differences in female and male entrepreneurial activity. Among the possible constraints that female entrepreneurs face, education and training background are important and higher level of

risk aversion by female business owners (Coleman, 2002) found that females were generally less likely to be founders of new businesses than males. Despite the emerging debate between conflicting ideas on the actual state of entrepreneurship engagement by gender, there is still a persistent story that was concisely titled by DuRietz and Henrekson (2000) as 'The Female Underperformance Hypothesis' which narrates that women have less motivation for entrepreneurship and for growth of their businesses; less desire to start a business; less self-confidence; less preparatory education; and more risk aversion; they use less optimal management practices; behave irrationally by turning to unqualified family members for help; and they do not network optimally. However, there is a silver lining to this backdrop. It is encouraging to note that the proportion of women entrepreneurs continues to increase steadily worldwide (GEM, 2004). Around 40% of 73 million people who are active entrepreneurs in 34 nations were women. This substantiates Sitterly's (2001) findings where 40% to 50% of all businesses are owned by women with an admirable success rate of 75%. Although women have made great strides in recent years toward closing the entrepreneurship gap, concerns persevere that women are under-represented among business owners because they lack the same motivation as men when considering entrepreneurship as a career choice. Recently Kepler and Shane (2007) found that gender does not affect new venture performance. However, there are marked differences between male and female entrepreneurs on reasons for starting a business, expectations for success and growth, and types of opportunities sought. Also at issue is whether women approach management in the same way as men.

### **4. Review of Literature:**

Research widely confirms that entrepreneurship is a male oriented activity. By and large, researchers have argued that entrepreneurship is an activity which involves a sense of dominance tied to notions of masculinity (Bruni et al, 2004). In addition to the stereotype opinion, there are no uniform agreements upon the criteria that essentially deem a person capable to be entrepreneur. The major findings that constantly surface from the relevant literature is that businesses



owned by men and women differ in some success measures (e.g., Alsos, Isaksen & Ljunggren, 2006). With a few exceptions declaring no gender differences among specific success measures (e.g., Johnsen & McMahon, 2005; Menzies, Dichon & Gasse, 2004), most studies established gender specific inconsistency. In a study, Jyoti, Sharma and Kumari (2011) revealed that female entrepreneurs are willing to take business risk. Akhtar, Keith and Riaz (2011) found a partial impact of the demographic variables such as gender, residence, parents' qualification and occupation on entrepreneurial orientation of university students in Pakistan. Rana et al, (2011) found that females have less risk preferences than males and were reluctant to take risky decisions. Welmilla et al (2011) identified a positive correlation between gender and development of small and medium enterprises (SMEs) in tourism in Sri Lanka. Seongbae and Brooke (2011) conducted a multi culture study among the university business management students in the U.S, Korea, Fiji, and Malaysia and found a significant difference between male and female students in their need for perceived personal control of business outcomes and innovation in business. Gupta et al. (2009) strongly associate entrepreneurship with stereotypically masculine characteristics among the business students in the United States, India and Turkey. Subhash and Sunita (2008) explored the impact of gender and family background on entrepreneurial attitude orientation (EAO) and found significant disparity between male and female trainees. Kepler and Shane (2007) found that males prefer high degree of risk taking than female entrepreneurs while both seem to value autonomy similarly.

### 5. Need of the Study:

Even though gender discrimination in entrepreneurship continues to be articulated in many societies, women have started businesses in significantly greater numbers over the past decades (Aldrich, 2005). A UNDP (2008) survey reveals that women comprised 56% of professional and technical workers and 42% of legislators, senior officials, and managers in 2005. But, during the same period, women own or hold major shares in only 30% of private businesses in USA (Center for Women's Business Research, 2004). Men are still about twice the number of women to

pursue business creation even after taking standard demographic factors into account (Kim, Aldrich, and Keister, 2006). Further, a majority of the entrepreneurial orientation theories have emerged primarily from research among the developed countries, it is vital to observe the scope to which these apply in the milieu of developing countries such as India where the policy makers are looking upon the youth as the future pool of employment generators. Secondly, a large section of students pursuing higher education today are women and they too wish to be independent and establish their own identity either through formal employment or by being self-reliant. Studies in this area are very few at least in the Indian context and hence the motivation to pursue this study. We also wish to propose our own set of suggestions based on analysis and findings.

The major objective of this study was to analyze gender differences on managerial competency as an essential dimension of entrepreneurial orientation among potential young graduated entrepreneurs.

### 6. Methodology:

Since, potential entrepreneurs can be anyone, the current research focused only on the sample frame of graduate students. The younger generations of the society are the potential sources of nascent entrepreneurship and hence it is vital to identify their prevailing attitudes towards entrepreneurship which is influenced by socio-demographic factors in addition to many other variables. A sample of 200 students, who indicated beforehand that they were interested in becoming entrepreneurs, among a population of around 1200 final year post-graduate students from 20 institutions existing in Warangal region of the state of Telangana, were selected. The sample comprises of 125 male and 75 female students (Table-2). The respondents were served with a questionnaire schedule containing five statements (Table-1) adopted from the EAO scale of Robinson et al. (1991) and customized for the present study, to be marked on a five-point scale (denoting 5= strongly agree; 4=agree; 3=unable to answer; 2=disagree; and 1=not at all). The responses are statistically tested through ANOVA and T-Test for establishing the differential effects of gender on managerial competence for understanding entrepreneurial orientation.

**Table 1: Managerial Competency with Components**

Component	Statement
Autonomy	I prefer to make my own decisions
Risk-taking	I prefer to take risk in future life
Proactiveness	I can calculate the future needs of my business
Drive and energy	I depend on my instinct and intuition while making decisions
Self-confidence	I have confidence in my own skills and capabilities

### 7. Results and Analysis:

Each component of managerial competence is tested for variance between the male and female gender groups and the corresponding means are compared for an in-depth understanding and further, the effect size is estimated for micro analysis of the variations and the error bars are generated to understand the dispersion.

**7.1. Scale Reliability:** Internal consistency is necessary but not sufficient condition for measuring homogeneity or uni-dimensionality in a sample of test items. Alpha is a commonly employed index of test reliability. The alpha value of the scale employed is 0.867 which is highly significant.

**7.2. Analysis of Variance:** The responses were processed with ANOVA test to make a conclusion about whether the independent variable – gender, had an effect on the dependent variable – managerial competency. The F ratios (Table-3) are statistically significant for three components out of the total five. The components - autonomy (22.475); risk-taking (41.872); and drive and energy (19.154) have

yielded statistically significant F ratios while the other two components -proactiveness and self-confidence didn't yield significant 'p' values. The significant F ratios for three components imply that the means differ more than would be expected by chance alone. The statistically significant variances establish that there lie the differences between the male and female groups regarding the three competencies tested for understanding the managerial competency. Next, the means of the two groups are compared to determine the nature of difference for three individual competencies which proved statistically significant for variance.

**7.3. Difference between Group Means:** The t-test for measuring the difference of means between the gender types proves statistically significant in all three cases thus confirming the ANOVA results. The observed mean differences are discussed competency wise.

**7.3.1. Autonomy:** The statistically significant ( $p < 0.01$ ) t value (4.741) for the competency of autonomy imply that the means of the two groups differ considerably. Further, the

**Table 2: Group Statistics**

Competency	Gender	N	Mean	Std. Deviation	Std. Error Mean
Autonomy	Male	125	3.44	1.39	0.12
	Female	75	2.53	1.15	0.13
Risk-taking	Male	125	3.24	1.31	0.11
	Female	75	2.13	0.89	0.10
Proactiveness	Male	125	3.76	1.18	0.10
	Female	75	3.66	1.20	0.13
Drive & Energy	Male	125	3.12	1.34	0.12
	Female	75	2.33	1.01	0.11
Self confidence	Male	125	3.44	1.33	0.11
	Female	75	3.66	1.20	0.13

**Table 3: Entrepreneurial Foresight Vs Gender**

	Cronbach's Alpha	ANOVA		t-test for Equality of Means			0.86
		F	Sig.	Mean Difference	T	Sig. (2-tailed)	Cohen's 'd'
Autonomy	0.86	22.47	0.00	0.90	4.74	0.00	0.80
Risk-taking		41.87	0.00	1.10	6.47	0.00	0.98
Proactiveness		00.28	0.59				
Drive and energy		19.15	0.00	0.78	4.37	0.00	0.66
Self-confidence		1.45	0.22				

positive nature of the derived t value indicates that the mean of the 'male' group is much higher than that of 'female' group by a margin of 0.9 on a scale with maximum at 5.0000 (Table-3). The error bar (Figure-1) graphically presents the extent of mean difference between the two groups of respondents for autonomy. The directional difference of the means indicate that male respondents exhibit stronger inclination towards autonomy than their counter gender.

**7.3.2. Risk-taking:** The highly significant t value (6.471) implies that the probability of similarity of the means of the two groups of respondents is very weak. The means of two groups differ considerably by a margin of 1.10 on a maximum scale of 5.00 (Table-3). The positive nature of the mean difference implies that the males strongly believe in autonomy as a component of managerial competency than females.

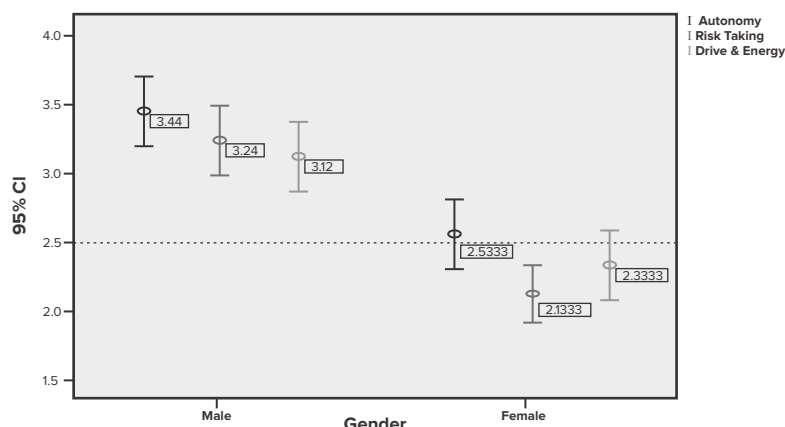
**7.3.3. Drive and energy:** The t value (4.377) is statistically significant while the means show a relatively lesser difference of 0.78 (Table-3) on a maximum scale of 5.00 for the competency of drive and energy implying that the probability of similarity between the two groups is higher regarding drive and energy as an essential

component of managerial competency. However, the males believe more strongly than females as evident from the positive nature of the t value. Figure-1 graphically represents the variance and means of the male and female groups for the component of drive and energy.

However, despite the directional difference of mean values, the confidence intervals of both male and female groups for the three components stand more or less similar indicating that the responses of both groups are similarly scattered around the respective mean values for the three statistically significant components of managerial competency.

**7.3.4. Effect size:** In the case of ANOVA test, it is possible to have a strong statistical significance and a low effect size at the same time. Such result implies that an association exists between the two variables under study, but that the relationship is small and not of great practical significance. Hence, significant p-values alone aren't sufficient to indicate the size of an effect. Then, it is imperative for the researcher to define the size of the effect for the cases where group means are closer to each other. Statistically, Cohen's d

**Figure 1: Managerial Competence Vs Gender**



standardizes the effect size measurement at three levels indicating small, medium, and large effects. In general, the value 0.20 is a small effect size, 0.50 is a moderate effect size

and 0.80 is a large effect size (Cohen, 1992). Thus, the 'd' score indicates the practical significance of the associations under study.

'd'	Standardized mean difference	Percentage of variance explained
Small	0.20	1%
Moderate	0.50	10%
Large	0.80	25%

The Cohen's 'd' values are derived from the mean values and respective standard deviations of each group on each of the three components. The 'd' values of the components of autonomy and risk taking stand at 0.80 and 0.98 respectively implying a large effect. However, the 'd' value for the component of drive and energy (0.66) falls in the range between 0.50 and 0.80 on the standardized mean difference scale implying a moderate effect of gender as an independent variable on drive and energy as the dependent one. Hence it can obviously be understood that the gender (IV) can influence the respondents on the skill of drive and energy (DV) to a maximum extent of 10% only while it runs up to a maximum of 25% in case of autonomy and risk taking components. Thus, unlike other competencies which are largely influenced, the component of drive and energy is least influenced by gender of the respondents, as supported by the effect size measurement.

### 8. Conclusions:

The analysis confirms with the past research findings that managerial competency is positively influenced by gender of prospective entrepreneurs. Out of the five competencies that constitute competency, three components – autonomy, risk taking drive and energy are influenced by gender variations and the remaining two – proactiveness and self-confidence are not gender specific. Further, among the three gender - sensitive components, only two (autonomy and risk taking) are largely effected by gender and the third one - drive and energy, absorbs a moderate level effect. However, the male group is more focused on all the three components of managerial competency while the female group exhibit wide variance, as understood from the depiction of confidence intervals from the corresponding error bars.

Thus, gender has a great bearing on the managerial competency of prospective entrepreneurs as males are more concentrated towards the higher means while their counterparts are wide apart. On the basis of these results, it can finally be stated that future entrepreneurs, both male and female, are mainly driven by autonomy. The findings provide scope for a wider study of the similar phenomenon to generalize and transcript into entrepreneurship literature.

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# Extensibility of E-learning in Rural India using 4G

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## **Abstract:**

*The extension of association via remote education is one of the strategies largely being advocated in recent times, for the progress of urban as well as for rural areas, by the Indian government to promote all-round economic growth, for all strata of society, and at all levels. ICT has played a major role in spreading Education to several remote areas, using Information and Communication Technology. Yet, there are evident challenges faced in its implementation, owing to the terrain constraints as well as the lack of basic amenities. This has necessitated another mode to be used to revolutionize this attempt of spreading education further, that of E-learning, with the three perspectives: 1. E-learning could expand and widen access to basic education as well as tertiary learning 2. It would improve the quality of education. 3. E-learning would reduce the cost of education.*

*This paper inspects these three premises on the basis of available data and facts and examines several features that support the usage of Information and communications technologies (ICTs) for e-learning to meet the needs of particularly rural learners, thereby facilitating the persistence of lifelong education in India.*

**Key Words:** E-Learning; Non-traditional Learning; ICT; Lifelong Education

## **1. Introduction:**

Advancements in the fields of Innovation, Knowledge, and ICTs foster a major impact on many commercial sectors such as Communication, Finance, Informatics and Transportation, to name a few (Banerjee et al, 2014, NCERT, 2012). ICT also has a great influence on Educational sector. According to the 2011 census, a major portion of the Indian population (about 72.2%), is comprised of rural settlers, in almost 638,000 villages, while the urban segment (i.e., 27.8%) of the population, inhabits about 5,000 towns and some 400 city clusters. We can see that the larger part of the Indian population still lives in villages, which places maximum importance on rural education in India (Banerjee et al, 2014, NCERT, 2012). Now, e-Learning would supplement ICTs in order to accomplish lifelong education in Indian villages. This is mainly owing to the diversity and topography that make it almost impossible to establish and maintain schools in such remote areas. Indian Government has started several primary and secondary schools in villages but due to the unavailability of facilities and rough topographical features,

teachers and staff do not favour working in such regions. This leads to persistent illiteracy, as a result of the failure of Government policies. This paper aims to promote the Extent, Rationale and Tactics adopted for spreading computer education in Rural India (NCERT, 2012, Roy, 2012).

## **2. Online Distance Education (ODE): A Historical Perspective:**

Distance education has been largely revolutionized due to the rise of the Internet, around the 1990s. This made it relatively cheaper to disperse specialized course material through the Internet, thus marking the beginning of Online Distance Education, or simply, Online Education. Here, the courses are provided mainly over the Internet to learners at remote locations, including their homes. Online courses would however require that the learners and the mentors physically meet face-to-face, either once or at regular intervals, to conduct sessions for theory class, laboratories and also examinations, though it could be limited to about 20-25 percent of the prescribed course duration. This is a highly



flexible mode for the learners, as they can instantly communicate not just among themselves but also with their instructors, through e-mail and chat.

The sessions could also be made more interesting and interactive with the use of web cameras. The Internet also made it much easier to implement online education. Learners could appear in, as well as, view the grades they obtained, in tests and online quizzes, instantly. Further, Teachers could make changes to lectures and other supporting material, as and when needed. Distance learning in India has become ever-more popular owing to its online offerings, but it is not a new concept. Actually, people have been taking such courses offered by remote instructors, even before and after Independence. Postal courses have been prevalent as early as 1940s, while radio and television were used since 1959 to relay educational programmes. The launch of the SITE (Satellite Instructional Television Experiment) program during 1975-76 ushered a significant improvement in the field of educational television in India. The experimental program made available a special relay of pre-recorded educational TV programs for the villages of 6 states. These television sessions were dedicated to primary education of the learners and were followed by direct interaction with teachers. Over a brief period, distance learning was growing tremendously and distance-learning universities were comparable in size to traditional universities.

Distance learning in the United States was initiated by the University of Wisconsin-Madison. It was an attempt to integrate various communication technologies to provide educational facilities to learners at off-campus

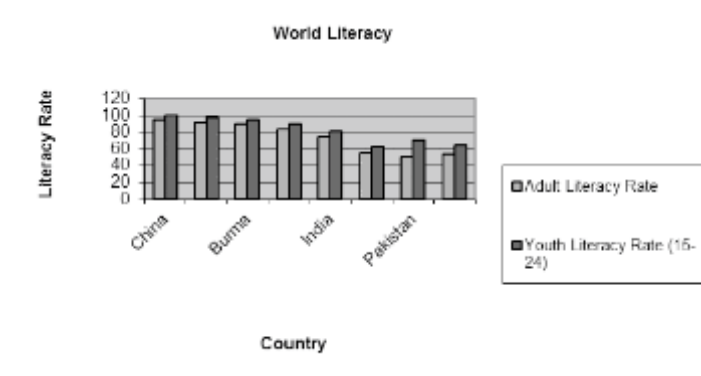
sites. The project was funded by the Carnegie Foundation. (Byrne,1989). These ideas were later imitated by schools around the world and provided a much more rapid and modern way to share information and education with learners who could not attend traditional courses.

Computers have come to play a vital role in escalating the intellect of learners worldwide. With the increasing accessibility to the Internet, distance learning has become quicker and more widespread. Some dedicated online universities such as Sikkim Manipal University have a plethora of learners and several institutions both small and large have emerged in the past decade. Traditional universities also provide online options and around 70% of these offer some kind of online coursework so that a large population of learners can make use of these facilities, nationwide (Tas, 2012). Given the increased attractiveness of such a learning method, it is sure that, distance learning is a reserve for learners that will sustain for several years.

### 3. Current Scenario of School Education in Rural India:

At present, the status of rural education is still in its infancy. In some villages, there are just a few Government schools and children have to travel great distances to avail these facilities. Schools in the rural areas lack in basic amenities like infrastructure, electricity, telephone facility, experienced and skilled teachers etc. and schools that have computer labs are in a pathetic state. Even the Computers are not installed properly, sometimes lacking even the most basic software. This is mainly because no computer teacher and technical persons are appointed for rural schools by the government.

Figure 1: Literacy Rates in India as Compared to World Literacy Rates



The quality of ICT based education facility is very poor in the non-urban areas. Salaries are very low for teachers, which fails to generate enough interest in teaching and they often remain absent. The Government is making moves and taking initiatives, which are, however, not being implemented effectively in the schools; so the scene is far from changing (Devi et al. 2012).

#### 4. Key Issues and Concerns:

##### A. Problems Faced in Rural Education in India

1. Teachers of rural schools usually give less attention to students as they have low salaries and limited facilities.
2. Low salaries prevent teachers from seeking positions in rural areas, as it may not be sufficient even to meet their family needs.
3. Infrastructure facilities are not good. Residential amenities such as Water and Electricity supply are not proper.
4. Rural schools are lacking in most of the areas including Computer, Sports and Extra-curricular facilities, and even basic amenities.
5. Lack of proper transportation limits the children from coming to school, if school is located very far. Moreover, there is no access to additional education (Kumar, 2014).

##### B. Need for Non-Traditional Learning Methods in Rural Areas

The Government has taken several progressive initiatives, along with the social wings of a few leading corporate organizations, as a result of which few rural schools have been able in improving their teaching-learning amenities. However, there is a huge disparity when the progress is viewed on a national scale, owing to the vast geographical diversity.

The Education Department has started initiating the ICT framework in several rural schools, but many areas are still far from getting the basic facilities, mainly owing to topography (Tas, 2011). Due to lack of availability of required facilities to the learners, it is quite difficult to provide education beyond a certain level. This makes the aspirants of knowledge to head towards urban centers of education, which is however not possible for everyone, either due to monetary or familial constraints.

It is thus needed to provide unconventional learning methods, using wireless technologies, so that the restrictions of terrain could be eliminated, to a certain extent. With Internet vendors reaching deep into the rural areas, we could expect E-Learning as well as M-Learning to provide a solution to the problem of rural education, regardless of

Figure 2: Pathetic School Infrastructure and Teaching Methods in Rural India



Figure 3: ICT Initiatives for Rural Education





geographical conditions, promoting learning, anytime and from anywhere.

### 5. E-Learning Using 4G: A Futuristic Proposal to Spread Education Countrywide:

Many people think that E-Learning is learning over the Computer or Internet. However, it is not so restrictive, as E-Learning includes:

1. Training conducted through the Internet
2. Training conducted through Intranet (local/corporate)
3. Learning through saved electronic media (CD/DVD), being viewed off-line by learners over a web browser
4. Either of these or a combination

The objective of E-Learning is to provide increased access to learning, by using innovative development methods and delivery techniques. The advantages of Web-based learning include wide reach, standardization of content and assessment, procedures,

enhanced interactivity, and learner satisfaction (Sharma et. al 2011). The advent of 4G would provide much higher bandwidth than existing services, and interactive, live sessions would be able to supplement the methods described above, taking advantage of the interactive environment of the Internet. We can integrate distance learning with E-learning to meet the needs of the rural India.

Formal learning is no doubt better than any form of distance learning, but if a similar interactive learning environment could be provided remotely, with teachers available through video-conference sessions, at a realistic pace, it would be possible only with the advanced features of the 4G technology. It could surely complement regular education, and help to extend learning to even those areas, where at present it is just a dream. Interactive courses would be designed to make e-Learning effective.

Figure 4: Possible Impact of 4G on Education



### 6. Conclusions and Future Enhancements:

Advantages of e-Learning include Combating topographical constraints, beating distance issues and resolving scheduling problems, thus breaking through the barriers of physical space, liberalizing learning and bringing quality education to millions of learners dealing with cultural, religious and political considerations providing cost-effective education suitable to developing nations. For many people, it is also an opportunity to resume or continue their education which, in turn, enables lifelong learning.

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# Learning Analytics to Developmental Analytics: The Role of Learning Outcomes

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## Abstract:

*The last few years there has been an increased focus on concepts like Analytics and Big Data due to the immense amount of data being generated from various sources. The HR fraternity have adapted to this new line of thought. Academic institutions across the world are also adopting tools and technologies related to Data Analytics and are contributing increasingly to enhance the impact of learning. This research paper is an attempt to understand if the tools and techniques that are being developed to support Learning Analytics can be reconfigured to provide inputs to the "Learning and Development" functions of organizations. There is a growing trend among organizations to associate definitive Business Outcomes with the Learning Outcomes of these education programs, which is not the case for pure academic courses and institutions. The study reaches out to leaders in the Learning & Development space to understand their needs and inclinations towards the concept of Developmental Analytics.*

**Key Words:** Learning, Development, Analytics, Learning Outcomes, Business Outcomes

## 1. Introduction and Conceptual Background:

Dr. Patricia Charlton et. al, (2013) state that "We are now in an era where gaining access to data is not the problem; the challenge lies in determining which data is significant & why".

With the world moving towards tools and techniques like Big Data and Analytics, the HR function is not going to be left behind in creating their own niche in this field. HR Analytics thus forms an important part of today's HR conferences and discussions across industrial meets and academics seminars. The idea is to define how this HR data can help enhance the function of the organization as a whole.

One of the most critical elements of the HR function is Talent Development (alternatively also referred to as Training & Development, Learning & Development and Capability Improvement etc.). Dr. Stephen Covey in his most impactful & seminal work – "The 7 Habits of Highly Effective People" indicates the importance and necessity of the 7th Habit – Sharpening the Saw. To put it more simply, in today's world an individual's armory and ammunition of knowledge is never enough and one has to continuously re-load and refresh their intellect with what's happening around them.

Parallely, with an increasing amount of competition among educational institutions and students, the necessity of providing accurate feedback and correction measures is becoming an absolute necessity. More and more institutions are now warming up to the idea of using technology to help provide the added edge to making their delivery effective and their students competitive. Also, the genre of institutions range from elementary/primary schools to Universities and academic trusts. This is of course a little more than just using smart-boards and technology tools to deliver sessions. While smart boards and tech classrooms focus more on ensuring the appropriate delivery of a class or module, the focus of the next generation of technologists is to provide tools and platforms to assess and evaluate the impact of learning in the classrooms. This has lead to a greater focus on concepts like Learning Analytics & Educational Data Mining.

**1.1. Learning Analytics:** has been defined "as the measurement, collection, analysis and reporting of data about learners and their contexts, for purposes of understanding and optimising learning and the environment in which it occurs" as per the 1st International Conference on Learning Analytics & Knowledge, Alberta 2011.

**1.2. Educational Data Mining:** on the other hand has been defined “as an emerging discipline, concerned with developing methods for exploring the unique types of data that come from educational settings, and using those methods to better understand students, and the settings which they learn in” by The International Educational Data Mining Society.

Some examples of the types of applications that can result from Educational data mining as given by Romero C (2010) are:

- ♦ Analysis and visualisation of data
- ♦ Providing feedback for supporting instructors
- ♦ Recommendations for students
- ♦ Predicting student performance
- ♦ Student modelling
- ♦ Detecting undesirable student behaviours
- ♦ Grouping students
- ♦ Social network analysis
- ♦ Developing concept maps
- ♦ Constructing courseware
- ♦ Planning and scheduling

Learning Analytics and Educational Data Mining communities have the goal of improving the quality of analysis of educational data, to support basic research and practice in education.

There are a lot of technology organizations and start-ups who have seen a fantastic window of opportunity in this growing trend and started creating tools and technologies to address this demand. While organizations like 'New Rubric' ([www.newrubric.com](http://www.newrubric.com)) focus on creating software platforms for assessing performance more accurately, start-ups like the Chennai based 'LittleMore Innovation Labs' ([www.littlemoreindia.com](http://www.littlemoreindia.com)) are creating hardware tools that will redefine the experience of participants undergoing assessments. However, it does seem to appear that these organizations cater largely to the academic arena and not too many corporate entities are using these platforms.

There seems to be a lack of initiative to redefine these largely academic tools and techniques to make them usable for organisational learning and development practices. “Perhaps one of the most important aspects of learning analytics is the focus on creating a culture of continuous improvement that goes beyond student performance in the

classroom”, Diaz & Fowler (2012). The question that may arise is “*Is there really a difference; after all teaching & learning are pretty much the same whether being done in an Academic Institute or being conducted for a group of executives in an organization?*” Can tools being developed for academic courses be directly used for corporate programs for employee development?

One concept that makes a difference is Learning Outcomes. The term is not new or uncommon and is often casually used interchangeably with Learning Objectives or Program Objectives with reference to a training or educational intervention. However, it is important to note that while there is some similarity and relation between the two terms, the essence of both them are very different.

A program objective or learning objective provides a holistic view of what the participants of a program are expected to learn as a part of the intervention. It is a general statement that discusses the intended purpose or expected results of the training. Outcomes on the other hand are statements defining what the participants have learned and can display on completion of the program. It is more specific and talks about “measurable can do's” that result at the end of the program.

Another related aspect that then comes under the lens is Business Outcomes or Organisational Outcomes (for eg. a 10% increase in sales, a 15% increase in customer satisfaction, or a 2% reduction in turnover). Most organizations are very clear that the executive development programs being conducted by them need to link to the Business Outcomes that the organization is looking at. This obviously now means that the Learning Outcomes being designed for the programs will have to link very closely the Business Outcomes being planned by the organization.

This now is evidently a major differentiating factor since Learning Outcomes defined for courses and programs of Academic Institutions do not have any Business Outcomes associated with or impacting them. The study addresses the need of designing the appropriate learning outcomes for executive development programs and how lessons learnt from learning analytics can be used for “Developmental Analytics”.

## 2. Research Focus:

The research carried out for this paper is part of a larger doctoral study and is an ongoing process.

The primary objectives that the research tries to address are as follows:

- Industry perspective on the use of analytics in creating Learning Outcomes
- Understanding the reason for non acceptance of Learning Outcomes in corporate training and education as against its acceptance and utilization in the academic arena.
- If Learning Outcomes are associated with Business Outcomes
- The possibility of creating a framework that will allow defining Learning Outcomes based on Program Objectives.

This paper focuses on primarily the first three objectives. The information collected with respect to creating the framework is limited as of now and hence has been kept out of the scope of this paper.

## 3. Methodology:

**3.1. Primary Data:** The methodology followed for this exploratory research was depth

interviews with Sr. Managers and Heads of Learning & Development departments of various organizations. A total of 38 respondents were interviewed across 24 organizations. The organizations are multinational organizations with operations across different countries with a turnover of above INR 1000 Crores. The sample is based on secondary data of organizations with high investments in learning initiatives.

A detailed interview schedule was prepared which formed the basis of interviews conducted for senior executives both telephonically as well as in person.

The discussions were conducted across IT, ITES, Pharma, Retail and Hospitality services industries as these were the industries with the highest focus on Learning and Development.

**3.2. Secondary Data:** A thorough study of the literature pertaining to Learning Analytics, Learning Outcomes and related areas was conducted from which inputs were gathered. There was a specific focus on the literature provided by academic institutions globally about their approach to learning outcomes. The literature available from organizations in this respect was quite limited and thus was based more on the primary data collected.

**Table 3.1: Profile of the Respondents**

Sl. No.	Designation	No. of Respondents
1	Head HR Function or Equivalent for the entire organization	6
2	Head of Learning & Development/ Training or Equivalent for the entire organization	21
3	Head of Learning & Development/ Training or Equivalent for a specific department / BU/Function	9
4	Asst. Head of Learning & Development/ Training or Equivalent for the entire organization	4
<b>TOTAL</b>		<b>40</b>

## 4. Findings and Discussions:

A pilot survey conducted with selected leading service organisations showed some very intriguing results. The study was undertaken as a part of a larger research being conducted to understand the approach organisations have towards learning outcome generation for their education interventions and also the cognition to Learning Analytics. As stated earlier the

respondents included senior members of the Learning & Development teams of these organizations. The following are some results:

**4.1. Departmental Structure:** A majority of the traditional and services based organizations have a unique and dedicated L&D team which looks into the end-to-end process from training need analysis to programs design, facilitation, delivery and impact.

The more product based and super matrix structured organizations had a slightly different structure with the entire work being allocated across shared services centres, centres of excellence and business HRs who collaborated virtually as per need basis to address, design and deliver executive development programs.

**4.2. Learning Outcomes:** It came as a revelation that about half the respondents were unable to differentiate programs objectives from learning outcomes and said that they were one and the same. However, when the terms were explained to them, they indicated that the program objectives that they set for their programs are normally inclusive of learning outcomes at times.

**4.3. Business Outcomes:** While most Learning and Development teams worked with a clear understanding that organization development was a means to achieve business goals, they were honest to indicate that a specific focus was not always laid on relating the two as there were many programs that did not related directly to any specified business goal.

**4.4. Learning Outcomes VS. Business Outcomes:** Organisations that defined learning outcomes clearly for every program formed a relatively small minority of 22% of the respondents. However a majority of these organisations ensured that these outcomes were in sync with the business outcomes over those that did neither. Another interesting result was that of the large majority of organizations that did not strictly put down the Learning Outcomes (78%) more than half (about 54%) still kept a focus on ensuring that the programs were designed keeping business outcomes in mind. The results are presented in the table below:

	BO Focus	No BO Focus
LO defined	7	2
LO not defined	17	14

It remains to be studied, how an impact measurement was done to see if the programs really addressed the business outcomes without actually having the learning outcome in place.

**4.5. Developmental Analytics:** While almost all the organizations used a learning

management system (LMS) in some format or another, only about one third of the organizations used Learning Analytics in some format.

Of these only half the organizations defined Learning Outcomes. Thus effectively only 4 organizations had the combination of using Learning Analytics and Learning Outcomes.

Finally of these only 1 of the organizations focussed on Business Outcomes aligned with learning outcomes. If extrapolated on a percentage scale it indicates that only 3% of the organizations use Learning Analytics, define Learning Outcomes and align them with Business Outcomes.

## 5. Conclusions:

The term Developmental Analytics can be used to define Learning Analytics conducted specifically with a focus to provide decision making information and analysis with the objective of relating business outcomes to the learning outcomes of executive development programs and initiatives in organizations.

It is evident that in its current state most organizations face a challenge in applying the concept of developmental analytics as the various facets that combine to make developmental analytics (namely Learning Analytics, Business Outcomes and Learning Outcomes) are:

- Yet to be completely accepted and utilised in their independent form
- Yet to be amalgamated into a format that will help enhance the ability to design and deploy developmental analytics.

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# Corporate Voluntary Disclosure: A Review of Issues

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## Abstract:

*The quality of financial reporting by corporations has always been an area of interest for academicians. A good financial reporting system by management helps the users of financial reports to get a better perspective of the business and to enable sound economic decisions. To ensure the same, the regulators of the respective countries prescribe several guidelines which form part of mandatory disclosures. However, there are companies that choose to voluntarily report more information through various means. This paper reviews theoretical and empirical papers in the area of financial disclosures and has collated more than hundred research papers spanning 52 years, from 1962 to 2014, from all continents of the world which analyse the theories and framework of voluntary disclosures to develop keen insights into this evolving area. The paper highlights the important unexplored questions and concludes with a direction for future research.*

**Key Words:** Voluntary disclosure, financial reporting, discretionary disclosures, disclosure index, sustainability reporting, intangible disclosure

## 1. Introduction:

There are at least three contexts on which the quality of financial reporting has been analyzed. The foremost is the accounting scandals that have erupted across various countries due to opaqueness of the reporting which brought losses to several stakeholders. The next is the comparability of financial reporting of companies of various countries. Due to globalization a large number of corporations transcend their business interests to other countries and preparation of financial statements in a language understandable universally is gaining momentum.

Financial reporting evolved with globalisation and economic reforms. This led to the wide adoption of International Financial Reporting Standards (IFRS) promulgated by IASB (International Accounting Standards Board). The third element is the presence of accounting culture across different countries. This paper attempts to summarise the vast literature on the element of accounting culture namely transparency in disclosure of

companies. Known as voluntary disclosure, the transparency refers to the firms' decision to provide more comprehensive details than those they are required to do. A good corporate disclosure is one of the important factors to reduce the information asymmetry. To protect the interest of various stakeholders of a corporation, the regulators of each country prescribe mandatory disclosures. Mandatory disclosures relate to the compliance of various regulations of the countries of reporting standards. These regulations include companies Act, Accounting Standards Board that prepares GAAPs and capital market regulators of the respective countries. Studies in this area include timeliness and compliance. For instance, Das, Dhar, & Gandhi (2008) studied the extent of mandatory disclosures of Indian companies by using a Mandatory Disclosure Index inspired by (Cerf 1961) and found that none of the companies in the sample provided 100% mandated information and the average was 90%. Another study by Robertson, Al Angari, & A (2012) examined mandatory and voluntary disclosure practices of companies in Saudi Arabia and found a

positive relationship between mandatory disclosures and voluntary disclosures.

Several companies disclose information beyond the mandatory disclosures in their various communications such as earnings call, website disclosures and annual reports.

In the ever-changing business scenario, the companies go beyond the home countries and look for capital in international markets. The increasing complexities of the businesses driven by intellectual assets also necessitate reporting beyond tangibles. In this context, it is necessary for the companies to transcend the mandatory disclosures and look at a comprehensive way of providing necessary information to the users of the financial statements. To improve the usefulness of financial reporting, the companies need to focus on intangibles & innovation.

In spite of the perceived benefits of higher disclosures, there are various reasons such as competition, privacy, time and resource constraints for reluctance for the companies to disclose. Though a transparent disclosure could result in some benefit, it could be offset by precision in private information. A firm has to set an optimal disclosure policy of public and private information.

This paper is organised as follows: Section 2 gives more perspective on voluntary disclosures as an integral part of accounting culture. Section 3 deals with the various theories propounded on the emergence of voluntary disclosure amongst companies. Section 4 gives insights on the profiles and the methods used to take up the papers for the review. Section 5 describes the process used in construction of voluntary disclosure index used to measure the reporting in various countries. Section 6 discusses the subcategories of voluntary disclosures including intangibles. Section 7 analyses the papers on the factors affecting the disclosure decisions and the consequences of higher disclosures. The review paper concludes with the unanswered questions in the literature and the scope for further research in this area.

## **2. Voluntary Disclosure as an Accounting Culture:**

This section focuses on the empirical papers on the presence of accounting culture in countries. As the corporates across various countries strive to become global, the financial

reporting should also be comparable. In spite of the fact that the countries would like to converge to international accounting standards, there are bound to be variations in reporting due to cultural differences. Thomas (1989) contended that there exist PASC (Professional Accounting Sub Culture) for each organisation and the firms with strong PASC tend to be more innovative, accurate and transparent in their accounting practices. Another study by Tsakumis (2007) looked at the Greek perspective of culture in transparency and found evidence that Greek accountants displayed less transparency compared to the counterparts in US. Douppnik & Riccio (2006) studied the extent of secrecy of financial reporting in US and Brazil and found that there were variations of disclosure between the two countries. Another comparative study by Hussein (1996) on the cultural differences between US and Netherlands proved that Dutch companies provided more information on labour, environmental and social policies than their US counterparts mainly due to country level cultural differences. Similar study by MacArthur (1996) of two groups of countries Anglo and Nordic Versus German and Latin countries did not show significant differences between the two sets in terms of transparency as expected. Webb, K; Cahan S (2008) found that with increasing globalisation result in increased transparency.

There is dearth of studies on understanding the cultural dimensions of financial reporting in India. One of the few studies in this area by Gray, Shradda & Verma (2011) point out the regulatory effectiveness of India which covers common laws and the evolution of financial reporting along with principal based accounting standards.

## **3. Theories of Disclosure:**

The need and the motivation for the companies to disclose critical information in a transparent manner were analysed using various theories. The succeeding paragraphs discuss various theories propounded on voluntary disclosures.

Agency theory, considers the board of management to be the agent of the shareholders. This gives rise to agency cost in terms of monitoring cost and bonding cost for both the parties. According such agency cost



could be reduced by giving proper and timely information, which could be beneficial to both the shareholders and management. The agency cost and the effects have been tried and tested in many countries. One of the main reasons for the evolution of corporate governance reporting is to address the agency issues.

The Signaling theory state that the firms need to indicate the stakeholders that they are different from their competitors and it would help market to avoid adverse selection. The efficient managers would be willing to make voluntary disclosures anticipating a positive response from the market. This theory had been proven relevant in a number of cases where companies with a good financial reporting system commanded a better market valuation than the companies with the opaque system.

According to Proprietary theory, disclosure of more information could hamper the company as competitors could take advantage of transparent disclosures while capital markets could react positively. Thus, an enterprise would not make complete disclosures but tend to be in equilibrium . One of the main incentives for companies to disclose voluntary information more than their competitors is the lower cost of capital. There are however contradicting views on this theory. For example, Leuz and Verrecchia (2000) found that frequent and higher disclosures by companies cause wider price movements of the shares as the market reacted to this and it caused wider price fluctuations thereby increasing the volatility of the stock.

Legitimacy theory, built on the premises that a business entity operates in a society and thus there is an implicit social contract between the business entity and the society and the firms try to conform to society's expectation. The business firms would strive to minimize criticism from society. The nature of the industries could be one of the factors that influence disclosure practices. More industries that are sensitive are prone to criticism on social responsibility aspect . This had led to disclosures related to handling of investors' complaints. In India, it is mandatory for listed companies to disclose the number of investors' complaints received and pending in the reports. Many companies also started disclosing product responsibility statement

stating the safety of the products and services for usage.

The latest theory on disclosures, the Stakeholders' theory looks into the aspect of usefulness of the information to various stakeholders. It is important for companies to disclose the social responsibility of the business alongside business profits . This theory explains the companies' decision for environmental disclosures. Industry sensitivity and regulatory sanctions along with the level of ownership dispersion determine the companies' decision on environmental disclosures. Stakeholders' theory has facilitated a number of regulations involving disclosure of reporting in Triple bottom line namely profit, plant and people. In India SEBI has mandated Business Responsibility Reporting under Clause 55 of the listing agreement wherein the companies need to disclose various details on its performance on the society, environment along with other financial metrics.

The emergence of these theories offer possible explanations of the voluntary disclosure practices of the corporate and the growing research interest in this area.

#### **4. Methodology:**

Having developed interest in analysing various research papers on voluntary disclosures, the authors have explored scholarly websites and journals to look for key terms such as voluntary disclosures, discretionary disclosures, forward looking statements, financial reporting etc., and collected various articles. From these lists the working paper, conference proceedings and unpublished dissertations were removed. The articles from peer reviewed and indexed journals were retained and finally there were 118 papers chosen for this review.

##### **4.1. Journal Wise Categorization of Review**

**Papers:** The papers considered for this review belong in reputed publications such as American Accounting Association, Taylor and Francis, Emerald, Journal of Accounting Research and International Journal of Accounting had maximum number of reviewed articles of ten each. Seven papers from another top tier journal namely accounting review were taken up. Journal of Intellectual capital and Journal of Accounting and Business research contained four papers each. Research articles from European Review

were five and in the Indian context three papers from Indian Accounting Review were included. The rest of the papers were from peer reviewed journals with good impact factor.

**4.2. Classification in terms of year of publication:** The papers taken up for review ranged from 1961 to 2014 that gives a sense of the longevity of this theme of research across the world. Graph 1 below shows the decade wise publication details of the literature reviewed. The maximum studies belong to the period 2000-09. The papers from the last two decades form part of more than 76% of the total empirical papers used in this review.

**4.3. Classification based on the countries:** The authors have selected papers on voluntary disclosures across the globe covering all the regions. The empirical research from developed and matured markets such as North America, Canada to emerging countries like Malaysia, India, and Brazil to underdeveloped countries such as Nigeria, Tunisia is covered. Table 1 contains the overview of the selected review papers from different time periods.

Having carefully read the literature across the globe, the authors found that there are increasing regulatory changes happening in almost all countries on higher disclosures, the items of voluntary disclosures are widely different from developed counties, emerging

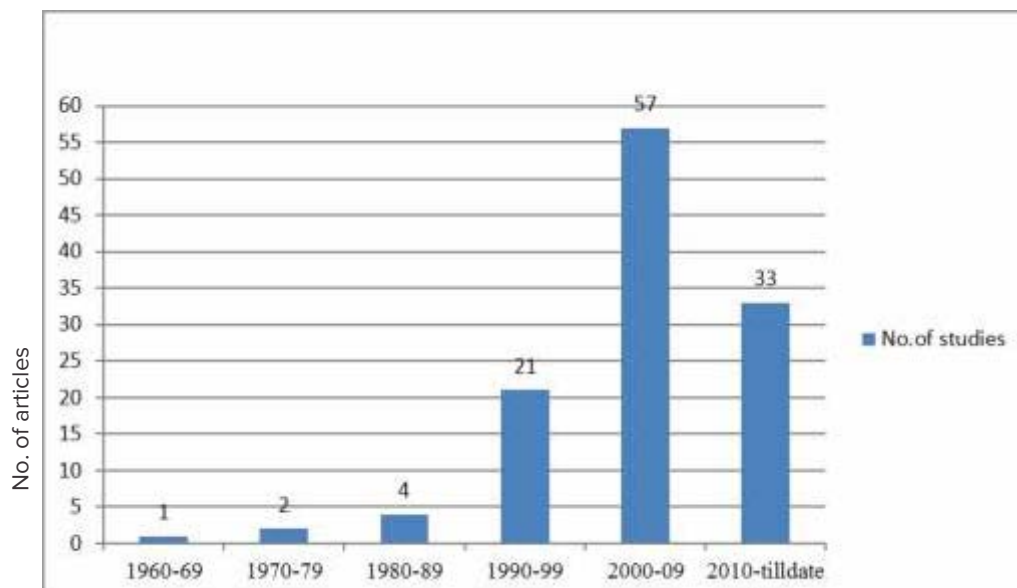
economies and underdeveloped countries. As in case, the inventory of voluntary disclosures was highest in matured markets such as US and UK and these disclosures were prevalent in these economies couple of decades before the other regions falling in place. To understand this phenomenon further, the forthcoming section examines the various modes of the construction of voluntary disclosure items found in literature.

### 5. Voluntary Disclosure Items Construction:

The extent of adequate disclosure is generally difficult to measure. Ideally, a firm's disclosure level should be based on the industry peers and small companies can emulate the practices of more established peers to match the disclosure standards. The quality of the disclosure should also aim at reducing the agency costs and information- gathering costs (Fick, 2010). The extent of voluntary disclosures is measured with a check- list of disclosure items.

**5.1. Self-Constructed and Modified Disclosure Index:** There were various studies where the authors used the self- constructed index for the measurement of disclosure. In few other studies, the authors have used an existing index and modified to suit the sample size, country and the type of companies. The disclosure items also varied from 128 items of

Figure 1: Period wise Classification of the Studies



Source: Prepared by authors

**Table 1: Country Wise Classification of Papers**

Regions	Countries	Select Authors (year)
Multi country	Cross countries	Hope (2003); Francis, I.K (2005)
North America	US, Canada, Mexico	Gray, Meek & Roberts (1995)
Australia	Australia, New Zealand	Lim, S.Z (2007); Peter, Chan & Watson (2011)
Europe	France, Germany, Switzerland, Spain, Denmark, Netherlands, United Kingdom, Ireland, Italy, Portugal, Lithuania	Inchausti (1997) (Camfferman & Cooke, 2002)
Africa	Nigeria, Tunisia, Kenya, South Africa	Kosi (2012); Chakroun & Matoussi (2012); (Ismail, 2011)
Asia	Turkey, Malaysia, Singapore, China, Saudi -Arabia, Jordan, Kuwait, Taiwan, Vietnam, Egypt, Jordan, India	Singleton & Globerman (2002); Adwai (2011); Shammari (2010); Xiao (1999); Alsaheed (2005); Shattarat, Haddad, & Hares (2010); Embong, M, & S (2012); Uyar & Merve (2012); Bhasin (2011); (Sami & Zhou, 2008); Wang 2008. Dahawy 2009
South America	Brazil	Murcia & Santos (2012)

*Source: Prepared by authors*

12 categories to just 20 items. Certain studies directly adopted the voluntary disclosure checklist prepared in other studies.

Since each country has its own regulations and thus the disclosure items had to match with the respective regulations and the nature of the industries. Most of the literature had taken a work as a base and modified it to suit the specific requirement of the country of origin.

In the absence of agencies monitoring the reporting quality of corporations, it becomes a necessity to construct an inventory of voluntary disclosures applicable to different countries at any point in time.

**5.2. Industry specific disclosure studies:** Most of the literature the author reviewed included non-financial companies in the sample. The reason being that the financial companies have different governing bodies and different reporting requirements. Few studies were industry specific like manufacturing, biotechnology, pharma, airlines, oil and gas and electricity companies. The rest of the studies analysed the disclosure practices of companies, forming part of a benchmark index of the respective stock exchange. The requirement and the market expectation of reporting could be different for industries, for example, mining and natural resources companies have started reporting the specific metrics on the efforts made to neutralise the depletion of natural resources and thus it brings in a different dimension in this area.

### **5.3. Disclosure index using questionnaire surveys:**

There were studies, which constructed the items based on questionnaire surveys. For instance, Binh (2012) surveyed 92 financial analysts (the users of disclosures) and 106 financial managers (the supplier of information) to rate the importance of the disclosure items constructed by the author. Results of the survey revealed that both the parties considered forward looking information as the most important category of voluntary information. Zeghal, Moueli and Louti (2008) surveyed financial analysts and directors to identify the most common items in R&D disclosures. Another study by Beattie and Smith (2012) used the survey method to identify the views of finance directors on the importance of IC (Intellectual Capital) disclosure and the possible motivation. The study found that capital market considerations were the most important factor for voluntary disclosure of IC by the sample firms. With respect to R&D disclosure, Entwistle (1999) carried out a detailed survey with top executives of technology-based firms to understand the important items of disclosure of R&D.

Thus a combination of constructing the voluntary disclosure index and getting that validated through survey of the subject matter experts would help the researchers to come up with a valid model.

#### 5.4. Validity and reliability of index:

Disclosure studies have dominantly used manual content analysis which suffers from the limitation of bias of the researcher. The self-constructed disclosure measures suffer from the judgement of the researchers and are generally difficult to replicate. The proxy score of disclosure is ranked by leading analysts and practitioners and the extent of seriousness that go with the ratings are questionable (Healy & Palepu, 2001). To mitigate the shortcomings of such practices, some of the studies brought in validity and reliability checks on the disclosure items.

Beretta (2008) proposed a new framework to identify the quality of the disclosure rather than the quantity. The quality of disclosure was measured by the spread and depth. The paper also proposed reliability tests. The reliability of the index items had to pass three types of tests; stability, accuracy and reproducibility. This study used alpha coefficient agreements to conduct the reliability test. The reliability of the framework was verified by using forecast accuracy.

**5.5. Weighted and unweighted index:** There were studies which used weights for each item of disclosure. In other words, few items of disclosure were rated more important than others. The rationale used by the researchers were that not all the items of disclosure were equally important. The weights assigned were based on a survey where the relative importance of each of the items were considered. There were studies, which did not give weights for each of the items. They considered only those disclosure items which were applicable to the companies in question. Thus a company was not penalised for not disclosing an item if it did not pertain to it. Most of the studies used dichotomous or unweighted approach, the argument being that assigning weights to each item would add

more subjectivity to content analysis which already suffer from these limitations.

The researcher attempts to find the suitable method to measure voluntary disclosure and try to reduce bias and subjectivity by adopting a proper structure. There are instances where researchers used external score as proxy to measure disclosure level discussed in the consequent paragraphs.

#### 5.6. Disclosure studies using external score:

While the rating based on self-constructed disclosure index can be used to analyse the performance of companies, several studies have used the rating by external agencies to measure the performance of the companies with respective disclosures. The prominent agencies that come out with the annual scoring are S&P, FAF, AIMR etc., Table 2 contains details of studies in this category.

In emerging markets like India, the only prevalent score is the one created by S&P called ESG Index which ranks fifty Indian companies based on Environmental sustainability and governance. There is no inventory of the items that can be used to measure the rest of the companies.

#### 6. Subcategories of Disclosure:

Moving on from general voluntary disclosure items, the literature is rich with research on specific categories of voluntary disclosures

**6.1. Segment reporting:** Segment reporting caught the attention of researchers as there are a number of technical issues involved in the definition: transfer pricing, and overhead allocation of various segments of the entity among others. Generally firms would not be willing to provide data such as operating margin, growth rate of segments due to the potential threat of revealing critical information to competitors. As and when the firm diversifies there would be private information which would be useful to assess

**Table 2: List of Studies using External Score for Measurement of Voluntary Disclosure**

Score	Examples of studies
S&P (Standard and Poor)	(Baek, Johnson, & Kim, 2009) (Sanan & Yadav, 2011)
AIMR (Association of Investment Management and Research)	Gelb, 2000; Huang & Zhang, 2012; Xu 2009.
RMR	El-Gazzar, Fornaro & Jacob 2008); (Botoson & A, 2002)
CIFAR	Hope, 2003); (Francis, I.K, & Periera, 2005);
FAF	Partha 1998); (Lang & Lundholm, 1996) ; (Belkaoui, 2001
European Union 4 <sup>th</sup> Directive	Raffournier (1995)
CMA	Hassan, Romilly Peter, & David, (2009)

the value of each segment and greater would be the demand for voluntary disclosure. (Chan & Watson, 2011).

**6.2. Interim reporting:** Other related categories used in the literature were interim reporting on earnings disclosure and management responsibility reporting. Studies by Fronaro & Jacob (2008) and Manegena (2007) looked at voluntary disclosure aspects of earnings announcements, earnings forecasts of the management which are made in the earnings call by the management.

**6.3. Forward looking disclosures:** Forward looking statements are another important sub category of VD explored by researchers. Future projection by the management is a crucial source of information for analysts to forecast the company's valuation. Certain critical information given in this part of VD would have a substantial effect on the subsequent financial statements. Items such as the firm's strategy, macro economic environment, etc., constitute forward looking disclosures. Study by Zarb B.J (2007) analysed the relationship between forward looking disclosures and firm value. Items such as an increase in profitability, capital expenditure, dividend rate were included in forward looking earnings disclosure. Baginski, Hasell, & Kimrough (2004) used content analysis to understand the extent of forward looking statements in the MDA (Management Discussion and Analysis) section of annual reports to study the possible motivation behind it. Management reporting and forecasting give credibility and such disclosures increase with the issue of debts (Hussainey & Athanasakou, 2014).

**6.4. Financial instruments disclosures:** The disclosures on financial instruments arouse the research interest where Lopes & Rodrigues (2007) investigated the possible motivation for companies to disclose the fair value of the financial instruments. Another study by Callahan & Spencer (2012) examined the effect on the disclosure of Variable interest Entities as proposed by FIN 46 of US regulations.

Since financial reporting is moving towards fair value reporting and with the wide use of hedge accounting, there is immense potential of research opportunities in this area.

## 7. Disclosure of Intangibles:

One of the most prominent components of the

literature is reporting of Intangibles. The recent studies have focused on the growing need for firms to disclose the intangible assets which are perhaps more valuable than the tangible assets. Lev & Zarowin (1999) identified the deteriorating usefulness of conventional earnings and other metrics reported by the firm. This study, through a Cross sectional regression analysis over twenty years from 1977 to 1996 documented the decreasing value relevance of financial statements. The new age business is driven by intangibles such as brands, R&D, human capital, etc., The study recommended the twinning proposal of capitalising intangible investments and systematic restatement of past financial reports. One of the main limitations of capitalisation of intangibles is the possible earnings management. Wyatt (2002) provided evidence that such doubts were unfounded and the benefit of intangible capitalisation would supersede the cost. The study investigated the value relevance of intangibles in Australia for several years. According to this paper, the main challenges of accounting for intangibles were: lack of reliable estimates and the uncertainty surrounding the probable future benefits of such investments. Reiterating the usefulness of intangible disclosures, this author suggested more regulatory deliberations on the modalities for making them more relevant.

As an important milestone on intangible reporting, Lev (2001) constructed an index based on the Value Chain scoreboard TM which was pegged as an alternative framework for reporting intangible-intensive companies. The value chain consisted of three phases: Discovery and learning; Implementation and Commercialisation; and contained 28 disclosure items across the three stages. Helen Kang & Gray (2011) used value chain score board and conducted an empirical research on the 200 emerging market companies. The study found increasing disclosure of intangibles and found that the accounting standards and industry type determined the extent of intangible disclosure.

Wyatt (2008) in the review article on the value relevance of intangible accounting, identified three broad categories viz., R&D expenditure and related IP, Human capital and production resources of intangible assets. The last category includes brands and customer loyalty



among other things. According to this review paper, value relevance of R&D varied widely according to industries. With respect to human resources, employee satisfaction and firm reputation were correlated with the firm value. In terms of production resources, customer loyalty and good will were empirically proved to create value in the long run.

The measurement and reporting of intangibles are subjective and does not have a standard model and hence there is a high need for creating methodologies widely accepted in the world.

#### **7.1. Research & Development Disclosures:**

Entwistle (1999) devised an index of R&D disclosure consisting of six main categories such as inputs, outputs, future expenditure among other things. Zeghal, Moueli, & Louti (2008) conducted study in Canada to examine the determinants of R&D disclosures using the previous model. Nekhili et.al, (2010) examined the impact of R&D disclosures on the market capitalisation of French companies in the sample.

There are numerous studies that encompassed various intangibles along with R&D. Ragini (2012) studied the intangible disclosure practises of three countries of the US, Japan and India. This study used a detailed 180 items of intangibles with broad categories of R&D, Strategy, Market & customer, human resources, IP, corporate shareholder, environment etc., This study included both mandatory and voluntary disclosure of intangibles. The knowledge driven industries need to create a framework for reporting the human and intellectual capital, since it forms a substantial portion of the valuation of companies. This provided a need for creating a separate category of intellectual capital disclosures

**7.2. Intellectual capital disclosure:** White, Lee and Yunninsih (2010) examined the biotechnology firms of Australia and UK to measure the nature and extent of IC disclosures. This study used ICD index with 78 items connected to employees, customers, IT and process, R&D and strategic statements. It had to remove a few items since these items were never disclosed in the annual report. Thus the final list consisted of 45 items of IC disclosure. Another study by Mukherjee and Zambon (2011) explored the intangible

disclosure of the US pharmaceutical industry. This study included 67 disclosure items. They were: strategy, human resources, corporate governance, IPR and innovation among many others. Abdolmohammadi (2005) used an index of 58 items of IC which included categories like corporate culture, partnership, personnel, etc., Anam and Fatima (2011) used disclosure items consisting of 101 items with three categories of internal capital, external capital and human capital to find EICD (Extent of Intellectual Capital Disclosure). Whiting and Woodcock (2011) used a framework consisting of three subcategories: internal, external and human capital. Such framework helps users of the financial reporting for better valuation.

In addition to having physical and intangible assets, firms need to make adopt sustainable business practices and embrace the society around it to create reputation amongst the stakeholders. This led to the emergence of literature on sustainability reporting practices.

#### **7.3. Sustainability reporting disclosures:**

Literature on voluntary disclosure focused on corporate sustainability reports, which are based on Triple Bottom Line approach (TBL). The TBL theory propounds that profit is only a short-term approach of looking at the performance of an enterprise. The business cannot afford to neglect the possible damage it could cause to society and environment due to the profit motive. An enterprise can bring in long-term focus in the operations by encompassing all the stakeholders and can increase its life expectancy (Elkington, 1998). Based on this theory Global-reporting Initiative has developed guidelines to companies on the matters to be disclosed under the new theory. Many researchers used these guidelines as benchmark and prepared disclosure index check list, called SDI (Sustainability Disclosure Index). This consisted of 79 items with three main categories of economic, environmental and social. Using the same index, Chiong (2010) analysed the items of disclosure under three names: Economic performance Information; Environmental Performance Information and social Performance Information. Corporate Environment Report (CER) developed by Centre for Social and Environmental Accounting Research (CSEAR), consists of six main categories of disclosure such as environmental audit, policy, products process, sustainability and others.

#### 7.4. Corporate social Responsibility disclosures:

Few studies used specific disclosures on corporate social responsibility. One of the possible motivations for companies to disclose voluntary information could be that it would be socially relevant to do so. Council on Economic Priorities serve as a proxy to measure the social responsibility of companies. Dawkins and Ngunjiri (2008) prepared an index of CSRR (Corporate Social Responsibility Report) using disclosure items of five categories: community, diversity, environment, employee relations and human rights. Cormier, Aerts, J, and Magna (2009) employed disclosure group of 33 items with two categories namely human capital and social capital.

With all the empirical literature using the disclosure quantity, there is also a requirement of assessing the impact of disclosure quality that disentangles the quantity from the quality.

#### 8. Determinants and Impact of Voluntary Disclosures:

The extension of the studies on voluntary disclosures has taken two dimensions of understanding the determinants and impact of such disclosures.

##### 8.1. Determinants of voluntary disclosures:

Various studies tried to explore the possible motivation of companies for voluntary disclosures. The variables generally found in the literature belonged to the following categories: (a) firm characteristics (example leverage, age of the business, international listing status, etc.) (b) profitability (such as Return on Assets, Return on Equity etc.) (c) ownership (for instance, promoters holding, institutional ownership etc.) and (d) corporate governance variables (like board composition, audit committee, role duality etc.). The researchers have analysed the association between the extent of voluntary disclosures and these variables to explain the decision for transparent disclosures.

**8.2. Impact of voluntary disclosures:** Another logical extension of voluntary disclosure is the benefit of such decisions for companies. A vast amount of literature is available on the effect of increased disclosure on the cost of capital of the companies. The transparent disclosures must lead to increased credibility among the shareholders and bondholders reducing the risk premium, which could result

in lower cost of capital. There is another set of studies, which tried to find the association between the voluntary disclosures and firm valuation. The companies with the higher disclosures might command a premium in the stock market due to the credibility.

#### 9. Conclusions:

This review paper has put together 118 highly cited empirical papers on voluntary disclosures. It can be seen that countries across the globe are moving towards improving the quality of financial disclosures by bringing in different dimensions to transparency and improving the quality of disclosures. This also leads to the trend of several voluntary disclosure items being made mandatory by the regulators. For example, Indian capital market regulator SEBI has mandated through clause 55 of the listing agreement which requires top 100 listed companies to include the business responsibility reporting as a part of the annual report. It is, however, voluntary for other entities. The new Companies Act, 2013, has a clause through which certain companies have to spend 2% of their average net profits for Corporate Social Responsibility (CSR) activities and also to report that in the annual report. There is also an increasing trend of companies releasing their sustainability reporting as per the guidelines of GRI.

There are several unexplored questions which need to be inquired by future researchers. The foremost is the presence of reporting regulations in common law and civil law countries and the positioning of Indian companies in this regard. A comprehensive framework for measuring the disclosures in both financial and non financial areas is required. The next area is the implication of corporate governance practices on the disclosure decisions of the companies. Countries in India have large number of family owned firms and the reporting pattern of these companies could be based on the influence of ownership and governance aspects on the disclosure. The other element is the change in the disclosure regime of Pre and Post regulations. For instance, a study to find if the disclosure on environmental and social aspects increased after it is made mandatory is a researchable area. The industry wide differences of voluntary disclosure levels could bring in clarity to the regulators on creating

framework based on specific industry types. Most of all, studies need to examine if the firms reap the benefit of higher disclosures, this would help the corporates to come up with a reporting framework. Thus voluntary disclosures measurement, determinants and impact at micro and macro level offer interesting options for future research.

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# Foreign Direct Investment in Indian Retail Sector: Maturation or Diminution?

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## Abstract:

*Indian retail industry is one of the largest and fast paced industries, accounting for more than 10 per cent of the country's GDP and providing employment to 8 per cent of the population, encouraging large number of domestic & global players to enter the market. The Government of India on 20th September, 2012 has approved 51% FDI in Multibrand retail and 100% in Single Brand retail sector through Government Route with some pre-conditions. The Indian Retail Industry is the fifth largest in the world. It comprises of organized and unorganized sectors. Unorganized retail sector in India comprises 97% of the retail business and the rest 3% is contributed by the organized sector. The unorganized retail sector contributes about 13% to the GDP and absorbs 6% of our labour force. Hence the issue of displacement of labour consequent to FDI Retail Sector is of primal importance in India. The objective of this paper is to study the likely impact of FDI in single as well as multi brand retailing in India and to examine the effect of FDI (Retail) on various components of Indian economy.*

**Key Words:** Policy, Branding, Retail, Government, Development

## 1. Introduction:

International Economic Integration plays a vital role in Economic Development of any country. Foreign Direct Investment is a major instrument for enhancing International Economic Integration in any economy. It serves as a link between investment and saving. Many developing countries like India are facing deficit in savings. This problem can be solved with the help of Foreign Direct Investment. The Indian economy is the third largest in the world as measured by Purchasing Power Parity, with a gross domestic product of US \$3.611 trillion. When measured in USD exchange-rate terms, it is the 10th largest in the world, with a GDP of US \$800.8 billion (2006). India is the second fastest growing major economy in the world, with a GDP growth rate of 8.9% at the end of the first quarter of 2006-2007. Foreign Direct Investment in India increased to 3577 USD Million in September of 2014 from 2514 USD Million in August of 2014. Foreign Direct Investment in India averaged 1009.21 USD Million from 1995 until 2014, reaching an all time high of 5670 USD Million in February of

2008 and a record low of -60 USD Million in February of 2014.

FDI is an important tool in the economic development of a nation. Contribution of FDI through financial resources, technology and innovative techniques raises overall productivity of diverse sectors of economy. If properly navigated, it also acts as a catalyst for development of sectors such as agriculture, manufacturing, service, SME and many more. A number of changes were approved on the FDI policy to remove the cap in most of the sectors. Restrictions will be relaxed in sectors as diverse as civil aviation, construction development, industrial parks, commodity exchanges, petroleum and natural gas, credit-information services, mining and so on. But this still leaves an unfinished agenda of permitting greater foreign investment in politically sensitive areas like insurance and retailing. According to the government's Secretariat for Industrial Assistance, FDI inflows into India reached a record US\$19.5bn in fiscal year 2006/07 (April-March). This was more than double the total of US\$7.8bn in the previous

fiscal year. Between April and September 2007, FDI inflows were US\$8.2bn. The Era of globalization is marked by the footprints of Foreign Direct Investments (FDI) in Indian economy. An investment made by a company or entity based in one country, into a company or entity based in another country. Foreign direct investments differ substantially from indirect investments such as portfolio flows, wherein overseas institutions invest in equities listed on a nation's stock exchange. Entities making direct investments typically have a significant degree of influence and control over the company into which the investment is made. Open economies with skilled workforces and good growth prospects tend to attract larger amounts of foreign direct investment than closed, highly regulated economies. FDI acts as a catalyst in the development process of country. FDI can be made in many forms like mergers and acquisitions, joint ventures, franchising, strategic licensing agreements etc. which helps the host country to embrace technical knowhow and other expertise prevailing in foreign nations. Though The Great Recession of 2008 hit the Global FDI negatively, yet with the passage of time investors' sentiments are recovering and they are planning to invest into new available opportunities. According to the Global Retail Development Index (GRDI) 2013, India stands at 14th rank on the basis of market attractiveness, country risk, market saturation and time pressure. Though this rank has deteriorated from 5th (2012) to 14th (2013), still investors foresee ample opportunities in near future and have confidence in economy. An attempt by the Indian government in FDI retail sector i.e. allowance of 100% FDI in single brand retailing and 51% in multi brand retailing have bought optimism in investors' sentiments. India has the highest retail density in the world, with 12 million small shops catering to 209 million households. India has a high potential market with accelerated retail growth of 15-20% expected over the next five years. However, a significant decrease of 60% (amounting to \$24.2 billion) of FDI was noticed in 2010, when compared to 2009. This appeared to be mainly because most of the Indian rural and small towns' retail markets are unorganized (Moghe, 2012). The Indian retail sector is highly fragmented and weighted towards unorganized retailers which is 93% of the market and only 7% by organized retailers,

but is quickly growing and organized retail market is expected to reach 20% by 2020 (Kearney Report, 2011). According to A.T. Kearney Global Retail Development Index (GRDI) 2012, India ranks fifth after Brazil, Chile, China and Uruguay. India is treated as a high potential market with accelerated retail market growth of 15 to 20 percent expected in the coming 5 years, supported by a GDP growth of 6 to 7 percent, which will considerably increase disposable income and rapid urbanization. The changing FDI climate has provided an interesting dynamic international retailers' entry and expansion plans in India (Kearney Report, 2012). According to the Investment Commission of India, the retail sector is expected to grow almost three times its current levels to \$660 billion by 2015.

## **2. Objectives of the Study:**

The objectives of the study are as follows:

- ♦ To have a basic understanding and overview of Indian retail industry.
- ♦ To examine the effect of FDI (Retail) on various components of Indian economy.
- ♦ To study the Global scenario of FDI (in Retail).

## **3. Significance of the Study:**

The present study is a significant attempt to examine the role of FDI in the retailing Industry. The study will prove helpful to analyze lacunae in existing market practices, problems and shortcomings in the field of infrastructure development, quantity of FDI etc. Further, it will be helpful to explore some untapped areas where potential for development exists and help in rectification of the flaws in the present system of economic policy. The study will also prove helpful in enhancing the GDP, earnings of foreign exchange, generating employment avenues and making the country self-reliant. The study may also be equally important for all those interested in undertaking similar studies in the context of other aspects of FDI because certain methods and approaches evolved and employed should be helpful in carrying out further studies of similar nature. The present study is likely to provide valuable information to the government and policy makers about the role of FDI in the success of the retail sector. The constraints faced and suggestions made by the study will be of immense help for policy makers and development programme

initiators to plan future programmes more effectively.

#### 4. Research Methodology:

The researchers have adopted analytical, descriptive and comparative methodology for this study, it is based on secondary data sources such as books, journals, newspapers and online databases. However, the interpretation of data and suggestions made assume importance for the healthy growth of the retail sector in the country.

#### 5. Indian Retail Sector: An Overview:

High Court of Delhi in 2012 defined the term 'retail' as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale), a sale to the ultimate consumer. Thus, retailing includes the spectrum of all those activities and steps taken to sell products or services to consumer for ultimate consumption.

**5.1. Division of Indian Retail Industry:** Retailing in India is slightly different than in developed markets, in that it is divided into organized and unorganized retail.

- ♦ **Organized Retailing:** It refers to retailing activities undertaken by licensed retailers i.e. who are registered for sales tax, income tax etc. The organized retailers include the corporate-funded supermarkets and retail chains, and also the privately owned gigantic retail businesses. It also comprises of modern retailing with busy supermarkets, hypermarkets, shopping malls etc.
- ♦ **Unorganized Retailing:** On the other hand Unorganized or Traditional retailing means trading on low cost retailing

formats, for e.g.: street markets, local kirana shop, local mom and pop stores, kiosks and vendors etc.

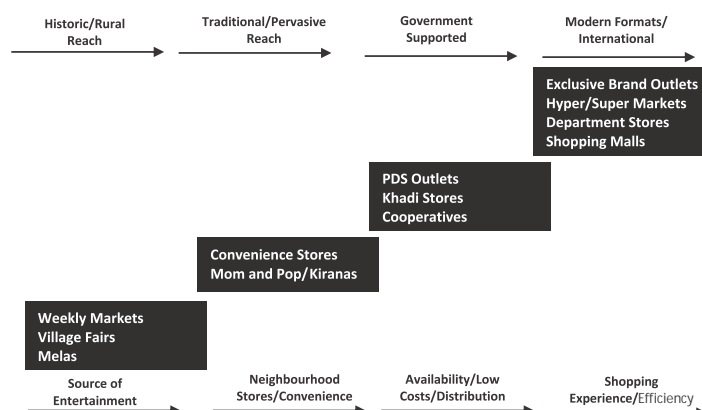
#### 5.2. Types of Retailing in India:

- ♦ **Single Brand Retailing:** Single brand retailing format includes the products which are branded while manufacturing and are sold under the very same brand internationally, e.g. Levis, Reebok, Sony, and Apple etc.
- ♦ **Multi brand Retailing:** Under this format a retail store can sell multiple brands under one roof, e.g. Big Bazaar, Wal-Mart, Tesco, Spencer's etc.

**5.3. Evolution of Indian Retail Industry:** It is interesting to focus on the evolution of the retail sector in India. Historically they evolved as a source of entertainment (in the form of village fairs, melas etc.) which was within the rural reach. Later on these were transformed Mom and Pop/Kirana stores which are of traditional variety neighborhood shops. Then came the government supported PDS outlets, khadi stores, cooperatives etc. Finally shopping malls, supermarkets, departmental stores etc has brought a great revolution to the Indian retail market (figure-1)

In 1997, India allowed FDI up to the extent of 100% in Cash & Carry wholesale through government route (Dua & Rashid, 1998). But revolutionary liberalization was made in 2006 where the government automated the route of FDI in cash and carry wholesale and also allowed 51% FDI in single brand retailing. Nov 2011 saw a drastic change when government again liberalized the norms by allowing 100% FDI in single brand retailing and 51% in multi brand retailing with certain limitation which are:

**Figure 1 : Evolution of Indian Retail Market**



### 5.3.1. Single brand retailing:

- ♦ FDI beyond 51% and up to 100% in single brand retail will involve 30% local sourcing from small and medium enterprises, cottage and village industry etc
- ♦ FDI up to 51% in single branding does not require any such sourcing.

### 5.3.2. Multi brand retailing:

- ♦ Minimum investment of US\$ 100 million by the foreign investors of which 50% investment must be done in back end infrastructure.
- ♦ 30% of sourcing of manufactured products must be done from small and medium enterprises.
- ♦ Stores must be set up in or around 10 km of the cities with population of one million or more; according to 2011 census.

Though companies are liberalized to perform the retailing activities according to the norms but with prior permission of the respective state government where retailing is to be performed. Analysts estimate that the retail market in India, currently worth \$500 billion, will grow to \$1.3 trillion by 2020. Organized retail is expected to reach 20-25% of total retail by 2020 (from a current 5-6%) (Gupta, 2012)

## 6. Effect of FDI (Retail) on various components of Indian Economy:

51% FDI in multi brand Retail and 100% in single brand is put hold till the time consensus is reached between the political parties. There is stiff opposition being seen within the UPA allies in context of FDI in retail. Also opposition party is seeing this as an opportunity to get the political mileage. The effects of FDI (retail) on various components of economy are explained below:

- ♦ **Effect on Farmers:** - It is being claimed by the advocates of FDI in retail that the elimination of intermediaries and direct procurement by the MNCs would secure better prices for the farmers. On the contrary, the advocates of FDI believe that FDI in retail in the agriculture will help in improving supply chain, infrastructure and ensure economic security for farmers through the elimination of middlemen in the country. Welcoming big box retailers

would be boon to the farmers as it would give them better price of the harvest. Traditional supply chain intermediaries would be replaced by the giant retailers and original producers i.e. farmers would be the beneficiaries as it would help them increase the yield as they have assurance that their produce will not go waste but will give them better and assured returns. The direct relationship between farmers and retailers would eliminate the unnecessary profits created by intermediaries that in turn will help to reduce the rising food inflation and ease supply side inflation. Also investment in back end infrastructure will help in reducing wastage of crops as quintals of crops are wasted annually due to lack of storage facilities.

- ♦ **Effect on Retailers:** - India is a country where retail sector is highly fragmented with about 95% of sector being covered by unorganized or more appropriately to be said as 'self organized' trade. Weekly bazaars, haats, mom&pop stores/kirana shops, pavement vending etc. provides occupation to large number of population in India. Entry of global players would increase internal rivalry among the players than promoting business of overall industry. The entry of giant retailers (both single brand and multi brand retailers) in such an economic and demographic situation would create job losses in huge number and many small retailers will go out of business.
- ♦ **Effect on Consumers:-** Consumers are the major beneficiaries of the retail boom as organized retailers are initiating measures such as tracking of consumer behaviour and consumer loyalty programmes to retain their market share (Mukherjee & Patel 2005) Apart from providing Indian consumers more choices in the form of reputed, good quality brands, liberalizing multi-brand retailing in India is likely to facilitate much greater inflows of investments. This, in turn, will lead to the development of more efficient and lower cost supply chains, resulting in better quality as well as lower-priced products for Indian consumers. This will increase consumer spending, which in turn, will drive growth in all sectors of the economy in a virtuous cycle.



- ♦ **Effect on Wholesalers/Intermediaries:** - Organized retailing format do not support intermediaries or wholesalers in its system. Thus, this group would stand at vulnerable situation as there would be the immediate effects seen on their employment. It would lead to huge job losses as 95% of the retail industry in our country is self organized and hence includes large number of supply chains in distribution system and elimination of these supply chains can create multiple job losses.
- ♦ **Effect on Producers/Manufacturers:** - Producers and manufacturers will be benefitted as demand from the organized retail sector will increase. It would also boost up export opportunities for the domestic firms. But on the other hand small domestic firms will not be able to survive in long term as these firms will not be able to sustain in such competitive pressure created by giant players. Also imports from other countries which provide goods at low cost will drive most of the domestic firms out of market.
- ♦ **Effect on Existing Indian Organized Retail Firms-** The existing Indian organized retail firms (such as Spencer's, Foodworld Supermarkets Ltd, Nilgiri's and ShopRite) support retail reforms and consider international competition as a blessing in disguise. They expect a flurry of joint ventures with global majors for expansion capital and opportunity to gain expertise in supply chain management.
- ♦ **Impact on the Employment:** - In the absence of any substantial improvement in the employment generating capacity of the manufacturing industries in our country, entry of foreign capital in the retail sector is likely to play havoc with the livelihood of millions. Let alone the average Indian retailer in the unorganized sector, no Indian retailer in the organized sector will be able to meet the onslaught from a firm such as Wal-Mart when it comes in full swing. This is a normal predatory strategy used by large players to drive out small and dispersed competition. This entails job losses by the millions. A back-of-the-envelope calculation can substantiate the point. If

we take the case of India, it has 35 towns each with a population over 1 million. If Wal-Mart Mart were to open an average Wal-Mart store in each of these cities and they reached the average Wal-Mart performance per store - we are looking at a turnover of over Rs.80,330mn with only 10,195 employees. Extrapolating this with average trend in India, it would mean displacing about 4,32,000 people and if we suppose that large FDI driven retailers take up 20% of the retail trade in India, it would mean a turnover of Rs. 800 billion and displacement of eight million people employed in the unorganized retail sector.

- ♦ **Effect on Government:** - FDI would help Indian government to trim down its Balance of Payment (BOP) deficit as it would increase foreign capital inflows into the country which will help government to improve BOP situation. Entry of MNCs into the country will accelerate tax collections, which means government, will be in a position to earn higher and better revenues. This will also help the government to solve the current problem of food inflation as it will ease the supply side inflation. The condition of 50% of investment by foreign retailers in back end infrastructure will tend to reduce government's burden on investing in such activities and government's fund can be productively used elsewhere.

## 7. Foreign Direct Investment in Retail across the Globe:

FDI is permitted in the retail sector in Brazil, China, Argentina, Singapore, Indonesia, China, and Thailand without limits on equity participation. Organized retail is still in the stages of finding its feet in India even now. Though organized trade makes up over 70-80% of total trade in developed economies, India's figure is low even in comparison with other Asian developing economies like China, Thailand, South Korea and Philippines, all of whom have figures hovering around the 20-25% mark. These figures quite accurately reveal the relative underdevelopment of the retail industry in India.

Table 1 shows that organized retail has ranged from 15% to 50% in South East Asian Countries except India, which is only 2%. Thus, unorganized trade makes up over 90% of the



total trade in India. It is clear that India's retail is still in the unorganized sector. Retail has played a major role in improving the productivity of the whole economy at large.

**Table 1 : Retail Trade in India & South East Asia**

Countries	Organized (%)	Unorganized (%)
India	2	98
China	20	80
South Korea	15	85
Indonesia	25	75
Philippines	35	65
Thailand	40	60
Malaysia	50	50

Source: CRISIL

The positive impact of organized retailing could be seen in USA, UK, and Mexico and also in China. Retail is the second largest industry in US. It is also one of the largest employment generators. It is also important to understand that Argentina, China, Brazil, Chile, Indonesia, Malaysia, Russia, Singapore and Thailand have allowed 100% FDI in multi brand retail. These countries benefited immensely from it. Also small retailers co-exist. The quality of the services has increased. China permitted FDI in retail in 1992 and has seen huge investment flowing into the sector (Dua & Rashid, 1998). It has not affected the small or domestic retail chains, on the contrary small retailers have increased since 2004 from 1.9 million to over 2.5 million. Take for example Indonesia where 90% of the business still remains in the hand of small traders. As government has revolutionized the norms for FDI in retail, it will open up strategic investment opportunities for global retailers. AT Kearney's FDI Confidence Index (2013) places India at # 5 which shows

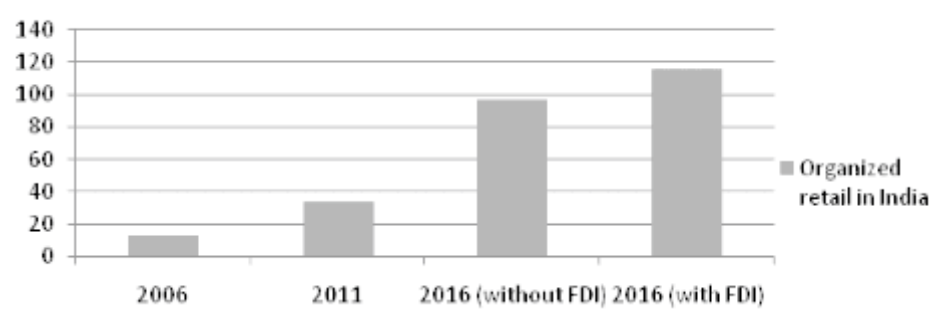
that investors, despite of global slowdown, anticipate enormous potential in the country and find it a lucrative retail space. India's retail sector is expected to witness a significant growth in future. Because of recent liberalization in norms, organized retail sector is to accelerate at a faster pace. From a growth rate of about 24% over last five years, organized retail is expected to accelerate to 28-30% in coming years (Sharetipinfo, 2014). Unorganized retail will still see a much larger growth in absolute value terms, while organized retail is expected to grow by about \$80 billion over the next four years. The graph below shows the significant growth which India's retail sector is expecting to have in coming years and FDI in retail is expected to help in accelerating it.

## 8. Conclusions and Suggestions:

The policy of allowing 100% FDI in single-brand retail was adopted to allow Indian consumers access to foreign brands. It shall benefit both the foreign retailer and the Indian partner – foreign players get local market knowledge, while Indian companies can access global best management practices, designs and technological knowhow. By completely opening this sector, the government has strongly conveyed its willingness in retail sector reforms. FDI is expected to increase the growth in host country as it leads to accumulation of capital and stock of knowledge in the country. As FDI benefits host country to embrace technical know-how, managerial skills and other capabilities to enhance its capabilities, it also helps the investing country to leverage the host country's benefit.

The concern about the competition to domestic companies, monopolization of market, loss of employment, procurement of

**Figure 2: Retail in India: Growth Prospects in \$ B**



Source: IBEF, Centrum Research, Literature Survey, Booz & Company analysis

**Table 2: Statement on Country-Wise FDI Equity Inflows from April 2000 to March 2014**

S. No	Name of the Country	Amount of Foreign Direct Investment Inflows*		% with total FDI Inflows <sup>†</sup>
		(In Rs Crore)	(In US\$ million)	
1	Mauritius	3,70,485.16	78,524.84	36.09
2	Singapore	1,25,806.93	25,445.46	11.69
3	United Kingdom	1,00,884.95	20,763.68	9.54
4	Japan	80,644.03	16,268.05	7.48
5	U.S.A	55,730.11	11,927.46	5.48
6	Netherlands	56,298.11	11,235.55	5.16
7	Cyprus	35,729.34	7,446.05	3.42
8	Germany	31,605.41	6,518.72	3
9	France	18,706.34	3,878.38	1.78
10	Switzerland	13,148.42	2,707.77	1.24
11	UAE	12,868.89	2,677.43	1.23
12	Spain	8,940.18	1,790.93	0.82
13	South Korea	6,882.47	1,405.40	0.65
14	Italy	6,440.82	1,365.54	0.63
15	Hong Kong	5,851.02	1,215.38	0.56
16	Sweden	4,873.42	1,027.85	0.47
17	Luxembourg	5,546.45	1,015.64	0.47
18	Cayman Islands	4,518.53	1,002.09	0.46
19	British Virginia	3,658.41	804.87	0.37
20	Belgium	3,935.34	762.53	0.35
21	Malaysia	3,255.64	637.73	0.29
22	Poland	3,270.43	614.68	0.28
23	Indonesia	2,832.39	611.44	0.28
24	Australia	2,826.30	593.16	0.27
25	The Bermudas	2,252.20	502.07	0.23
26	Russia	2,334.73	483.74	0.22
27	Canada	2,023.85	436.99	0.2
28	China	2,195.53	402.31	0.18
29	Denmark	1,888.12	385.29	0.18
30	Oman	1,651.35	356.73	0.16
31	Ireland	1,664.76	317.24	0.15
32	Finland	1,386.32	287.33	0.13
33	South Africa	1,123.48	223.35	0.1
34	Austria	1,044.84	212.18	0.1
35	Thailand	887.72	172.05	0.08
36	Norway	751.88	150.06	0.07
37	Chile	673.08	143.97	0.07
38	Seychelles	849.53	140.65	0.06
39	Morocco	649.65	136.99	0.06
40	British Isles	462.71	100.45	0.05
41	Turkey	441.22	87.18	0.04
42	West Indies	348.17	78.28	0.04
43	Israel	375.33	75.78	0.03
44	Mexico	403.91	74.36	0.03
45	Taiwan	311.18	66.46	0.03
46	St. Vincent	254.02	49.67	0.02
47	Virgin Islands(US)	249.66	45.96	0.02
48	Saudi Arabia	200.41	41.99	0.02

Source: Reserve Bank of India

\*\*\*Complete/separate data on NRI investment is not maintained by RBI. However, the above FDI inflows data on NRI investment, includes investment by NRI's, who have disclosed their status as NRI's, at the time of making their investment.

† Percentage of inflows worked out in terms of US\$ & the above amount of inflows received through FIPB/SIA route, RBI's automatic route & acquisition of existing shares only.

produce from farmer at low price have been addressed properly through provisions in the scheme announced on FDI in retail . The international experience of FDI in retail and our own retail condition shows that doubts and rhetoric associated with the opposition of FDI need to be analyzed in proper perspective. Our regulatory system is strong enough and capable of handling most of the doubts associated with it. Government should facilitate the FDI so that we get maximum benefits of FDI that outweighs the losses we may suffer.

FDI is a double edged sword thus it should be used cautiously by the government. Here are the lists of suggestions which can be considered:-

- ♦ Government should restrict the foreign players to less sensitive sectors (garments, lifestyle products etc) before permitting them to spread their wings into other areas like grocery marketing that has direct impact on local kirana stores.
- ♦ FDI should be encouraged in such a manner so that it may not lead to increase in regional disparities. Government's decision to allow MNCs to invest in tier II and III cities is likely to develop those cities only, which could accelerate regional disparities.
- ♦ FDI can prove to be boon for Indian economy if norms regarding sourcing from MNEs are followed strictly and if possible to increase the percentage of sourcing.

Moreover, FDI as a strategic component of

investment is needed by India for achieving the objectives of its second generation of economic reforms and maintaining this pace of growth and development of the economy.

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# Reaching the Mass Through Open and Distance Learning in Tanzania

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## **Abstract:**

*The advanced development of Information and Communication Technologies (ICTs) and the transformation of knowledge towards more knowledge-intensive, less dependent and globalized societies has given rise to new challenges and opportunities for design and delivery of distance teaching and learning processes. Three reasons for delivering of distance education to all societies are identified as geographical isolation, social isolation and disadvantaged groups. The invention of internet and related databases and social networks like the Web 2.0, have had and will increasingly have radical effect on the transformation of education and training in all sectors. Similarly, the use of modern teaching and learning methods based on the paradigm shift of teaching and learning has helped to sustain student's motives and interest and make the learning process more productive and interesting. The methodologies that need to be adopted are: the use of internet through which different search engines and subject based information gateways are used to supplement teaching and learning resources; computer-assisted learning and web-based learning which includes virtual laboratories, discussion forum, chat, audiovisual presentation, moodling and tutorials. The Tanzania's sectors for education under the Ministry of Education and Vocational Training have to review the teaching and learning curriculum and establish different locations at district, municipal and ward levels through which open and distance learning can be practiced among people within the society.*

**Key Words:** Distance learning, Education, ICT, e-learning

## **1. Introduction:**

The advanced development of Information and Communication Technologies (ICTs) and the transformation of knowledge towards more knowledge-intensive, less dependent and globalized societies has developed new challenges and chances for the design and delivery of teaching and learning processes. The advent of ICT has opened up new prospects for advancement and the exchange of inventiveness and intercultural dialogue (UNESCO, 2002). Similarly, the geographic isolation of learners from different learning institutions has been the major motivation for emerging distance learning curriculum. The traditional distance learning system relies on printed resources for instruction and interaction. Correspondence courses have been the most common delivery technique of course resources to distant and out of formal school learners (Natarajan, 2005).

The invention of internet and related databases and social networks like the Web 2.0, have had and will increasingly have radical effect on the transformation of the process of teaching and learning to all sectors. Also the development of digital services like television, telecommunication, videotape, audio conferencing, audio graphics conferencing and video conferencing provided an opportunity of connecting the learners and instructors who are really isolated by geographical factor. Similarly, the use of modern teaching and learning methods based on a paradigm shift of teaching and learning processes has helped to sustain student's motives and interest and make the learning process more productive and interesting. The influence is already significant in all economically advanced nations, and a great majority of third world countries, despite difficulties and fears in seeking to take part in

the emerging global educational community. The internet provides a worldwide forum in which teaching and learning resources are dynamically updated in ways never possible before. Each learner has an enormous variety of learning resources available, free from limitations of time and space. There remains substantial work to be done with respect to searching and evaluating techniques for quality assurance of these resources for learners and teachers alike. The learning resources are reconfiguring to suit the ways in which students interact, and new methods to networked learning are growing (UNESCO, 2011).

The geographical isolation, social isolation, vulnerable and disadvantaged groups are the three main reasons to disseminate distance education to all societies. People may be geographically isolated because of distance, landscape, or undeveloped communication systems. Also factors such as financial status, physical fitness, emotional, and family circumstances contribute to geographical isolation of learners (OECD, 2007). Today's distance learning has been moving very fast from correspondence education to digital education leading to the emergence of new types of teaching and learning technologies at an ever-accelerating pace.

The integration of new types of teaching and learning techniques, technological advancement and globalization allow flexible teaching and learning processes, increased potential for access and interaction between learning resources and the customer (Thomas, 1995). This phenomenon has broadened the scope by incorporating online education, online learning programmes, virtual learning programmes and virtual learning resources. Learning process becomes more self-directed, cooperative, and resource-based with an increase in access and usage of information resources. Learning changes from know what to knowing how, how to learn, how to secure information, appraise for quality assurance; using it, and how to relate to a changing society. The new emphasis will be on how to reach the entire society (Natarajan, 2005).

Generally, open and distance learning programmes have existed since the 18th century in more economically developed countries and the third world developing countries adopted this phenomenon in the

20th century. In the densely populated regions of the developing world, open and distance learning programmes have been seen to provide very substantial prospects for education and training. However, lack of infrastructure and professional capability in open and distance learning is an important obstacle to the processes. Nevertheless, these systems of educational delivery have come to stay, and many regions are focusing on open and distance learning programmes as a main approach for escalating access, nurturing quality and ensuring cost-effectiveness (MQA, 2011).

In other regions, knowledge gap has been a barrier to open and distance learning programmes. For example the knowledge gap between North and South of the Sub-Saharan Africa is great and has taken longer to initiate the programme particularly on the Southern region. It is only through this programme the Southern region has been mostly used to broaden access to basic education and to maintain and improve quality in the predictable education system, particularly through in-service training of teachers. Also the UNESCO volunteered in training the in-service teachers within the region. For example in the late 1960s and 1970s a good number of Botswana's unqualified teachers were trained on the implementation of open and distance learning. Similarly, different national and international entities had been in place practicing the same programme under non-formal education systems and public development.

In Tanzania, open and distance learning is organized through the Distance Education Association of Tanzania (DEATA), a national association established in December 1992. The association comprises of the following members; the Ministry of Education and Vocational Training, Open University of Tanzania, University of Dar es Salaam, Vocational Education and Training Authority, Muhimbili University College for Health and Allied Sciences, Southern African Extension Unit, Institute of Adult Education and Moshi Co-operative College. These organizations enroll over 18,000 students between them. Apart from the main function of the association of providing training at tertiary level to adults, it is also involved in various innovative applications of distance education to different clientele within and outside borders like training

Burundian refugees, training local counsellors and offering civic education (UNESCO, 2002).

The advanced technology in information and communication has opened up new promises and opportunities in open and distance learning. Today there are a number of open universities well-known across the world for offering courses in distance learning. Similarly, a good number of traditional universities are transforming from single mode to dual mode universities, recognising the importance of distance education in providing more accessibility and current educational resources. This paper is therefore written to envision the possible ways through which open and distance teaching and learning processes can broadly reach the society. It also focuses on the vulnerable and disadvantaged groups, the way of delivering learning resources and its quality assurance.

## 2. Definition of Key Terms:

**2.1. Open education resources:** Open Educational Resources (OERs) are defined as technologically enabled, open provision of electronic educational materials for consultation, use and adaptation by a community of users for non-commercial purposes. The resources are naturally made freely available over the internet (Atkins, Brown and Hammond, 2007). Principally these resources are used by teachers and educational institutions to support course development and learners. Open educational resources include learning objects such as lecture materials, references and readings, interactive materials such as simulations, role play, video, assessment tools, research articles, databases, experiments and demonstrations, as well as syllabuses, curricula, and teachers'/learners' guides (UNESCO, 2011). However, open educational teaching and learning resources should be self-instructional based on sound instructional design principles and learner-friendly. The resources should be designed in simple language and should include interactive learning activities and feedbacks. The resources may be in various formats: print-based, web-based and/or multimedia (MQA, 2011).

**2.2. Open and distance learning:** Open and distance learning is a field of education that focuses on teaching/learning methods and technology with the aim of fostering teaching

and learning processes, often on an individual basis, to students who are not physically present in a traditional educational setting such as a classroom. Similarly, it can be described as a process to generate and provide free access to electronic teaching and learning materials from which it is anticipated that the source of information and the learners are separated by time and distance. The aim of open and distance learning is to bridge the barrier factors of time, geographical, economic, social and educational and communication distance between learners and the institution, learners and academics, learners and courseware and also learners and peers (MQA, 2011). Other synonymous terms for open and distance learning are; correspondence education programme, home study programme, independent study programme, external study programme, continuing education programme, distant teaching programme, adult education programme, technology-based or mediated education programme, learner-centered education programme, open learning programme, open access programme, flexible learning programme, and distributed learning programme.

**2.3. Quality Assurance:** Generally, the term quality has been defined from different perspectives. One simple meaning of quality is in terms of the customer's satisfaction with a product, or its fitness for a particular purpose. This term can be developed and interpreted based on excellence, consistency, and achievement of stipulated standards. In the same context, one can discuss the definition of quality with regard to distance learning, products within a distance learning institution which is a producer of a large number of self-learning resources and as a service provider. Similarly, it is also a producer of learning programmes and related facilities such as units, blocks, books and videos, CD-ROMs, which have to abide by the stipulated and specified quality measures of a service. However, these provisions should cover areas for counselling, tutorials, assessments and the kind of awards on completion of the programme. Also distance learning system needs to be able to measure the quality of its products and services. Moreover, quality is not synonymous with excellence. It only indicates the management of continuous teaching and learning process aimed at bridging the gap



between the expected effect on what ought to be studied and the actual effect after completion of the distance learning programme (UNESCO, 2002 and MQA, 2011).

**2.4. ICT and E-Learning:** The term Information and Communications Technology (ICT) refers to forms of technology that are used for communication and to transmit, store, create, share or exchange information. ICT incorporates technologies like; radio, television, telephone, computer and network hardware and software, satellite systems, as well as other various services and applications associated with them, like video conferencing and distance learning programmes. Similarly, e-learning encompasses different forms of electronically supported teaching and learning materials. E-learning services have evolved since computers were first used in education. However, a trend to move towards blended teaching and learning services has now becoming imperative, where computer-based programmes are integrated with practical or classroom-based situations (UNESCO, 2002).

E-learning is benchmarked to learning that is facilitated and supported by means of Information and Communications Technology (ICT). E-learning is therefore defined as a broad set of applications and processes which include web-based learning programme, computer-based learning programme, virtual classrooms, and digital programmes. Broadly, many of the programmes associated with e-learning are delivered through World Wide Web, intranets, audio and videotape, satellite broadcast, interactive TV, and CD-ROM. Similarly, the meaning of e-learning varies depending on the organization and how it is used but basically it encompasses electronic means of communication, education and training. A number of approaches and terms have been used to explain e-learning in the past and generally came up with a synonymous terms including; web-based training programme, computer-based training or web-based learning programme and online learning programme just to mention a few. All these have over the last few years been labelled as e-learning (Butcher, 2009).

Generally, Information and Communication Technology (ICT) has been accepted as a modern instrument that facilitates educators to transform the teaching and learning process they use in order to increase learners' motives

and interest. This technology incorporates all the products that can be stored, retrieved, manipulated and transmit or receive information electronically in a digital form. Moreover, the product should comprise of hardware, software, networks and media for collection, storage, processing, transmission and presentation of information in the form of voice, data, texts and images (Mbaeze, et, al., 2010).

#### **2.5. Vulnerable and Disadvantaged Groups:**

The word disadvantaged is a generic term for individuals or groups of people who face special difficulties such as physical or mental disability, lack of fund or financial support, are politically considered to be without sufficient power or other means of influence. The term disadvantaged group is less applicable in developed regions and rather is being typically applied in developing regions. The disadvantaged groups in developing regions are related for example to women with reduced upward mobility exclusion and having limited access to natural resources, services and economic opportunities. Women in the third world regions are often landless or marginal farmers working on the most unproductive land. Statistics show that a person who was born into a poor family is likely to die poor and leave the children powerless as well. Also in terms of education, disadvantaged group refers to those who have the right to education but with regard to the special problems faced, they become vulnerable (at risk) to the service.

#### **3. Delivery through Open and Distance Learning:**

The government of the United Republic of Tanzania realizes the fact that quality education is the pillar of national development, for it is through education that the nation obtains skilled manpower to serve in various sectors in the nation's economy. It is through quality education that Tanzania will be able to create a strong and competitive economy which can efficiently and effectively cope with the challenges of development and which can also easily and confidently adapt to the changing market and technological conditions in the regional and global economy.

The structure of the formal education and training system in the United Republic of Tanzania constitutes 2 years of pre-primary

education, 7 years of primary education, 4 years of junior secondary (ordinary level), and 2 years of senior secondary (advanced level) and up to 3 or more years of tertiary education. From this system, it is obvious that, the Tanzania education system is categorized into three main levels of basic, secondary and tertiary education. Basic or first level education (which is compulsory to all) includes pre-primary, primary and non-formal adult education. The secondary level education consists of ordinary and advanced level of secondary schooling while tertiary level involves programmes and courses offered by non-higher and higher education institutions

The Ministry of Education and Vocational Training (MoEVT) and the Higher Education have managed to co-ordinate the education sector in Tanzania. The Ministry of Education and Vocational Training includes a number of semi-autonomous agencies: Agency for Development of Educational Management (ADEM), Institute of Adult Education (IAE), National Examinations Council of Tanzania (NECTA), Tanzania Institute of Education (TIE), Tanzania Library Services Board (TLSB), and Vocational Education and Training Authority (VETA). Similarly, the Ministry of Regional Administration and Local Government also has contributed in the management of basic education in Tanzania. However, at tertiary level, planning and service delivery of training is vested with the institutions themselves through their governing councils. Nevertheless, co-ordination and quality control is the responsibility of the Higher Education Accreditation Council (HEAC). Moreover, quality assurance for basic and secondary education remains to be the responsibility of school heads, district or municipal education office, ward education office and school inspectors.

Basic education in Tanzania has been and is being delivered traditionally, where most of the time teacher centered approach is commonly practiced with a little of student centered strategy. Few years back around 70's - 80's basic education programmes were delivered to learners' countrywide using interactive radio instruction in schools. The Radio Tanzania Dar es Salaam (RTD) which today is the National Tanzania Broadcasting Company (TBC – 'Taifa') was used to broadcast programmes related to basic education all over the country.

Nowadays there are a number of community based radio broadcasting stations to most areas of the country, just to mention few of them; Radio Orkonorei in Simanjiro, Fadeco in Ngara and Radio Sengerema in Sengerema. Generally, the entire programme broadcasted through radios can reach out-of-school learners who have neither basic education nor the ability to access the formal school system due to inadequate provision or insufficient infrastructures, poverty, distance to the nearest formal - government school, increasing societal disinterest in school education, orphans and the impact of HIV/AIDS. There should be enough facilities and mentors or teachers to assist the learning process through community radios or government and non-government broadcasting organizations. This kind of teaching and learning process is no longer practiced, although none or little research has been done to find the pros and cons of the programme.

The advancement in technology has opened a new methodology of teaching and learning process through which the same resources from one subject expert or group of subject experts can reach all through modernized facilities like satellite broadcasting, online distribution of content and information via corporate websites, moodling and mapping. The government has to ensure or establish centers at district, municipal and ward levels where important enabling technologies like computers with good internet connections, televisions, video cameras and radios are available to facilitate the process of teaching and learning. It is through these centers where learners from different areas, including those with geographical isolation, physical disabilities and disadvantaged groups can have access to the learning resources from the nearby centers. The internet as a medium of learning is explored to the maximum for the inspired use and positive impression of such knowledge on the teaching and learning processes. Topics from the syllabus can be integrated into web based structure where the subject expert prepares the learning materials and designs a framework with links to the internet through which learners are guided to make use of them (Mapping). Through World Wide Web search, the students subscribe to the latest resources on the assigned topics and compile the materials related to the given topic

in the form of notes (Natarajan, 2005). However, learners who are remotely located and could not reach the centers can instead use radios, CDs, DVDs to learn in the presence of the mentor or subject expert.

There are other related technologies such as web 2.0, blogs, social networking facilities and e-portfolios that can be used effectively to support teaching and learning. These technologies are diverse and current in such a way that will serve the institutions' educational mission and be sustainable. However, technologies like telephone, multimedia CDs and DVDs, video and audio conferencing, SMSs and MMSs via cell phones, e-mail and discussion forums/chat facilities via institutional library webpage offer new possibilities for supporting innovative learning in distance education and must be integrated from the design phase of courseware. Also the multimedia approaches which are modified to provide easy interaction between learners and lecturer(s), learners and tutors, learner and learner, and learners and institution is much more effective than a single medium (UNISA, 2008).

**3.1. Web-Based instruction (WBI):** Web based instruction refers to any form of innovative approach for delivering instruction to a distant audience in which the web is included as a media. Currently, a good number of web sites have been established to provide learners with access to instructional resources from a distance. However, most course-based or learning sites simply post course materials and in such circumstances, use of the web falls far short of the potential this medium can afford. According to UNESCO (2011), currently used web models of learning can be identified as one of the followings:

1. The web as source of information: This is the simplest use of the web where all the traditional supporting information for the courses offered is stored. There are varieties of search engines and subject based information gateways through which learners and facilitators can use to access the supporting teaching and learning resources like e-books and e-journals. Today a number of institutions have progressed to use the web to present information in a more structured way for teaching and learning process. Learners use the screen to read

resources, activate multimedia demonstrations, and work on self-correcting tutorials or other activities. The course resource is typically factual information, which is to be learned from the web page and any other accompanying media. There is no interaction between teacher and the learner over the web.

2. The web as a facilitator: The advanced library website provides online reference services through personal communication between Librarian and library user over chat rooms, messengers and e-mails. It is the same phenomenon that can be applied between the course facilitator and a student or between students over web communication.
3. The web as a communication medium between the facilitator and students: In this context, students learn from the facilitator but through the web and not from the web. In this context the web behaves as the communication medium for the necessary interaction and thus reflects a face-to-face learning atmosphere, within which the learner will be able to develop a kind of human relationship with the facilitator (Natarajan, 2005).

Having all this in place and with high quality of tools and availability of other enabling technologies, enough knowledge and skills on interacting with the facilities will bring flexibility in implementing distance learning. Learners will be advised to visit the nearby centers where access to the facilities and learning materials are available. The same resources should be prepared in different multimedia for effective learning to all. There are some areas where infrastructures don't support open and distance learning and thus the use of multimedia will overcome the challenge and at the same time alternative sources of electricity should be considered in such areas.

**3.2. Computer-Assisted learning:** The established centers with all important facilities can support learning through use of computers. Important tools like CD players and video cameras for video conferencing need to be in place for computer-assisted learning. The opportunities related with the development of computer-based technology in contributing to

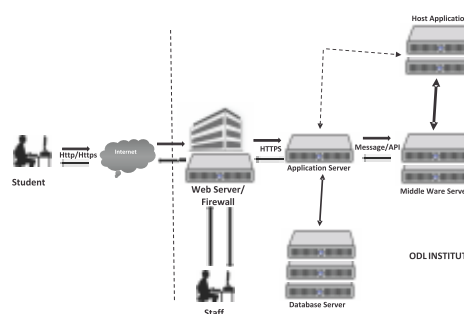
efficient and effective science education have grown exponentially within the past decade. The software program available on CD-ROM plays a great role with applications in laboratories and lectures, tutorials and project work (UNESCO, 2011). At the centers learners can learn both theoretical and practical contents with an aid of computer and the concomitant tools mentioned earlier on. CDs and DVDs can be used to provide virtual laboratories through which details on the preparation, essential equipment or apparatus required, and method or procedures relevant to the practical can be demonstrated. In the end students can then actively perform experiments based on the improvised simulation. Similarly, learners can experience a high degree of interactivity when virtual laboratory presents a range of equipment and tools on-screen. Also training through audiovisual aid plays an important role in the fields of medical science education, industrial and chemical processing, domestic sciences and natural science subjects. Teleconferencing is one of the most amazing methodologies for distance learning combining satellite teleconferencing with hands on activity session. Its implementation requires; computers well connected to the internet, teleconferencing speakers, video or web cameras. The method can help for live interaction between students or subject facilitator and the student; it is good to apply when interviewing a student, online chatting and makes interactive call-in sessions and local sessions (Natarajan, 2005).

**3.3. ICT, E-learning and open education resources:** The open and distance learning institution services through ICT and e-learning are a complex web of people, services and interactions. There are many individuals and groups that either use or provide learner support services. However, it is desired that any information system should be responsive to such diverse groups. In the open and distance learning system the students can log on to the databases of their institution and benefit from them in various ways e.g. be informed about the latest activities in their institution, navigate through one information topic to another, have an online status of different topics. Moreover, in order to accomplish all these duties successfully and efficiently, the web-system that has to be developed in the open and distance learning

centers must be improvised with some specific requirements like brilliant software agents for accomplishing the required functions (Khanna and Basak, 2011).

The world and particularly the education institutions have been using the internet and other digital technologies to develop and allocate teaching and learning for decades. Currently, Open Educational Resources (OER) has gained increased consideration for their potential and promise to remove demographic, economic, and geographic educational boundaries and to promote life-long learning and personalized learning processes. The rapid growth of OER has established new opportunities for teaching and learning, at the same time, they challenge developed views about teaching and learning practices (Yuan, et, al., 2010).

**Figure 1: Web Based Information System**



ICT support for learning communities has become common place over the last decade but not well developed to basic and secondary education. However, with respect to tertiary education, there are usually numerous bottom-up initiatives, through which different tools and educational designs are improvised to support learning and teaching processes. Similarly, many universities have been embedded to a broad variety of pioneering projects which are in place, integrating ICT in various forms and formats, but with little or no deliberate approach to sustainability. Thus, the need for e-learning strategy has been recognized. However, an e-learning strategy which generally refers to a comprehensive set of goals and directives explained and recommended by institutional management for the sustainable implementation of ICT support for learning and teaching processes. The ministry of education and its agencies may need to find out the strategies used by the tertiary institutions to the success in using ICT

and e-learning to advance the same at the lower levels of basic and secondary education (Arnold, 2010). However, learners at all levels of education should be well trained to develop skills on the use of ICT and e-learning in the process of teaching and learning. Also the widespread availability of web 2.0 technologies and other social networking media have to be analyzed and in the end integrated to support the process of teaching and learning. Web 2.0 technologies and other related social media are usually easy to use, freely available, suited to support informal learning settings and cover a wide geographical area, but the challenge is establishing facilities and acquiring technology-know-how to meet the learners' demand.

Streaming software is one of the tools which allows for easy digitizing of videotaped lectures. This kind of software makes it simple to broadcast live lectures to distant locations or to capture lectures for later reference and revision by learners. Thus, streaming technologies can provide learners with flexible study formats while also covering a wider audience and geographical locations, e.g. students with disabilities or those who are otherwise incapable of following lectures on campus or in a formal education system (Arnold, 2010).

Generally, web based learning materials provide learners' access to well-organized and easily-updatable study resources, task-based activities, online resources, and tutorial support. In spite of these benefits, learners may be left frustrated or disappointed; since web based learning resources do not always sufficiently address their demands or expectations. Web based learning materials have been established mainly by software designers and developers with a high level of technical expertise, but often without enough knowledge about learners' demand. As a result, difficulties may arise when graphics is overemphasized to the detriment of pedagogical aspects, resulting in web based learning resources that look attractive, but are difficult to use in educational settings. Clearly, existing web based learning materials still lack a number of important aspects that need to be considered in design and evaluation (MQA, 2011).

Given the qualities and weaknesses of the

software designers, the ministry of education and education agencies should pay attention to the software's shortcomings when designing web-based learning resources which will be uploaded to the educational websites or to the social networking tools for students. Moreover, an independent educational website can be centrally developed instead and a number of subject experts together with website developers and software engineers could work together to have a dedicated webpage for educational purposes.

In respect to the role of designers and developers, it is high time that they develop web based learning resources with suitable usability, user-friendly features and then tailor it more closely to meet the learners' demand. The materials should focus on assisting learners discover and explore things for themselves through interactive, flexible, differentiated, and motivating activities. Unfortunately, as mentioned above, most web based learning resources provide little support to achieve a high level of flexibility, interactivity, feedback, differentiation, and collaboration, diminishing the added value of web based learning resources. The Ministry of Education and Vocational Training and its educational agencies should establish a quality assurance unit, through which the educational curriculum developers will have a role of monitoring and evaluating the quality of web based resources. However, there should be a routine program of evaluating learners' and teachers' perceptions of web based learning materials in open and distance education, modalities of teaching and learning using these materials. Moreover, feedback from the evaluation team should be used to improve the web based learning processes, infrastructures and/or the curriculum in general (Hadjerrouit, 2010).

#### **4. Open and Distance Learning for Vulnerable and Disadvantaged Groups:**

Open and distance learning has opened a new era to vulnerable and disadvantaged groups, despite the problems they are facing and particularly with regard to economic status, and learning disabilities. Agyemang and Dadzie (2010) noted that with application of ICT and e-learning, a stronger distance learning approach can increase educational access by reaching out to the disadvantaged groups, including; the less fortunate who did not attend



school for some reasons like being a refugee or orphan. The centers where the victims are located can be improvised with ICT facilities and IT professionals and subject experts or mentors for making learning effective.

Open and distance education also helps secondary school graduates who fail to gain admission to university, they can just enroll for distance learning through institutions that offer degree programmes similar to the Open University of Tanzania (OUT). Similarly, women and particularly those with household responsibilities can benefit from these programmes, as it is currently estimated that about 35 per cent of women are tertiary enrolled in African higher learning institutions. This under-representation implies an increase in the general intake, as home-based study within a flexible schedule is well suited for those who must fulfill family responsibilities. Also students in remote and local rural areas, small towns or refugee camps who do not have convenient access to tertiary higher learning institutions will save travel time, travel expenses, as well as the continuation of income while studying. For example, it has been well-known that since 1994 refugees from Burundi who lived in camps in western Tanzania could register for training in Basic English language, Mathematics, History, Geography and Swahili (Agyemang and Dadzie, 2010).

Social and political tension can displace people who become vulnerable to different circumstances and thus in the end find open and distance learning as the only means of access to education. Open and distance learning provides an opportunity to all levels of education to people with disabilities. The ministry of education has to ensure that the centers or institutions developed for education services through open and distance learning are improvised with facilities that are user-friendly to this group with regard to the type of physical disability and other circumstances.

### **5. Quality Assurance for Open and Distance Learning:**

Quality assurance measures are seen as quality and security-enhancing measures. Today open and distance education has developed multi-typologies, according to the specific needs and aspirations of learners. It aims to serve as an alternative mode of

educational delivery. It is now evident that points of interrogation on quality assurance addressed to distance education courses are equally applicable to traditional measures of quality assurance, such as quality of curriculum design, instructional materials, assessment, learner's satisfaction with products and services, independent, external and technical reviews, evaluation and validation. However, open and distance learning institutions believe that continuing commitment to access and equity; learner independence and professional design of relevant resources with respect to learners demand, a flexible and interactive approach to curriculum and modes of teaching are the attributes of quality assurance offered to distant education clients. These institutions are now moving towards a stage in which learning is an individual process. Due to this approach, quality assurance has to develop a range of control mechanisms and assurance processes which cater equally to all media and modes of teaching and learning (MQA, 2011).

A Quality Assurance System (QAS) consists of policies, attitudes, actions and measures necessary to ensure that quality is being maintained and enhanced. The QAS should be applied equally to all the centers rendering open and distance learning and on the courses and programmes offered and the learning content, the teaching and non-teaching staff, technology, teaching and learning strategies and services. Quality assurance denotes those practices in distance education which lead to some kind of public, formal guarantee or certification, so quality assurance is typically a matter of judging the outcome of the implementation of course material, a special performance, or testing exercise (UNESCO, 2002).

In the domain of distance education quality assurance includes course-approval mechanisms, team work for preparing materials, processes of designing the material and the reviews of the material, which are subject to scrutiny either in the form of student questionnaires, or by the review of external experts. The findings of the formal procedures are usually publicly announced or at least made available to the practitioners. In this way quality assurance is an ongoing process and is public and formal in its nature. Moreover, quality assurance is described as the process whereby stipulated standards are specified for



a product and/or service and appropriate procedures under taken to ensure that these standards are met considerably (Butcher, 2009).

The quality of the academic staff in open and distance learning is one of the most important components in assuring the quality of that mode of distance education. Thus, every input must be made to develop proper and effective recruitment, service, development and appraisal policies that are valuable to staff productivity. It is important to note that every programme has appropriately qualified and adequate number of academic staff. The institution should consider various responsibilities and specialized tasks that would be required for the open and distance learning academic staff, for example; knowledge in pedagogy, IT-related technical skills and student support. However, consideration should be on the general mission of any higher learning institution of teaching and learning, research and consultancy services but also community engagement are the core interconnected academic works (MQA, 2011).

The physical facilities to support an open and distance learning programme are slightly different from facilities for face to-face programmes. For open and distance learning, learning centers are needed to cater to students who are spread over a wide geographical area. A learning center (district, municipal or at ward level) would have a minimum requirement in terms of infrastructure and facilities. Other facilities which are essential for supporting teaching-learning activities in open and distance learning such as electronic learning platform, virtual library and counselling system through distance are equally important. The programme must ensure that there is quality, sufficient and appropriate physical facilities and educational resources to enable efficient and effective teaching and learning processes. ICT and related facilities for example, learning management system, digital or virtual library, video conferencing, virtual laboratories, online helpdesk, reference services must be provided for and maintained up to acceptable current standards and capacities. The institution library or resource center must have sufficient, adequate and up-to-date reference materials and qualified staff that meet the needs of the programme and research

amongst academic staff, students and the community around. These include provisions for adequate computers and information and communication technology mediated reference materials. For practical-based programmes, equipment and facilities for training must be adequately provided for at all learning centers (OECD, 2007).

A high priority should be given to research-based programmes and programmes with a substantial research component, the ministry of education or institution must provide adequate and suitable research facilities and supportive environment for research work. However, the institution policy regarding the selection and effective use of electronic devices, internal and external networks and other effective means of using information and communication technology in the programme, should be considered for a smooth running of the programmes and this includes coordination with the library services. The learning environment should be regularly improved through renovations, building new facilities and the acquisition of the latest and appropriate equipment to keep up with the development in educational practices and changes (Yuan, et, al., 2010).

The learning resources, education services and facilities should be frequently reviewed to assess the quality and appropriateness for current education and training. The facilities should be user-friendly including those with special needs, vulnerable and disadvantaged groups. Quality enhancement calls for training and the programmes in general to be frequently monitored, reviewed and evaluated for future improvement. These include the monitoring, reviewing and evaluation of institutional structures and processes (Butcher, 2009). Monitoring and review for open and distance learning programme should encompass elements such as the open and distance learning system or structure, learning materials, delivery system, communication system, student support services, financial strength, assessment system, teaching strategies and physical facilities. Programme monitoring and review activities should involve all academic and non-academic staff and students. These activities involve the process of gaining feedback from all relevant stakeholders. The findings should be recorded, reviewed and evaluated.

## 6. Conclusions:

Generally, issues of access to quality education are a matter of urgency, and yet the formal education system has not bothered to provide education for all at all levels. For out of school learners, disadvantaged groups and at tertiary education, therefore, open and distance learning strategies need to be adopted by the government and institutions at ensuring that open and distance learning is considered as an alternative approach at addressing the educational needs. For example the out of school learner's and particularly children of fewer than 18 years of age are the most vulnerable group that has their child rights violated. The challenge is how to develop suitable programs and high quality learning materials to protect child rights and retain them in the education system than drop outs. Thus, it is crucial take into consider child rights, adult learners, vulnerable and disadvantaged groups when planning, designing, developing and implementing education programmes for the purpose of reaching all through open and distance learning. However, there should be effective quality assurance systems for the programme, and the services provided needs to be user-friendly to the vulnerable and disadvantaged groups and particularly those with disabilities.

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## Case Studies:

# Creating Innovation for Competitive Advantage : A Case of Procter and Gamble

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### 1. Introduction:

Organizations need to innovate on a continuous basis to ensure that they stay ahead of competition. In order to innovate continuously, they adopt a variety of business strategies and processes.

This does mean that organizations should effectively utilize the collective expertise of scientists, developers and researchers in order to innovate. But it also means that they should utilize the capabilities of all concerned within the organization to finetune the processes that enable new products to reach markets quickly and efficiently. At the end of the day it is the people within the organizations who innovate and for this the right encouragement, support and environment are needed.

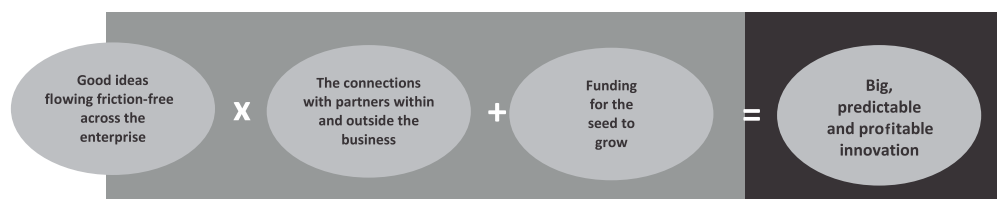
The question then arises as to how some companies are able to manage the process of innovation better than others.

Organizations typically tend to approach innovation in two contrasting ways. Some organizations are resistant to change and only undertake safe strategies; they are called defender organizations. The second type of organizations thrives on innovation and change; they are called prospector organizations. The latter type of organizations

is capable of reacting to the rapidly changing market scenarios in a quick, efficient and creative way.

The aim of the present case study is to gain insights into the unique strategies and processes of one such prospector organization. Procter and Gamble (P&G). The case study gives some insights into how P&G successfully built an innovative culture that helped it sustain and grow its competitive advantage in the constantly changing market landscape. The CEO and President of P&G, Lafley focused on nurturing a strong culture of innovation within the company. He believed that 'big ideas attract the capital and talent they need'. His concepts and ideas have been uniquely captured in the equation given below. They give an idea of how innovation is managed at P&G.

P&G currently reaches out to more than 5 billion customers across the world spread across 140 countries. Their wide range of products include juice drinks, detergents, snacks, shampoos, disposable nappies and feminine beauty products among many others. This unique array of products has enabled P&G to retain its position as the largest company for consumer products in the world.



Source: Procter & Gamble Website

### 2. Goal Setting:

P&G, being a dynamic company, has re-structured its organization to accelerate the growth of revenue from new products. P&G has revised its already ambitious goals by

setting higher standards and benchmarks; it has fine-tuned the decision making processes within the organization to help it achieve its targets in a seamless manner. It has also set up a unique reward mechanism for its employees

who embrace innovative processes.

One of the fundamental ways in which organizations can sustain the innovation momentum and compete globally is by building organizations with clear objectives and goals. P&G reflects this through its core values and shared principles that underlie employee behaviour at work and hence act as a sound base for all its activities.

The values and principles followed at P&G are:

- ♦ It respects all individuals - the uniqueness of each employee is valued; their contributions are linked to the interests of the company - both employees and the management work for each other's mutual benefit.
- ♦ It is strategically focused in its work - product development helps the company to sustain a competitive advantage over other organisations.
- ♦ Innovation is the cornerstone of its success - the company is proactive and highly focused on new product development.
- ♦ It is externally focused – the company listens to consumers and monitors markets.
- ♦ It values personal mastery – the skills of employees are nurtured.
- ♦ It seeks to be the best – the company is not complacent about product and market development.
- ♦ Mutual interdependency is a way of life - the company depends upon employees, markets and consumers.

### 3. Culture, Innovation and People:

Organizational culture (OC) is defined by Schein as: “The collective set of beliefs, values and assumptions shared by a set of people within an organization; and is mainly comprised of artefacts, underlying assumptions and espoused values”. Thus OC reveals what an organization truly stands for.

P&G's organizational growth is linked to its passion in caring for its employees. It motivates the employees to utilize their drive, hunger and expertise to introduce new products that delight customers. This means that employees often use innovative ways and creative ideas to move ahead and beyond generally

accepted thoughts to provide better products and results. As such, the collective innovative enterprise of over 100,000 employees significantly makes a difference to the way P&G conducts itself in product development and marketing of new products.

P&G has understood that it is the employees who are responsible for it being at the cutting edge of innovation. P&G's HR department plays a proactive role in supporting individual interests of each employee and takes up the onerous responsibility of personal growth and development so as to ensure that employees sustain the highest levels of competency and creativity. The HR department rightly has helped the company build a culture of innovation by putting the right people in the right places and helping them build their innovative capabilities.

At the organization level, the focus is on collaborative engagement, and to empower employees to work together in unison across departments and business divisions. At the core of this organizational culture is the way P&G uses its network of employees, which in itself is an innovation that is built around sustaining innovation.

The process of innovation can be considered successful when it results in products that amaze and delight customers by providing an experience that competitors cannot match. The seed of innovation is invention, but for the seed to grow to fruition, it has to be successful commercially. As such a new product certainly would be a powerful combination of employees who conduct R&D to develop them in the first place, and those who launch these products in effective ways.

### 4. Innovation Supported by Organizational Structure:

Innovative organizations are set apart from the 'not so' innovative organizations in a myriad number of ways, however there are three important characteristics that distinguish innovative organizations from others. They are:

- ♦ Innovation flows through the enterprise and is not contained in pockets
- ♦ Innovation is sustained by customers' experience of products
- ♦ Innovation is repeated and sustained profitably over time

P&G's strategy to stay ahead of its competition and grow in new markets is by ensuring that innovation is not restricted to one department or division, but is encouraged and sustained throughout the organization. This has become its key to retaining its leadership position in global markets. The results are there for everyone to see. P&G has more than 29,000 patents that are helping it to continuously launch superior, new and innovative products across the world markets and stay ahead of the competition. The unique collaborative culture within P&G has ensured that the company has the wherewithal to transform scientific and technological breakthroughs into innovative new products catering to the diverse needs of customers all over the world.

At a time of uncertainty and constant changes in the world markets, companies that introduce new and innovative products faster than the competition are often the ones that stay ahead of competition. Almost every new product that lands on the shelf of a supermarket started as an idea in a lab somewhere. These products are created in a variety of ways. Some may be improvements of existing products; others may be completely new products. Both types of products probably started as an idea of an engineer or a product builder who has transformed them into products that customers can benefit from. However, the ideas for new products may also have originated from other sources. Some of the sources are:

- ♦ Ideas from people who are close to customers and are in a strong position to understand their needs – e.g. salespeople and retailers.
- ♦ 'Blue sky' laboratories where cutting edge R&D is done in frontier areas, that creates new product ideas and concepts that may not have been explored before.
- ♦ Combining two technologies or products to develop a new product, such as combining shampoo and conditioner to create a 2-in-1 product.
- ♦ Transferring technologies from one series of products and processes to others.
- ♦ Extensions of existing products which provide better features and offer more conveniences to the consumer.

- ♦ Improving existing concepts, to meet increasingly sophisticated consumer requirements.

P&G has been able to introduce innovative products on a continuous basis by adopting a proactive approach to new product development. This approach has involved creating innovative networks between employees across countries, business domains, product ranges, and by transferring knowledge and expertise from one product line to another.

The key differentiating and unique aspect of P&G's approach is the collective abilities of its employees to transfer and learn best practices from one another in every aspect of innovation. This collaborative sharing and learning has cut across product categories, business divisions and geographical regions. This technological transfer is a unique combination of both innovative technologies and collective experiences of its people. In the end all departments within P&G contribute to the innovation process.

Hence innovation within P&G happens wherever there is a possibility of meeting the evolving needs of the customer through the generation of unique ideas. A few examples of innovative product development at P&G are:

- ♦ Osteoscan – was based on R&D related to release of calcium ions in a pronounced and correct way. It began as an idea of a research team led by Dr. David Francis. This idea led to many products including new toothpaste named Crest which became a bestselling product for P&G.
- ♦ Swiffer – a unique product that was based on customer feedback about the difficulty in cleaning homes using traditional cleaning methods. Swiffer was designed in an innovative manner to absorb dust, allergens and harmful substances that affected a human's immune systems. The British Allergy foundation certified that Swiffer was the only unique product available for cleaning homes that would clean 99 percent of all allergens
- ♦ Anti-bacterial wipes – was the result of transfer of technology from one product to another. Baby wipes was the initial product created through research and

development, however the immense benefit this product provided has led to the development of flash anti-bacterial wipes to clean homes.

#### **5. A Powerhouse in Research:**

Few companies can match the track record of P&G in introducing superior healthcare and customer care products. P&G is one of the largest holders of U.S. and global patents and has more than 29,000 patents. The company has 20 R&D centres spread across nine countries. There are currently 7,300 scientists of which 1000 are Ph.D. scientists working on frontier areas of research at these centres. The company also sets aside 4 percent of its annual sales for R&D activities. This passion for fostering research and innovation has enabled P&G to keep the pipeline of innovative, value-added products busy, helping it to retain its leadership position in the global markets.

Tide was the industry's first heavy-duty synthetic detergent; Crest, the first cavity-prevention toothpaste; and Pert Plus, the first shampoo and conditioning product.

More recent breakthroughs are Dryel - a product for cleaning dry-clean-only clothes at home, and Actonel - the first osteoporosis therapy that consistently reduces the occurrence of spinal fractures after just a year of treatment.

P&G currently has a dozen billion-dollar brands, including Bounty paper towels, Crest toothpaste, Folgers coffee, Iams pet food, Pringles potato chips and Tide laundry detergent, helping it have annual sales of \$40 billion.

To get even more value from its R&D activities, P&G is developing a custom application that runs on Intel® architecture and enhances knowledge sharing throughout its global research community.

#### **6. Exploiting of Scale:**

Procter & Gamble gains a competitive edge by smartly managing the scale and breadth of its R&D activities. "We are driven to be Number 1 in all the product categories in which we compete," says G. Gilbert Cloyd, chief technology officer at P&G. "Being at the forefront of many areas of science, engineering, medicine and technology fuels our ability to achieve this objective."

The range of the company's business — P&G

currently has five business units which between them have 300 brands — creates unique opportunities to connect technology across categories in unexpected ways. A breakthrough in one area can spur innovation in seemingly unrelated products across the company. For instance, when working on ways to control water hardness and improve detergent performance, P&G developed a metal ion control technology that was used in its tartar control toothpaste, calcium-enhanced fruit drinks and bone-strengthening pharmaceutical products. But size and breadth can be detrimental if they are not managed effectively. "It's critical for large companies to leverage their scale," says Robb Olsen, section head in corporate R&D and a leader of many of P&G's technical knowledge sharing initiatives. "Collective knowledge is worth a lot if you share it, and knowledge sharing is a key way to leverage the scale of a global organization. If you don't share knowledge, you lose the value of scale."

Knowledge sharing has become one of the cornerstones of P&G's success, and the organization is highly focused on constantly improving its employees' knowledge sharing process. In order to accomplish its ambitious goals, P&G has partnered with Intel to develop a unique intranet platform called Innovation Net (INet). It runs on Intel architecture and houses more than 5 million research related documents. It has become extremely popular among employees at P&G and is currently the largest and most frequently used intranet platform in the company. P&G is now enhancing INet with Mylnet, a custom-developed subscription application that helps researchers to find experts in the company, who are doing related work and keep track of relevant innovations possibly available in other divisions of the company.

#### **7. Business Solution-P&G Takes Knowledge Sharing to the Next Level:**

Procter & Gamble had already put a number of knowledge sharing efforts in place when the R&D IT team decided to build Mylnet. "P&G has attacked this problem from many angles," Olsen says. "Our culture explicitly promotes knowledge sharing. We have communities of practice that link people doing similar work in different business units, and our researchers publish monthly reports on their projects. We coach new hires not to be afraid to pick up the



phone and call anyone they think can help them. But we wanted a better way to connect our global knowledge community, and with new capabilities like Mylnet, we're taking P&G's knowledge sharing to the next level." Mylnet enables users to specify topics of interest and be notified of any new documents pertaining to those topics. "In such a large organization, finding out who knows what and who's done what can be a big problem," says Michael Telljohann, associate director of global R&D computing. "Mylnet uses Web technologies to apply automation to this challenge. Users indicate what they're interested in, and out of the millions of pages of content, Mylnet brings them the information that matches their criteria." The Mylnet application searches for structured content in more than 20 databases, as well as unstructured content stored in a variety of formats. The application combines push and pull technologies, so users can be notified via e-mail or through a posting on their personalized INet portal page.

P&G's global R&D IT team worked through numerous challenges while developing the application. "We were dealing with extremely heterogeneous content, a majority of which was not in HTML format," Telljohann recalls. "We had to understand how each application manages security and authentication, and reconcile that with each user's access level. We had to develop heuristics for determining which documents were really new and which had trivial updates. We had to make the solution integrate seamlessly into the user's normal work process and deliver only information that was highly relevant to each user's specific interests. We also did a lot of work on providing contextual information that would describe each document well enough that users can understand whether a link is really worth their time to pursue."

#### **8. Removing Roadblocks:**

After a year and a half of development, the team began a robust pilot deployment process. Initial users started reporting that the application was delivering valuable and relevant information. But further progress was slowed by another challenge – scalability. In the pilot test the program took six hours to run the subscriptions for a base of 500 users, and the team had identified a target audience of 15,000 that would include people in a wide

range of areas from researchers to technical people in engineering, purchasing, marketing, patents, legal, and business information systems departments.

That's when P&G decided to work with Intel® Solution Services. Intel Solution Services is a worldwide technical consulting organization specializing in distributed solutions and e-Business infrastructure. It collaborates with Global2000 companies to develop, deploy and optimize their applications and infrastructure on Intel architecture. Its application platform focuses specifically on helping companies understand and enhance application performance and scalability.

Intel Solution Services consultants replicated the Mylnet application on a test server and performed several tests with repeatable workloads. They then began an in-depth investigation of the application and its system resource utilization patterns. Through their analysis, they determined that the problems lay in a third-party content search engine and the application code that interfaced with it.

At that time, P&G was also in the process of adopting Google as its preferred corporate-wide search engine, so P&G asked the Intel consultants to port Mylnet to Google and modify the interface code accordingly. In order to further improve the manner in which the application performed, Intel consultants also recommended an upgrade to a newer generation of servers. Together, the suggested changes brought as much as a five-fold improvement in performance, more than what the management at P&G had initially anticipated. It was also future ready and could help support further scaling up of operations which might be required in the near future. "We are very pleased by the results we got and the engagement we had with Intel Solution Services," Telljohann says. "The technical breadth and depth and quality of the people Intel put up against this problem were just outstanding."

#### **9. Delighting Users:**

As a world-leading consumer package goods manufacturer, Procter & Gamble has always been strongly committed to understanding customer needs and developing innovative, cost-efficient ways to meet them. When it came to developing Mylnet, the company's global R&D team took the same approach.

It surveyed users before and during development, created prototypes and extensively field-tested them, letting user input guide the development process. The hard work paid off. Qualitative consumer research on the Mylnet pilot deployments showed users were delighted. The company is now moving toward broader deployment across the technical community, and the solution may eventually be adapted to other divisions of the company. Best of all, Mylnet is poised to help P&G meet a critical business need and could potentially alter the way research is done at P&G. "Mylnet helps researchers search out and reapply solutions to technology problems to shorten cycle times on projects and ultimately bring innovations into the market more rapidly," says Olsen. "That's something that has a real impact on the company."

#### **10. Conclusion and Notes:**

Procter & Gamble has built an organization with an innovative culture where each employee contributes to the innovation process through their commitment, enthusiasm and focus on their roles and goals. This unique culture has helped P&G to continuously introduce innovative products to meet the diverse needs of customers all over the world. P&G's products have helped to greatly increase the comforts and conveniences of people across the world. This in turn has ensured that P&G retains its leadership position in the global markets.

#### **11. Teaching Notes:**

(i) Teaching objectives – the objectives of

the case study are to help the reader to gain some insights into:

- ♦ the innovation culture at P&G,
- ♦ the processes through which innovation was implemented and
- ♦ the way in which technology enabled the innovation process in the organization.

While there are several cases of implementation of innovation processes in other companies, the case of P&G is unique because it has managed to produce breakthrough products quickly and consistently for the last few decades. The reader ideally must be in a position to understand the uniqueness of this type of innovation and come up with an informed judgement.

(ii) Questions for the readers

- (a) Do you think that innovation carried out at P&G can be replicated in other companies, if so, how?
- (b) Could technology have been used in any other way than what has been explained in this case study to promote innovation?
- (c) What are the new factors which you think could enable knowledge sharing in an organization?

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[www.pg.com](http://www.pg.com)

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# The Services Chakravyuha: Predicament with Services Business

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## **Abstract:**

*The purpose of this case is to highlight the predicament of services business and to help the marketing professionals and students to understand the subtle differences between a product and a service. To bring out the real essence, the setting of the case has been in the year 1992 when the Indian economy was opening up to the idea of privatization, globalization and liberalization. Radhey Shyam Priyamvad, the protagonist popularly known as RSP in his friend circle. He is a Mechanical Engineering graduate from a top Engineering School in India and his first job is with Maruti Udyog Limited (MUL). He had a mixed experience during his work at MUL for 7 years. Even though he is a Mechanical Engineer, his real strength lies in dealing with people. The liberalization of Indian economy in 1990s, led to an increased emphasis on services sector. He decided to change his career for better and took a plunge in the services sector. He started his 2nd job with India's foremost services organization in Hospitality sector, Sartaj Hotels and Palaces. After entering into the services sector he realized that his present education and experience has lot of Gaps to understand the services business completely.*

*The case highlights the dilemma posed by a typical services business and the resultant questions and decisions of a protagonist which will make a difference between success and failure in the service sector.*

**Key Words:** *Product, Service, Intangible, Inconsistent, Quality*

## **1. Introduction:**

The Indian economy was in a phase of evolution in early 1990s. The economic measures kick started by the government in July 1991 were set to change the economic scenario of the country. India experienced a balance of payments crisis in the early 90s. The country had to deposit 47 tons of gold with the Bank of England and 20 tons with the Union Bank of Switzerland. This was necessary under a recovery pact with the International Monetary Fund. Furthermore, the International Monetary Fund necessitated India to assume a sequence of systematic economic reorganizations. Consequently, the Prime Minister of the country, P. V. Narasimha Rao initiated groundbreaking economic reforms. Dr. Manmohan Singh, the Finance Minister of the Government of India assisted Mr P.V. Narasimha Rao and played a key role in implementing these reform policies.

The economic scenario looked bleak and the GDP of India was in shambles. The GDP comprised of 3 broad sectors of the Indian

economy viz Services, Industry & Agriculture. In FY 1991, Services constituted around 40% of India's GDP employing about 13% of the country's workforce, Industry constituted around 27% of India's GDP and employed only about 9% of India's workforce. Agriculture constituted around 32% of India's GDP and employed around 78% of India's workforce. The future for the services looked definitely brighter as the experience with the liberalizing and privatization policies of the western countries had shown. Few estimates suggested that Indian economy will be as high as 70% services and just 30% agriculture and industry put together by 2020. The employment opportunities in services sector was certainly looking more promising and lucrative compared to the industry and agriculture sectors.

The new economic policies of the Indian government were designed to give an impetus to foreign multinationals entering the country and a special emphasis was given to the growth of services sector.

## 2. Organization:

Sartaj Hotel Resorts and Palaces is one of the India's finest companies in the hospitality sector. The organization was founded in the year 1911 by Sir K C Sartaj, a close confidant and a good friend of then British Viceroy in India Lord Hardinge. Sartaj hotels were synonymous to luxury in the hospitality sector. It had 43 hotels in 25 locations in India and they covered almost all the major pilgrimage and business centres in the country. Sartaj called itself as a luxury 5 star hotels and palace, providing a unique, grandiose and royal experience to its customer. Sartaj took pride in being an authentic Indian hotel setting standards for the hospitality industry around the world.

Sartaj started with its resorts under the brand name "Kuber", an Indian god of wealth and luxury. The first Kuber resort was opened in Lonavala, a hill station in the state of Maharashtra, in 1986. The 2nd resort was opened in Ooty, a hill station in the state of Tamil Nadu, in 1991. The company had huge expansion plans and they wanted to position these resorts for the discerning, prudent up market traveler. Based on the positive feedback from its existing clientele Sartaj opened its 3rd resort in 1992 at Coorg in Karnataka.

## 3. Protagonist:

Radhey Shyam Priyamvad (or RSP, as he is popularly known) was a Mechanical Engineer from prestigious VJTI (Victoria Jubilee Technical Institute), Bombay. VJTI was founded in the year 1887 and completed its centenary in the year 1987. He finished his engineering in 1985 and was a distinction holder in his batch.

RSP's first job was with Maruti Udyog Ltd (MUL), India's largest automobile manufacturer, having a tremendous growth record in both car sales and customer satisfaction. The organization was established in 1981 and since then it has been a pioneer and a trendsetter in the automotive industry in India. It had different departments namely:

- ♦ Admin (HR, Finance, IT)
- ♦ Marketing and Sales
- ♦ Quality Assurance
- ♦ Supply Chain
- ♦ Engineering & Production
- ♦ Customer Service

RSP had spent the initial 3 years of his career at

MUL in Engineering and Production Department. He was an average performer in this department. Even though he was a distinction holder and had good technical knowledge, his passion towards technology was missing. Since his initial days at MUL his involvement with non-engineering and production work was quite significant. He has been actively involved with the activities of MOUNT( Maruti's Outstanding Natural Talent club), a talent club established to help employees unravel their non-engineering skills. The major activities carried out by this club were in the area of people management, talent development and enhancement, improving team behaviour and enhancing soft skills of employees.

RSP was an average performer but he discovered that even though he is a mechanical engineer, his strengths were interacting, negotiating, team handling and convincing people. Taking into consideration his inter personal skills MUL transferred him to Customer Service department. As a part of customer service department he moved to Bangalore, capital of Karnataka in the beginning of 1989. His work involved managing MUL's service centres in Bangalore. His job profile was to engage with the customer and oversee their general service needs (including repair & maintenance, general queries about their cars and their overall post purchase experience) are met. His performance in the customer service department of MUL was highly satisfactory and he was also recommended for the "GEMS award", an acronym for Going the Extra Mile, in 1990, even though he did not win it. For a brief period of 6 months in 1991 his job portfolio also included interacting with the Sales team and providing them referrals from his existing satisfied clientele. In short, he was also involved in the sale of the cars indirectly.

With the increasing competition in the market and changes taking place in the economy the pressure to perform on RSP was increasing day by day. The work was getting monotonous by the day and at times the work was just a means to earn the month end salary. RSP was looking for a profile and a career change. He had heard from his seniors the growing relevance of services sector in the present Indian economy and less emphasis on manufacturing sector in the future. Moreover, his experience in

customer service certainly has been better compared to the Production department in MUL. Even though RSP did not have any core service sector experience but his experience in Customer Service Department of MUL was far more satisfactory compared to the engineering and production department!

After a brief analysis RSP decided to enter into services sector. He tuned his Curriculum Vitae, highlighting his services and sales experience so as to find out a job in services sector. He finally got selected as the Senior Service Manager in Kuber resorts of Sartaj Hotels and Palaces in 1992. He was appointed to look after the Service and Sales of their new resort property in Coorg, in Karnataka. Coorg, also known as Kodagu, was a hill station in Western Ghats of Southwestern Karnataka. Kuber Coorg was a premium property ensconced in the cocooned comforts of a lush 250 acre plantation paradise; the resort was perfumed by subtly intoxicating aroma of spice and coffee. The resort had 45 rooms divided in 2 categories

1. Super Deluxe
2. Luxury Deluxe

The resort was targeted at premium customers with packages of 2 nights and 3 days starting at Rs 32,500 in 1992.

#### 4. Dilemma:

RSP's work experience was in the Manufacturing sector even though he had played an important role in both the customer service and sales department of an automobile company. His present work primarily involved

- ♦ Sales of rooms ensuring full occupancy during the peak season and at least 60% occupancy in the off season.
- ♦ Provide a heightened customer experience resulting in higher customer satisfaction leading to more referrals, higher repeat purchase and positive word of mouth in the target market.

It was more than a month since RSP had joined Kuber resorts and he was sitting in his office pondering over the challenges ahead. It was his first experience with the Service Sector and he knew that a lot of his learning about services will be based on the comparison between his previous work experience and his present work at Kuber resorts.

RSP had understood that there are fewer variables in case of a products business like cars compared to a service business like "Hotels and Resorts". A product can be touched, felt and is something tangible in nature whereas services are completely intangible. A product like a car can be manufactured in a factory in the absence of the customer but for a service like hotels and resorts, the services cannot be produced in the absence of the customer. Moreover, products can be standardized and conform to certain specification but since services are highly people dependent, they are inconsistent in nature. Products can be stored and then sold later but services cannot be stored. People those who pay for the product own them whereas same is not true about the services.

He was pondering on most of these characteristics of services and certainly feeling that there need to be more to services than products. He was certainly feeling that people and processes are more important in services than in products. He was trying to understand the basic nature of his business and asking very relevant questions to himself:

1. A product is tangible in nature and a customer can define its quality but how will a customer define the quality of services. What measures/dimensions need to be considered to increase the customer perception of his Resort's quality?
2. The marketing mix for a product includes product, price, place and promotion. Are there more variables in services. If yes, what are they and how can they be accommodated in services business?
3. For a car there is tangible evidence like mileage, colour, aesthetics, engine power, durability which can be evaluated and marketed before a customer buys a product, how can we help customers evaluate intangible services before they are bought?
4. While pricing a car like Maruti, the organization can take a Cost-Plus approach, but how to price the services and moreover how to convince the customer that he is actually paying the price worth his experience?
5. While hiring manufacturing employees an organization knows what kind of

technical skill set to look out for, what are the skill sets of a good front end service employee?

6. A car is a standard product and standardization certainly helps in a consistent customer experience. How can a resort where the services are inconsistent in nature can provide a consistent image of goodwill to its customers?

Even though these were some of the issues he had at that time but he knew that in his near future he needs to understand and master these variables to understand the true nature of services and perform in this industry.

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#### 5. Teaching Notes:

##### Case Synopsis:

The purpose of this case is to highlight the predicament with the services business and to help the professionals and student understand the subtle differences between a product and services business. To bring out the real essence and make the fundamentals of services marketing understandable to students, the setting of the case has been in the year 1992, when the Indian economy was

opening up to the idea of privatization, globalization and liberalization. The protagonist is a corporate Manager, Radhey Shyam Priyamvad, popularly known as RSP in his friend circle. He is a Mechanical Engineering graduate from a top Engineering School in India and his first job is with Maruti Udyog Limited (MUL). He had a mixed experience during his work at MUL for 7 years. He discovered even though he is a Mechanical Engineering graduate, his real strength lies in dealing with people. So he takes a career shift from manufacturing sector to services sector. A month in his job at Kuber Resorts, he realizes the difference between Services Business and Products Business. He tries to equate his previous experience in automobile sector to understand the business but much to his amazement lot of pieces of services business puzzle were missing.

The case brings out this comparison in the form of a dilemma in the mind of the protagonist. The students/professionals will get an opportunity to put themselves in the shoes of the protagonist and find the solution to the questions mentioned in the case study.

##### Target Audience:

The target audience for this case study is II year PGDM/PGPM/PGP/MBA/MMS Marketing specialization students.

##### Prerequisite:

To help students understand the fundamental concepts of Services Marketing a basic course in Marketing Management is essential.

##### Learning Objectives:

1. To help students provide a conceptual understanding of Services business?
2. To bring forth the differences between Services and Products?
3. To highlight the basic characteristics of Services?
4. To help students understand the constituents of Services Marketing Mix?

##### Assignment Questions:

The assignment questions are similar to the predicament highlighted in the mind of the protagonist at the end of the Case Study

1. What dimensions need to be considered to increase the customer perception of services quality?



2. The marketing mix for a product includes product, price, place and promotion. Are there more variables in services? If yes, what are they and how can they be accommodated in services business?
3. How can organizations help customers evaluate the services before they are bought?
4. What are the different ways to price services?
5. What is the skill required for a good front end service employee?
6. A car is a standard product and standardization certainly helps in a consistent customer experience. How can the services, which are inconsistent in nature, provide a consistent image of goodwill to its customers?
3. Kuber is a brand extension of Sartaj Hotels in the luxury resorts segment.
4. The premium nature of Sartaj Hotels and Palaces and Kuber requires a special mention and a small discussion on the luxury services v/s luxury products can be encouraged by the faculty.
5. This can be ended by giving an overview of Kuber Coorg highlighting that the resort has 45 rooms divided in 2 categories Super Deluxe and Luxury Deluxe and the price starting at Rs 32,500/- for the basic package

#### **Introducing the Protagonist, Radhey Shyam Priyamvad (RSP)**

The following points can feature while introducing the protagonist

1. A Mechanical Engineer from prestigious institution, VJTI.
2. Good in studies, distinction holder
3. Good technical skills but lack of passion for technical work
4. First Job, Maruti Udyog Limited
5. Spent first 3 years (1985-88) in Engineering & Production at MUL, Next 4 years (1989-1992) spent in Customer Service department.
6. Naturally good with people, examples may include his involvement with MOUNT and his success in MUL's Customer Service department.
7. A special mention can be made of his GEMS award nomination and referral generation from his satisfied clientele to help his sales team.

#### **Dilemma:**

The dilemma can be highlighted by comparing the protagonist present work experience with his past experience. The discussion at this point will be at its pinnacle with students involved at every step with their inputs. The faculty should be adept at asking questions and furthering the discussion rather than giving the answers directly. The initial discussion can happen on the characteristics of services. Once all the characteristics have been highlighted by the students the faculty can introduce the Service Marketing terminology for characteristics i.e. 4Is standing for Inconsistency (Heterogeneity), Intangibility,

#### **Hands-on Field Assignment:**

Students are advised to approach a Services Business Outlet (like hotels, resorts, PVR, Cinepolis etc) and a Product Outlet (a dealership of Maruti, Bajaj, Hyundai etc). Prepare a report and present to the class the differences noted at both these businesses from the services marketing point of view.

#### **Teaching Plan:**

The case could take about 60 minutes for discussion.

#### **Introduction of Case/Setting the Tone:**

Faculty can set the tone for the case study highlighting the importance of services sector in the present economy. A small discussion on the way Indian economy has progressed since 1992 and the contribution of services sector in the same can be discussed. The case study predicts a 70% share of Services in India's GDP by 2020, which may be a reality in the next decade. Faculty can help stimulate the mind of the students by underlining the broad objectives of the case study.

#### **Introducing the Organization:**

A brief introduction of the organization Sartaj Hotels comes next. Few main points which can be highlighted are:

1. Rich Heritage, year of establishing, no. of hotels and presence in different locations
2. Primary focus of Sartaj on Business and Pilgrimage centres

inseparability(simultaneous delivery and consumption of services), Inventory (Perishability), This can be followed by differentiating products and services based on these 4 characteristics as highlighted in the case study. This can be followed by a discussion on Assignment Questions. Here again, the endeavour will be to help students discover the nature of services on their own rather than providing them with answers. Following are the indicative solutions to the assignment questions which requires elaboration based on the classroom discussion:

**Q1.** What measures/dimensions need to be considered to increase the customer perception of service quality?

**Answer:** For this Question 5 dimensions of service quality also known as RATER (Reliability, Assurance, Tangibility, Empathy, and Responsiveness) need to be discussed

Reliability: ability to perform the promised services dependably and accurately

Assurance: employees' knowledge, courtesy and the ability of the firm and its employees to inspire trust and confidence.

Tangibility: appearance of the physical facilities, equipment, personnel and communication materials.

Empathy: caring individualized attention the firm provide its customers.

Responsiveness: willingness to help customers and provide prompt service

A small discussion encompassing the application of all these 5 dimensions in premium resort category like Kuber will be beneficial for the students.

**Q2.** The marketing mix for a product includes product, price, place and promotion. Are there more variables in services? If yes, what are they and how can they be accommodated in services business?

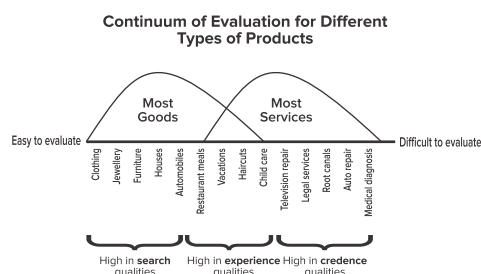
**Answer:** Services Marketing Mix has 7 P's. Apart from the traditional 4 P's of marketing i.e. Product, Price, Place and Promotion, services business has 3 more P's namely People, Processes and Physical Evidence. The extended marketing mix of services can be highlighted by giving the example of People, Processes and Physical Evidence from the Case Study.

**Q3.** How can organizations help customers evaluate the services before they are bought?

**Answer:** Faculty has to make students understand that the extended marketing mix of services comprising of people, processes and physical evidence helps in "Tangibilizing the Intangible". Students can be given examples based on different strategies used by organizations to help their target market evaluate their service purchases before they are bought. The following Questions can be asked to stimulate the mind of the student:

- ♦ How does PVR cinemas increase their ticket sales without showing the movie to the customer?
- ♦ How does a theme park like Wonderla attract more customers even before giving experience of real services to its customers?
- ♦ A great example of pre-launch promotion of Ginger Hotels is in the url below

[http://www.business-standard.com/article/companies/ginger-model-on-kolkata-streets-107052901010\\_1.html](http://www.business-standard.com/article/companies/ginger-model-on-kolkata-streets-107052901010_1.html)



To make the discussion more interesting faculty has the liberty of introducing the concept of continuum of evaluation and students based on their understanding of differences between products and services can be shown how evaluating services is difficult compared to products.

The discussion on this question can end by giving strategies on how a premium resort like Kuber help its customers evaluate its services before they are bought.

**Q4.** What are the different ways to price services?

**Answer:** The discussion can be elaborated on the following 3 different ways of pricing the services

1. Cost Based Pricing
2. Competition Based Pricing
3. Demand Based Pricing

The pricing strategy of Sartaj Hotels can be discussed. From the information given in the case study Sartaj Hotels follow a demand based pricing strategy.

**Q5.** What are few important skills required for a good front end service employee?

**Answer:** One of the most important constituent of services is people. So one of the primary skills required by a front end service employee is her ability to deal with people, negotiate with them and convince them of her ideas. A front end service employee should be high on her soft skills and should have a pleasing personality.

**Q6.** A car is a standard product and standardization certainly helps in a consistent customer experience. How can a service which is inconsistent in nature can provide a consistent image of goodwill to its customers?

**Answer:** Inconsistency is characteristic of services that make them less standardized &

uniform than goods inconsistency is called as heterogeneity or variability

As people are the dominant factor in services marketing mix, People themselves can be the dominant cause of heterogeneity. No 2 customers are alike. Thus, the perception of service by all customers is different which contributes to heterogeneity. Hence we can say that heterogeneity mainly arises through interactions. Each interaction with a service is important to maintain the service levels. Heterogeneity needs to be controlled to give a uniform customer experience.

To bring a consistent service experience service providers use strategies like consistent employee training, setting customer expectations, use of technology and automation etc.

Eg- 1) Bank ATM provides consistent services.  
2) Mc Donald's have been able to achieve consistency in services delivery by adopting production line approach to services and standardizing every aspect of services operation down to the width of the smile that each customer should be greeted with.

## Book Reviews:

### India Policy Forum 2014-15: Volume 11

**Shekhar Shah, Arvind Panagariya and Subir Gokarn**

*Publisher: Sage Publications, August 2015; Paperback: 300 Pages; Language: English; ISBN: 978-9-351-50575-4*

In India, we have many debates and policy pronouncements but rarely a serious analysis and implementation is ever undertaken. It is neither attempted prior to putting in a policy nor after the implementation (successful or otherwise). The ex-post evaluation or impact studies lack the sharpness of analysing the process, these studies only are of post-mortem type. The accountability in drafting a good or a faulty policy is absolutely absent. India Policy Forum has undertaken the task to analyze policy issues involving best policy makers and analysts. This book has two important views. First, it has a clear outlook by the policy makers, a ringside view, on one side and that by the very seasoned analysts from the other end of the tunnel. Policy forum discusses these policy issues in a specifically invited selective gathering of administrators as also analysts, and then situates them together. Well-known academics, comments by policy analysts are included. It is brought out together by NCAER and Brookings Institute as a volume under the India Policy Forum. The Policy Forum (IPF) debates are theoretically quite strong, empirically well supported and academically rewarding. The present volume of IPF is based on the discussions held in mid July 2014, on five current issues confronting the Indian economy. I must say that this volume is star studded with contributions from Professors like Kaushik Basu, Bary Eichengreen & Poonam Gupta; Sonalde Desai & Reeve Vanneman; Shampa Bhattacharjee, Viktoria Hnatkovska & Amartya Lahiri; Shamika Ravi & Sofi Bergkvist; Sandip Sukhtankar and Milan Vaishnav. IPF started working on some of the critical policy issues in 2004 and this is 11th volume in the series.

This volume has five important papers looking into different themes in India's policy environment. These have both National as well as International panelists and written by unquestionable authorities in the subject. However, one should not venture into internal

connectivity of these themes, they are seemingly unconnected but have a core theme namely 'Failure to Read the Early Warnings'. In each of the themes pursued by the authors' one comes across the policy makers' failure to read the early pointers. These papers were presented to get an assessment of the policy impact and also commented by those who had a say in some of the implementation processes.

The volume opens with an in-depth analytical article by Kaushik Basu and co-authors. The "Tapering Talk" hypothesis emerged when Federal Reserve Chairman Ben Bernanke spoke on 22nd May 2013, about reducing or 'tapering' its security purchase. It came to be known as 'Tapering Talk' hypothesis. The authors view this in the context of India. They address broadly three issues, namely: Why the impact was so severe on the exchange rate & stock markets? What corrective measures were taken? and were these effective? And finally what should be the Policy preparedness? As we all know there was a strong sentiment about 'Tapering Talk' and its negative impact on the emerging market economies. The question that cropped up regarding India having serial negative impact and hindrance in its march towards higher growth trajectory! It is true that rupee depreciated, bonds had wider spread and stock market showed increased volatility. But was that sufficient to hold the 'Tapering Talk' as an igniting fuse? Kaushik Basu and co-authors have maintained that the Indian impact was stronger because of the country's large and liquid financial markets, which recently experienced increased capital flows and witnessed macro-economic vulnerability. The susceptibility to the capital funds and ineffectiveness of the policy in the emerging market economies had allowed their real exchange rate to appreciate and also the current account deficit to widen during the period of quantitative easing. The increased

vulnerability had its seed-sown in this idea. The impact was modulated through interventions in foreign exchange market increasing all the lending rates by about 200 basis points and tinkering the import duties on gold. Kaushik Basu and co-authors tried to look into the impact of these interventions using event study regressions. The methodology and specification of the model apart (Shankar Acharya says the charts are more effective than the regression exercise, I fully agree), the results indicate that many elements of the policy responses were ineffective or even counterproductive. The comparison of the exchange rate 5 days after the announcement of the new policy with its value 5 days prior to the announcement raises a question about the choice of this five days interval. Even the measures to stabilize the exchange rates were also not so effective in stabilizing. The observations show that in the 5 days after the announcements, exchange rate depreciation accelerated and portfolio equity flows declined. The RBI met this situation with a few quick correctives. These steps showed some impact but that has to be analyzed more keenly.

The paper has strong analytics and provides clues to India's response to the two important events. This paper not only delivers us good document on effectiveness of the Macro policies, but also indicates effectiveness of RBI interventions and its intentions to take hold of the situation in times of monetary tremors. Interestingly, the authors state that once a country is affected by an external shock leading to some rebalancing of the aggregate portfolios, policy maker does not have access to an easy tool box. Probably one must look for smoothening the effects of shocks through moderate policies rather than strict monetary policy domain. Shankar Acharya in his comment says "My own final thought is that in these, short-run crisis situations what works is highly sui generis and you have to feel your way as you make up an action plan." (p57). This is exactly a policy maker's response.

The second issue is the National Food Security act is considered as one of the important and major policy steps in the recent past. It is portrayed as a solution to many evils. One should not forget that nutrition security has been one of most debated issues in India and students from Food Security debate dominate

all the academic writings through-out the last six decades. One however, should not forget the contribution made by Maharashtra Employment Guarantee Scheme and the Sukhadi distribution on the drought works during 1972-3 drought in that State. National Food Security Act was passed in September 2013, to provide wider safety nets to the poor in the 'Right to Food Perspective'. The Bill due to its focus went through the parliament very easily and the Act was passed. The effectiveness of the act is subtle which brought forth many questions. Sonal Desai and Reeve Vanneman through these analyses suggest that the effectiveness of the NFSA (National Food Security Act) could have been far better than the existing one. The authors raised few questions which include locating determinants of under-nutrition success of the mechanism, targeting the determinants of NFSA and finally the possibility of its envisioned expansion and effectiveness of the policy.

Some time back NCAER took a strong initiative along with the University of Maryland to collect data of ICDS and PDS in the country. As remarked by one of the commentators – the data is great and I say it is being put to wonderful use by the authors. The conclusion that PDS may be costly way of dealing with malnutrition is somewhat a hurried statement, I suppose. The authors used this dataset to suggest that access to PDS is not necessarily associated with better nutritional outcomes and access to ICDS is largely associated with lower under nutrition. Score matching is the mechanism used by the authors in a quasi-experimental situation. They analyzed about 20 different characteristics from the sample. The paper provided four priority action areas towards strengthening the policy to fight under-nutrition. These include identifying the under-nourished, addressing the malnutrition, addressing the cases of moderate-malnutrition and finally promote balanced diets for effectiveness of disease control. I must add that these policy links are quite critical and can become guidelines for researches in under-nutrition or malnutrition in India. The outcome focused nutrition strategy discussed by the authors on pages 100-102 is new evidence and that deserves attention. But one question crops up in my mind is the relation between income & malnutrition. Do we really have income as strong determinants, and if yes why most of the Indian athletes and excellent

players (excluding a few games) come from very poor families. Wasn't nutrition needed by PT Usha to get over the first few hurdle races with the paltry income of her family?

Shampa Bhattacharjee and her co-authors focused on evolution of gender gaps in India on a longitudinal scale. We are now quite aware of the existing gender gap in education, nutrition, wages and occupation choices. The interesting theme of this paper is the dynamics of the gender gaps and any keen observer of the Indian scenario will conclude that the gender gaps are shrinking and that does not need an elaborate research. But the beauty of this paper is the efforts of the authors to capture the gender discrimination across different groups. The authors aggregate gender gaps from National level Micro data to generalize measures to provide estimate of the gaps. Given that the gaps have narrowed for the younger age group in the workforce but the authors believe that the gap will further shrink. Education emerges as a strong explanatory factor as can also be buttressed by the decomposition analysis. National gender gap in the labour market in terms of wages and trends over time has been estimated based on the available data to give a dynamic feel. The authors have stressed many important issues that have not attended to address inequalities in nutrition.

Health Insurance is an important emerging field in India after the process of globalization has set in. We never had a social security scheme that would cover the health aspect of the weaker. It took us almost half a century to begin with effective health insurance schemes and little more time to allow the private players to enter into the Health Insurance sector. Initially, there were strong apprehensions and usual policy hiccups, but soon the sector started to spread its network. It was the provocation through the World Bank Report of 2010 that our policy makers realized the pathetic conditions of the health insurance cover available in the country. In the presence of the private sector that Government of India initiated the state supported health insurance scheme. Shamika Ravi and Sofi Bergkvist have tried to look into effectiveness of public financed health insurance scheme in India. We are often having the opinion that financial institutions do not function efficiently. There are many reasons for such ineffectiveness, but

the major reason possibly is the marketing policy. Of these schemes Rashtriya Swasthya Bhima Yojana (RSBY) is a State Sponsored health insurance programme which has a very limited spread due to its relative ineffectiveness but also possibly due to the marketing volumes. The authors find very limited impact of the RSBY in the country. The coverage under Publicly Funded Health Insurance was about just 2 million accounts in 2004-05 and that increased to 191.7 million by 2009-10. During the same period the Private Insurance coverage grew from 10.9 million to 553 million. That indicated poor products offered in the PFHIS and a poor platform for health care financing. More than that the information asymmetries and voluntary nature of the insurance also matters significantly. The utilization of the RSBY has increased but the rate at which it is crawling is pathetic. The state schemes are more effective probably because of ease of indemnity and proximity to the state Head Quarters. The authors have suggested few policy leads but stress on wide-spreading the network. The marketing skills used in enhancing the net of RSBY have to be honed. Nirvikar Singh while commenting on the paper does seem to be very happy with the analytics in the paper and indicates one critical point. He points to the paper by Selvaraj and Karan and at the same time indicates methodological neglect of some good contributions by the authors. He hinted to learn from the success of Andhra Pradesh.

Last paper in this volume deals with the most difficult and highly discussed subject of corruption in public places. Sandip Skhatankar and Milan Vaishnav bring this under the wide umbrella of research evidence and policy options. It raises our expectations as if we can get a talisman to solve this cancer of the society. Corruption is an issue of enormous importance and interest by media as well as politician. It is a phenomenon that is deeply imbedded in the culture of work in this sub-continent. Here even God does not give blessings without some offerings. The authors attempt unearthing the drivers of the corruption namely right to service and public procurement bills. It is argued that technological interventions like direct benefit transfers that bypass the middlemen and corrupt spots are better alternatives. But lack of enforcement-capacity and regulatory complexities will continue to dog many



sectors. The summary of the empirical literature provided by the authors does not bring out clearly the institutional values as a major driver and detrimental to the whole process. The authors provide few solutions that involve provision of information, from bottom-up monitoring, usage of IT, provision of financial incentives, and legal/electoral reforms. Authors also address to the issues of political corruption and conditions under which the political leads are drawn towards abiding the law. The discussion of political corruption in the paper is quite interesting so also the agenda provided for policy.

India Policy forum discussed many of the policy issues but which proved all that they did not find road towards building the policy. This 11th volume of the policy forum provides extremely good outlook for policies on five dimensions of the star studded papers from authors in depth. The authoritative introduction to the volume given by Shekhar Shah, Arvind Panagariya and Subir Gokarn covers the quintessential details

of all the papers but they could have arranged to weave these disjointed issues in some theme. To me it seemed an impossible task. The book certainly takes us through the lanes and minute strands of the fiber of Indian policy making in five different sectors. It provides us a ring-side view in making of the macro-economic policies to deal with external shocks, for handling malnutrition. It also addresses to bridging of the large gaps in analyzing the institutional failures like public health scheme (RSBY) and finally endeavors an ill-equipped attempt to build a policy for the cancerous issue of corruption. The volume is extremely useful for policy thinkers as well as students and teachers who deliver the knowledge on effectiveness of the policy and to those social analysts who would like to learn the modern history of economic policy. The book is an important addition to the ongoing policy dialogues and therefore falls in the category of must read.

**R. S. Deshpande**

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## Ten Types of Innovation: The Discipline of Building Breakthroughs

**Larry Keeley, Helen Walters, Ryan Pikkell and Brian Quinn**

*Publisher: Wiley Publications, April 2013; Paperback: 276 Pages; Language: English  
ISBN: 978-1-118-50424-6*

### About the Authors:

Larry Keeley is a world renowned innovation consultant, speaker, President, Co-founder at Doblin Group; Director of Deloitte Consulting, LLP.

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In this book "Ten Types of Innovation: The Discipline of Building Breakthroughs", the authors share one of the world's most recognized frameworks in the field of innovation.

### Summary of the Book:

For many businesses and organizations innovation is not optional, it is imperative. Customers demand it; competitors will outflank them if they don't achieve it; talented employees won't join their teams if they don't deliver it; and most analysts and investors expect it. This book helps visionaries of all levels and in all industries to learn what to do when the stakes are high, time is short and a breakthrough needs to happen. This book is the first in explaining how to implement the Ten Types of Innovation concept that has influenced thousands of executives and

companies around the world since its discovery in 1998.

According to the authors, the first four types of innovation focus on the inner workings of the enterprise. These elements consist of the profit model, network, organizational structure and internal system flows or processes. The remaining six areas include the product performance, product systems, servicing, distribution channels, brand name and customer engagement. Full implementation consists of having a successful operating scenario in place for each of the ten phases. Problems in any single phase can have a detrimental overall impact.

The authors provide working models to illustrate the general principles in action. For instance, UPS and Toshiba partnered to have UPS technicians to repair broken Toshiba laptops at the UPS shipping hubs.

The book provides an interesting section on shifting focus. Looking within helps to determine stale patterns of operating which could be replaced by innovations aimed at streamlining operations. Looking at others in the industry provides comparative data which can be helpful in deciding whether or not to innovate differently. Sometimes examining what others are doing outside your industry helps to redirect internal efforts for the future.

The authors provide an innovation summary which includes the various modalities of innovation for each major area. For instance, network innovation may consist of alliances, collaboration, consolidations, franchising or supply chain innovation.

Ten Types of Innovation is an important work which explains the various elements necessary to take a product or process from concept through implementation for a wide array of constituencies both internal and external to the firm.

This book brings out the Ten Types of Innovation framework that has emerged by applying a proprietary approach to a list of more than 2,000 successful innovations, including Amazon.com, early IBM mainframes, the Ford Model-T, and many more, to determine ten meaningful groupings that provide insight into innovation. Ten Types of Innovation explores these insights to diagnose patterns of innovation within industries, to identify innovation opportunities and to evaluate how firms are performing against competitors. This framework has proven to be one of the most enduring and useful ways to start thinking about transformation and the authors detail how businesses can use these innovation principles to bring about meaningful—and sustainable—growth within their organizations.

This book comprises of seven parts divided into eighteen chapters which explicitly explains the various elements necessary to take a product or process from concept through implementation for a wide array of constituencies both internal and external to the firm. With innovative graphics that model the potential for doing things differently, Ten Types of Innovation is a book that is not only entertaining and inspiring but also succeeds at offering business leaders a systematic approach to innovation thus "moving the field," as the authors write, "from a mysterious art to more of a disciplined science."

The book is about how organizations should internalize a kind of market analysis and

execution. This calls for a balance of creativity + discipline, pragmatism + ambition, top-down + bottom-up initiative, and analysis + synthesis. Leadership drive is needed to set the vision, define the innovation approach, create organisational support and incentives and devise appropriate metrics for internal and external assessment.

This is a 'must-read' book for entrepreneurs, innovators, business leaders and students of tech/biz schools, providing a comprehensive overview of cross-industry innovation trends and practices. The wealth of case studies in the book is based on over three decades of research, across 2,000 examples. "Storytelling is in a new golden age," the authors begin, as the pace of innovation picks up around the world and a range of experts, practitioners and narrators describe methods and impacts of innovation.

In addition to useful and compelling content, the book is superbly designed and easy to read, and makes for a good skim through as well as deep dive into the material. This book definitely belongs to your bookshelf if innovation is your organisation's priority.

The authors of this book share one of the world's most recognized frameworks in the field of innovation developed by Doblin, the innovation practice of Monitor Deloitte within Deloitte Consulting LLP, through empirical study and over 30 years of research and practical application.

**Geetha. M. Rajaram**

*Professor, School of Economics and Commerce, CMR University*  
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## Miscellaneous Research Updates:

### Revised UGC-Fellowships under Various Schemes

#### 1. UGC-Faculty Recharge Programme:

The University Grants commission has taken serious note of the steep decline in research environment in Indian Universities and stagnation of faculty and infrastructure. The Government of India, through the University Grants Commission, has decided to launch a new Programme called "*UGC-Faculty Recharge Programme*" to redress this situation. This is a pressing requirement since majority of our Universities, especially State Universities, have not recruited faculty on a significant scale for a long time and are in danger of losing more than a generation of researchers.

Lack of availability of faculty positions, besides other endemic problems associated with hiring of faculty, is often cited as causative factors of this state of affairs. The recent creation of eight new Indian Institutes of Technology, five Indian Institutes of Science Education and Research and sixteen Central Universities is anticipated to further aggravate this problem.

The Faculty Recharge Initiative offers an effective mechanism to address this problem and should provide a unique opportunity to the Universities aspiring to upgrade and rejuvenate faculty resources in their science - and engineering related departments. Under the Programme, fresh talent, at all levels of

#### The Scheme Wise Existing Fellowship Rates

Sl. No.	Name of the Scheme	Current Fellowship
<b>Schemes under Ministry of Human Resource Development</b>		
1	Emeritus Fellowship	Rs.20,000/- P.M.
2	PDF for Women (Unemployment)	Rs.25,000/- P.M. and Rs.30,000/- after two years
3	Dr. S. Radhakrishnan PDF in Humanities & Social Sciences including languages	Rs.25,000/- P.M. 1st Year Rs.26,000/- P.M. 2nd Year Rs.27,000/- P.M. 3rd Year
4	Swami Vivekananda Single Girl Child scholarship for Research in Social Science	Rs.8,000/- P.M. for two years and Rs.10,000/- P.M. for 3rd and 4th year.
5	JRF & SRF in Science, Humanities and Social Sciences	Rs.16,000/- P.M. and Rs.18,000/- P.M. respectively
6	JRF & SRF to Foreign Nationals	Rs.12,000/- P.M. and Rs.14,000/- respectively
7	RA to Foreign Nationals	Rs.16,000/- P.M. (fixed)
8	PDF for SC/ST Candidates	Rs.25,000/- P.M. and Rs.30,000/- after two years
9	PG Scholarship for professional Courses for SC/ST students	Rs.5,000/- P.M. for M.E/M.Tech Rs.3,000/- P.M. for others
10	PG Scholarship for GATE/GPAT qualified students for M.E/M.Tech/M.Pharm etc	Rs.8,000/- P.M.
11	PG Indira Gandhi Scholarship for Single Girl Child	Rs.2,000/- P.M. (for 20 months only)
12	PG Scholarship for University Rank Holders	Rs.2,000/- P.M. (for 20 months only)

academic hierarchy, is to be inducted in selected departments / centers through a nationally-conducted competitive process and the inductees are to be placed as Assistant Professors, Associate Professors and Professors.

*To impart distinct identity to this specially selected faculty, a prefix 'UGC' has been added to each of these categories. And, the faculty will be designated as UGC-Assistant Professors, UGC-Associate Professors and UGC-Professors, respectively.* It is intended to ensure that individuals with exceptional creativity, zeal and commitment to research and teaching will be selected through this Programme. The positions will be tenable at Universities eligible to receive developmental funds under UGC.

## **2. Incentives for Full Time Research Scholars:**

In a bid to encourage research scholars, the University Grants Commission (UGC) has hiked the basic fellowship amount and scholarships.

The expert committee for bringing parity among all existing fellowships during a meeting held on 17th November 2014 has

recommended the revised scholarships under various schemes.

For Junior Research Fellowship (JRF) the revised amount would be Rs 25,000 per month from the earlier Rs 16,000 and in case of Senior Research Fellowship (SRF), scholars would now get Rs 28,000 per month from the earlier amount of Rs 18,000. Earlier in the day, the Rajya Sabha was informed about the revision in grants by HRD Minister Smriti Irani. She said the hike in JRF and SRF in basic sciences will be on par with the similar fellowship amount disbursed by Department of Science and Technology.

In case of Humanities and Social Sciences, the increase would be by about 55%. The Swami Vivekananda Single Girl Child Scholarships for research in social sciences will be raised from Rs 8000 to Rs 12,400 per month in the first two years and from Rs 10,000 to Rs 15,500 per month in the third and fourth year. The PG scholarships for Graduate Aptitude Test in Engineering (GATE) qualified students will be raised from Rs 8000 to Rs 12,400 per year.

### **B. S. Patil**

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# CMR Journal of Innovation and Research

(International Peer Reviewed Multi-Disciplinary Journal)

## CALL FOR PAPERS:

Greetings from the School of Research and Innovation, CMR University (CMRU), Bangalore!

CMR University, Bangalore is established under **CMR University Act, 2013 and Notified by Government of Karnataka** (*Vide No. ED 91 UNE 2013 dated 12 Nov 2013*).

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**Chapters from Edited Books:** Maarshall, W. A., (1975). The Child as a Mirror of his Brain's Development. in: Sants, J. & Butcher, H. J., (eds). *Development Psychology*. Aylesbury, Bucks: Hazell Watson & Viney Ltd.

**Conference Proceedings:** Lamba, S. L., (2001). Indian Insurance Industry: Expansion and Convergence, Confederation of Indian Industry, Proceeding of International Conference on Insurance, July.

**Online Sources:** Batts, S., (2007). Antioxidants in Berries Increased by Ethanol (but are daiquiris healthy). [Online] April 24th 2007. Available from: [Scienceblogs.com](http://scienceblogs.com/retrospectacle/2007/04/antioxidants_in_berries_increa_1.php) [http://scienceblogs.com/retrospectacle/2007/04/antioxidants\\_in\\_berries\\_increa\\_1.php](http://scienceblogs.com/retrospectacle/2007/04/antioxidants_in_berries_increa_1.php). [Accessed: 2nd May 2008].





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