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Patron's Desk

"Globsyn Business School believes in learning 'Beyond Education'. And it is through elements like, Globsyn Management Journal, Globsyn Management Conference, EMBRYON, Serendipity, Globsyn Annual Lecture Series and Kalyani that we spread the concept of 'Beyond Education' among our stakeholders. The Globsyn Annual Lecture Series is aimed at corporates, Globsyn Management Conference has been designed for academicians, Serendipity is a learning experience for our students, EMBRYON nurtures the spirit of entrepreneurship and Kalyani allows students and alumni to 'care for society'. Similarly, the Globsyn Management Journal has been envisaged as a platform for management educators and innovators to share their research and to become a journal of choice for all management students, researchers and educators".

My best wishes to the entire team.

Bikram Dasgupta
Founder & Executive Chairman
Globsyn Group

Editorial

I take immense pleasure in presenting this issue of Globsyn Management Journal. In the era of disruption, we at Globsyn Business School are able to continue to add value to the process of knowledge generation with the support of our editorial team, reviewers and the authors. This issue presents an eclectic mix of research articles, case studies, perspectives and book reviews from different domains of management. The first article is a study on the select organizations of the life insurance industry, its performance over the years in the changing market scenario. The second article is a study about the consumer market in the luxury segment. This article has attempted to identify the factors that are associated with the buying decision of the customers. An exhaustive case study on Texmaco presents the turnaround of an organization and provides an immense learning opportunities for students, academicians and practitioners. The perspective section of the journal presents an area about the psychological consequences of oppression in the form of caste based discrimination in India. Next, the author has portrayed how employees perceive and value their engagement with the company. Finally in the book review section the authors have critically reviewed three contemporary books relevant in the present scenario and given feedback on its significance in the field of management. With this, we hope to continue to deliver to the knowledge fraternity with contemporary articles and thoughts from the field of management and enrich the learning environment.

Ipsita C. Patranabis

Associate Editor



Research Articles

A Comparative Study on the Financial Performance and Market Concentration Analyses of the Selected Life Insurers in India

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Abstract

In the pre-reform era, Life Insurance Corporation of India (L.I.C.I) dominated the Indian Life Insurance market with a market share close to 100 per cent. But the situation drastically changed since the beginning of the year 2000. At the end of the FY 2012-13, there were 24 life insurance companies (inclusive of 1 public sector player, L.I.C.I) presently operating in India. The market share of LIC has also gone down drastically over the years to around 72 per cent at the end of FY 2012-13. The present paper is an attempt to compare the financial performance, solvency and the level of market concentration of the Indian life insurance sector viz-a-viz the four leading life insurers in India namely the LIC, ICICI Prudential Life Insurance Company Limited (ICICI Pru), HDFC Standard Life Insurance Company Limited (HDFC Standard) and SBI Life Insurance Company Limited (SBI Life) respectively, over a span of three successive FYs from 2010-11 to 2012-13. The former is the sole public-sector life insurance player, whereas the latter ones are dominant private-sector life insurance players in India with a market share of 4.72, 3.95 and 3.64 per cent respectively at the end of the FY 2012-13.

Key words: *Life Insurance, Solvency, CAMELS, IRDA, HHI.*

1. Introduction

Globalization of the insurance market, as part of the overall process of liberalization in India, enabled the foreign insurance companies to put their foothold into India. The decade of 2000s saw an upswing in the growth of life insurance industry from industrialized countries to the emerging markets such as India. From a single government insurer till the mid 90's, the Indian insurance industry also underwent a drastic change that witnessed the market share of private insurance players to soar up to around 27% at the end of FY 2012-13. Though the existing insurance law allowed a foreign partner to hold 26% equity in an insurance company in India, a proposal to increase this limit from 26% to 49% was pending with the government for approval. Had the proposed law come to fruition, it would have enabled the foreign companies to infuse fresh capital in the Indian insurance sector, thereby

fuelling further growth. Liberalization of the life insurance market for private participation, eventually raised issues about ensuring sound financial performance and solvency of the life insurance companies and protection of the interest of policyholders. Moreover, the rise in the number of players in the country's life insurance sector has made the market more competitive.

The present research paper has been structured as follows: *Section-2* summarizes the literature review that contributes to the present research work. *Section-3* narrates an overview of the Indian life insurance industry. *Section-4* discusses about the research objectives, sample selection and methodologies used to extract and analyze the data. *Section-5* highlighted on the core set of 10 financial ratios (Financial Soundness Indicators, FSIs) that were used in the application of the CAMELS model, besides the Solvency Ratio analysis and market concentration analysis of the Indian life insurance sector over the three FYs from 2010-11 to 2012-13. In addition, an attempt has also been made to ascertain the extent of differences in the performance of LIC viz-a-viz the selected private life insurers in terms of total life insurance premium income collected over the periods from 2010-11 to 2012-13. *Section-6* reported the analysis and findings of the results for the present research work. *Section-7* provided the concluding observations of the researcher based on the present study. *Section-8* highlighted about the limitations and the scope of opportunities for future research work. A bibliography of the references and materials used in the present research work has been separately provided at the end.

2. Review of the Relevant Literature

Alamelu, K (2011) made an attempt to evaluate the financial soundness of all the available life insurance companies operating in India during the periods from 2005-06 to 2007-08 based on 14

FSIs (Financial Soundness Indicators), as suggested by IMF. The indicators ranged from capital adequacy, asset quality, reinsurance, management soundness, earnings and profitability, liquidity and solvency ratios. He found the financial soundness of the Indian life insurance companies to be satisfactory for the selected period of study.

Bedi, Harpreet Singh and Singh, Dr. Preeti (2011) made an attempt to evaluate the overall performance of life insurance industry of India between pre and post economic reform era. He has taken a total of 18 life insurers, including the sole public-sector player LIC. The period of study was segregated between the public and private-sector life insurance companies based on the pre and post economic reforms. The investment strategy of LIC was evaluated for the period from 1979 to 2009. Again, the performance of 18 life insurers, including LIC, was also evaluated for the period from 2001-02 to 2007-08. Data were analyzed by using t-test and Anova.

Darzi, Tanveer Ahmad (2012) in his doctoral thesis awarded by the University of Kashmir analyzed the financial performance of 12 (4 public-sector and 8 private-sector) General insurance companies in India for a five-year period from 2004-05 to 2008-09 based on the CAMELS framework developed by IMF. He analyzed the financial performance of all the individual non-life insurers on the basis of 13 ratios covering of the parameters of the CAMELS model, with the only exception being the 'Sensitivity to market risks' parameter due to the absence of available information. The secondary data sources were used for the study.

Das, Davies and Podpiera (2003) has mentioned about the basics of financial sector assessment in the first two chapters of his book. The author has specifically highlighted in the second chapter about the indicators of financial structure, aspects

relating to system-wise indicators, indicators of the key attributes of the sector and measures of outreach of financial services.¹

Sinha, Abhijit (2012) in his doctoral thesis awarded by the University of Kalyani has analyzed the financial performance of 18 life insurers in India, based on nine (09) ratios as recommended in the CAMELS model which was developed by IMF. The data set covered a period of 09 years from 2001-02 to 2009-10. He also ranked the life insurers on the basis of their overall performances over the selected period of time.

Sinha, Abhijit (2013) has analyzed the financial soundness of two leading private life insurance companies operating in India, namely Bajaj Allianz Life Insurance and ICICI Prudential Life Insurance, based on the CAMELS framework as developed by IMF. The data set covered a period of 6 years from 2004-05 to 2009-10 and the life insurers were selected based on the purposive sampling method. The results of both the players were found to have improved over the period of study.

Sen, Raj Gopal (2011) in his doctoral thesis awarded by the University of Calcutta analyzed the profitability and growth of the public and private-sector life insurance companies. He has taken a total of 18 life insurers, including the sole public-sector player LIC. The period of study was segregated between the public and private-sector life insurance companies – Private sector life insurers were considered for the period from 2000-01 to 2007-08, and the period of study for LIC was from 1995-96 to 2007-08. He analyzed the financial performance and profitability of each of the individual life insurers with the help of ratio analysis, correlation coefficient and hypothesis-testing.

3. History of the Indian Life Insurance Industry

Life insurance activity in its modern form started in India in 1818 to provide for English widows through a British company called the Oriental Life Insurance Company at Calcutta. These companies were only insuring the lives of Europeans living in India. In 1871, the first Indian company with the title 'Bombay Mutual Life Assurance Society' started its business in India at normal rates of premium i.e. at the rate applicable to the English people. The first attempt at regulation of the Insurance business in India was through the passing of the Indian Life Assurance Companies Act in 1912. To protect the interests of insuring public, the Insurance Act was subsequently reviewed and a new comprehensive legislation was enacted called the 'Insurance Act of 1938' that provided strict state control covering both life and non-life insurance businesses in the country. Finally in 1956, the life insurance business was nationalized in India by an Act of Parliament with the introduction of the Life Insurance Corporation (LIC) Act on 01st July, 1956 through the takeover of 245 insurers (170 Companies and 75 Provident Fund societies). This saw the emergence of the country's sole public-sector life insurance company namely the 'Life Insurance Corporation of India' (L.I.C.I.). The L.I.C.I. was formed with an initial capital contribution of Rs. 5 crores from the Government of India with Section 30 of the LIC Act, 1956 providing the Life Insurance Corporation of India the exclusive rights to carry out life insurance business in India.

The changing economic scenario, liberalization and globalization of economy in the early 1990s prompted the government to appoint a high-powered committee in 1993 under the chairmanship of R. N. Malhotra, former Finance

1. Sinha, Abhijit (2013): "Financial Soundness in Indian Life Insurance: A Comparison Between Two Leading Private Players", *Indian Journal of Finance*, Vol. - VII, No. 4, Pgs. 22-30.

secretary and ex-governor of Reserve Bank of India (RBI) to evaluate the structure of the Indian insurance industry and recommend its future direction. In addition, there was immense pressure from the international sphere for opening up of the insurance sector in India, as a member of the World Trade Organization (WTO). The Malhotra Committee Report justified the entry of foreign insurance companies by arguing that if it is permitted, it should be done on selective basis preferably through joint venture with Indian

partner with not more than 26 per cent stake. In 1999, the Insurance Bill was finally passed in both houses of parliament, with the formation of the Insurance Regulatory and Development Authority (IRDA) Act, 1999. It was also aimed at ending the monopoly of L.I.C.I and G.I.C.I. in the country's insurance sector. Finally, the President gave his assent to the IRDA Act during April, 2000 and since then several private and foreign companies started to pour into the life insurance market in India.

Table 1: Significant Milestones in the Indian Insurance sector

Years	Significant Events related to Indian Insurance sector
1912	Enactment of the Indian Life Assurance Companies Act as the first statute to regulate the life insurance business.
1928	Enactment of the Indian Insurance Companies Act to enable the government to collect statistical information about both life and non-life insurance businesses.
1938	Earlier legislation consolidated and amended to form the Insurance Act with the object of protecting the interests of the insuring public
1956	The Life Insurance business was nationalized in India with the formation of the Life Insurance Corporation (LIC) Act.
1968	The Insurance Act was amended to regulate investments and set minimum solvency margins. Tariff Advisory Committee (TAC) was also set up.
1972	The General Insurance Business (Nationalization) Act, 1972 was passed.
1993	Malhotra Committee was formed under the supervision of R. N. Malhotra, former Finance Secretary and RBI Governor
1994	Malhotra Committee submitted its report to the government of India
1996	Based on Malhotra Committee recommendations, an interim Insurance Regulatory Authority (IRA) was established.
1997	The Government gives greater autonomy to LIC, GIC and its subsidiaries related to the restructuring of boards and flexibility in investment norms aimed at channeling funds to the infrastructure sector.
1998	Amendments were proposed to Insurance Act of 1938, section 30 of LIC Act, 1956 and section 24 of GIC Act, 1972 to permit the entry of Indian private companies into the Insurance business.

1999	The interim IRA was replaced by the Act passed in 1999 known as the Insurance Regulatory and Development Authority (IRDA) Act, 1999. The Cabinet clears the IRDA Act.
2000	President gives his assent to the IRDA Act through an official notification in the Gazette of India.
2008-14	The Insurance Laws (Amendment) Bill, 2008, was introduced in the Rajya Sabha by the UPA Government on 22nd December, 2008, with a view to amend the Insurance Act 1938, the General Insurance Business (Nationalization) Act, 1972 and the Insurance Regulatory and Development Authority Act, 1999. There are a total of 111 clauses in the Insurance Laws (Amendment) Bill, 2008 including the FDI hike in the insurance sector, and the amendments were proposed with an objective to further deepen the reform process in the Indian insurance sector. The bill, presented by the BJP Govt. in 2014, to increase the FDI Limit from 26% to 49% is still awaiting necessary approval and clearance from both the Houses of Parliament.

Source: Compiled by the authors from various sources

4. Objectives, Methodology and Data Sources

The objective of the present research work was to analyze the financial performance, solvency and level of market concentration of the life insurance sector on the basis of the selected life insurers in India. The four leading life insurance players namely LIC, ICICI Pru, HDFC Standard and SBI Life were selected based on their market shares at the end of the FY 2012-13. The period of study has been considered for three successive FYs from 2010-11 to 2012-13. The data were mainly collected from the IRDA Annual Reports as well as from the websites of respective life insurers for the periods from 2010-11 to 2012-13. The CAMELS framework used for the present study, which is analogous to the CAMELS framework applied in the banking sector, is a ratio-based model as recommended by IMF to assess the financial stability and soundness of an insurance sector in general and of the individual insurers in particular. The CAMELS framework used for the present study is based on

a core set of financial soundness indicators such as Capital adequacy, Asset quality, Reinsurance and Actuarial issues, Management Soundness, Earnings and profitability, Liquidity and Sensitivity to market risks. The Solvency parameter for all the four leading life insurers over the FYs 2010-11 to 2012-13 were also discussed in the present study, in congruence with the stipulated IRDA regulations. In addition to these, the k-Concentration Ratio (CR_k), the Herfindahl-Hirschman Index (HHI) and the Normalized Herfindahl-Hirschman Index (NHHI) of the above four firms were also shown for the FYs 2010-11 to 2012-13 to evaluate the extent of concentration and competition prevailing in the country's life insurance sector.

5. A Discussion on the Measures of Financial Performance, Solvency and Market Concentration

5.1. Ratio Analysis based on the CAMELS framework

The CAMELS model is basically a ratio-based model of evaluating financial performance of insurance undertakings, as prescribed in the book by Das, U.S., Davies, N and Podpiera, R (2003) entitled as 'Financial Sector Assessment : A Handbook' published by the World Bank and IMF². For assessing the financial stability and soundness of an insurance sector including the individual insurers, the proposed FSIs have been classified into two different sets based on their

significance, requirements and data availability. The two sets of indicators are as follows:-

(a) Core set of FSIs for regular monitoring of the insurance companies. It covers those aspects for which data are readily available and which are of vital importance for evaluating the financial viability of an insurance company. Table 2 presents a comprehensive list of the core set of FSIs used for the purpose of evaluating insurance undertakings.

Table 2: Core Set of Financial Soundness Indicators

Categories	Indicators
A. Capital Adequacy	1. Capital Utilization Efficiency Ratio (Net Premium/Capital)
	2. Capital/Total Assets
	3. Capital/Technical Reserves
B. Asset Quality	1. Equities/Total Assets
	2. Real Estate + Unquoted Equities + Debtors/Total Assets
	3. Non-Performing Loans to Total Gross Loans
	4. Investment Income/Net Premium
	5. Debtors/(Gross Premium + Reinsurance Recoveries)
C. Reinsurance and Actuarial Issues	1. Risk-Retention ratio (Net Premium/Gross Premium)
	2. Net Technical Reserves/ Average of Net Claims paid in last 3 years
	3. Survival Ratio (Net Technical Reserves/ Average of Net Premium received in last 3 years).
D. Management Soundness	1. Operating Expenses/Gross Premiums
	2. Gross Premiums/No. of Employees
	3. Assets per Employee (Total Assets/No. of Employees)
E. Earnings and Profitability	1. Loss Ratio (Net Claims/Net Premiums)
	2. Expense Ratio (Expenses/Net Premiums)
	3. Combined Ratio (Loss Ratio + Expense Ratio)
	4. Investment Income/Invested Assets
	5. Revisions to Technical Reserves/Technical Reserves
	6. Return on Equity (RoE)

2. Das, U.S.; Davies, N; and Podpiera, R. (2003): "Indicators of Financial Structure, Development, and Soundness", in "Financial Sector Assessment: A Handbook", World Bank and International Monetary Fund, Chapter-2, World Bank, Washington DC, USA, (<http://www.imf.org/external/pubs/ft/fsa/eng/pdf/ch02.pdf>)

F. Liquidity	1. Current Assets/Current Liabilities
	2. Liquid Assets/Current Liabilities
G. Sensitivity to Market Risks	1. Duration of Assets and Liabilities.
	2. Net Open Foreign Exchange position/Capital

Source: Das, U.S., Davies, N and Podpiera, R (2003), "Insurance and Issues in Financial Soundness", IMF Working Paper, WP/03/138, July.

(b) Encouraged set of indicators which are optional to the industry and computation of which depends upon the availability of data. They are of less priority compared to the former. According to the three researchers of IMF, the ratios falling under this category are not to be computed compulsorily as disclosure of relevant data by the insurers is inadequate in this regard. Table 3 presents a comprehensive list of the encouraged set of FSIs used for the purpose of evaluating insurance undertakings, depending upon the data availability.

Table 3: Encouraged Set of Financial Soundness Indicators

Categories	Indicators
A. Capital Adequacy	1. Cover of Solvency margin
	2. Risk-based Capital Adequacy ratios
B. Asset Quality	1. Assets/Liability position in financial derivatives to Total Capital
	2. Investments; geographical distribution
	3. Investments; sectorial distribution
C. Reinsurance and Actuarial Issues	1. Underwritten business; geographical distribution
	2. Underwritten business; sectorial distribution
	3. Underwritten business; distribution by main business
D. Management Soundness	1. Operating Expenses/Gross Premiums
	2. Personal Expenses/Gross Premiums
E. Earnings and Profitability	1. Earnings per Employee (Net Premiums/No. of Employees)
	2. Return on Assets (RoA)
	3. Return on Revenue
F. Liquidity	1. Liquid Assets/Total Assets
	2. Liquid Liabilities/Total Liabilities
G. Sensitivity to Market Risks	1. Market/Book Value
	2. Price/Earnings ratio.
	3. Price/Gross Premiums.
	4. Group Debtors/Total Assets
	5. Group Premium Claims/Total of Premium and Claims

Source: - Das, U.S., Davies, N and Podpiera, R (2003), "Insurance and Issues in Financial Soundness", IMF Working Paper, WP/03/138, July.

5.2. Solvency Ratio Measures.

Solvency ratios are considered as important parameters for assessing the financial soundness and stability of insurance companies. The solvency ratio is a measure of the risk an insurer faces in case of claims that it cannot absorb. It is computed as follows:

Solvency Ratio = Net Assets/Net Premium Written.

The minimum required regulatory solvency ratio for life insurance companies, as prescribed by IRDA, is 150%.¹

5.3. Market Concentration Measures

5.3.1: k-Concentration Ratio (CR_k)

Let the industry have 'N' number of companies with their respective volume of output (say, Premium Underwritten), "P", where $I = 1, 2, \dots, N$. Then the k-Concentration Ratio is the cumulative share of the biggest k companies in the industry ($1 \leq k \leq N$). Therefore,

$$CR_k = \sum_{i=1}^k S_i, (i = 1 \text{ to } k)$$

The k-Concentration Ratio ranges from 0 to 100 thereby indicating the level of market concentration and competition prevailing in the industry. A k-Concentration Ratio of '0' indicates a market situation of perfect competition, whereas a ratio of '100' indicates a monopoly market situation in the industry. A low k-Concentration Ratio indicates greater competition among the firms in the industry. On the contrary, a very high k-Concentration Ratio indicates a market situation ranging from 'Oligopoly' to 'Monopoly'.⁴

5.3.2: Herfindahl-Hirschman Index (HHI) and Normalized Herfindahl-Hirschman Index (NHHI)

This indicator is calculated as the sum of squares of market shares. It is considered as one of the most commonly accepted measures of market concentration. Thus,

$$HHI = \sum_{i=1}^N S_i^2, (i = 1 \text{ to } N)$$

The index varies from 0 to 10,000 (or 0 to 1, if market shares are expressed in terms of fractions rather than percentages). The value of 0 and 10,000 represents 'Perfect Competition' and 'Monopoly' respectively.⁵

Similarly, the Normalized Herfindahl-Hirschman Index (NHHI) can be further calculated to find out more precisely the level of concentration and competition prevailing in the Indian life insurance sector. The normalized Herfindahl-Hirschman index also ranges from 0 to 1.

$NHHI = [H - (1/N)] / [1 - (1/N)]$, where H is the usual Herfindahl-Hirschman Index and N is the number of firms.⁶

6. Findings and Data Analysis

6.1: Analysis of the Financial Parameters used in CAMELS framework

The CAMELS framework, as developed by IMF, suggested a number of indicators to diagnose the health of the insurance sector. The twelve (12) ratios considered for the study within the CAMELS framework were as follows, due to insufficient data. No ratios could be computed for the 'Sensitivity to Market Risk' category due to non-

3. Alamelu, K (2011): "Evaluation of Financial Soundness of Life Insurance Companies in India", Journal of Risk and Insurance, Vol. - VIII, Issue-1, Pgs. 39-49, Icfai University Press.

4. IRDA Annual Report, 2012-13

5. IRDA Annual Report, 2012-13

6. "Report on Trend and Progress of Banking in India 2009-10", Published by the RBI, can be accessed at <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/RTP081110FL.pdf>

availability of necessary information in the IRDA Annual Reports and other published sources.

6.1.1: Capital Adequacy

Capital Adequacy can be viewed as a key indicator of an insurer's financial soundness. Capital is seen as a cushion to protect the insured and promote the stability and efficiency of the financial system. It also indicates whether the insurance company has enough capital to absorb losses arising from claims. For the capital adequacy analysis of the life insurers, two ratios have been used in the present study i.e. Net Premium to Capital Employed, and Capital Employed to Technical Reserves ratios. Capital Employed is defined as total equity capital plus reserves and surplus plus Long-term borrowings, minus the Miscellaneous Expenditure & Losses. The term Technical Reserves includes insurance reserves and provision for linked liabilities of the life insurers.

Net Premium is defined as Gross Premium plus Reinsurance Accepted minus Reinsurance ceded. These ratios focus on the capital utilization effectiveness of an insurer.

From the following Table-4, we find that LIC is way ahead of its private sector counterparts in terms of the Net Premium to Capital Employed ratio (expressed in times). The Net Premium to Capital Employed ratio showed a declining trend for all the private life insurers either because of a fall in their premium collections or due to the rise in accumulated losses of the business. Although the Capital Employed to Technical Reserves ratio (expressed in %) showed an increasing trend for all the selected life insurers, yet there was a necessity for all these insurers to enhance their capital base as the provision for linked liabilities was substantial. Higher are the ratios, higher is the performance of the life insurer.

Table 4: Capital Adequacy Ratio Analysis of the Selected Indian Life Insurers

Category	Financial Soundness Indicators Used	Years	LICI	ICICI Pru	HDFC Standard	SBI Life
Capital Adequacy	Net Premium/Capital Employed	2012-13	404.65	3.38	8.27	3.83
		2011-12	382.23	4.63	11.87	6.07
		2010-11	503.68	8.54	18.63	7.92
	Capital Employed/Technical Reserves	2012-13	0.5	6.9	4.8	10.2
		2011-12	0.4	5.2	3.6	8.1
		2010-11	0.2	3.5	2.3	6.6

Source: - Calculated

6.1.2: Asset Quality

Asset quality is one of the most critical areas in determining the overall financial health of an insurance company and is also considered as a measure of the insurer's portfolio quality. For the asset quality analysis of the life insurers, two ratios have been used in present study i.e. Investment Income to Net Premium and Non-Performing Loans to Total Gross Loans. Investment Income is

computed based on the Revenue Account (Policyholder's Statement) and includes not just the interest and dividends, but also the profits or losses arising out of the sale of investments and the gain or loss arising out of revaluation of assets and liabilities. Investment Income measures the returns obtained from the invested assets – of both policyholders and shareholders. The Investment Income is the aggregate of 'Income from

Investments' of both the policyholder's account and the shareholder's account, the figures of which are obtained from the respective statements. The data for non-performing loans were obtained from the schedule-9 of the annual reports of the respective life insurers.

From the following Table 5, we find that in the case of the first ratio, the return from Investments to net premium (expressed in %) was comparatively higher in case of LIC, with an average of 50%, than the private players. Among the private players, only ICICI Pru reflected a much better performance and was head-to-head with LIC. Higher is the ratio, better is the ranking of the insurers.

In case of the second ratio, there was no data for non-performing loans for all the private life insurers in each of the respective years. But it was a very positive sign for all the private players that this ratio was 'nil'. The ratio (expressed in %) showed an increasing trend for LIC, indicating appropriate measures needed to be taken by the public-sector life insurer to have a control over the same in future.

depict what proportion of risk is passed onto the reinsurers. For this purpose, two ratios have been used in the present study i.e. the Risk-Retention ratio and the Survival ratio. The former indicates the risk bearing capacity of the individual insurers while the latter shows the insurers' ability in holding the marginally higher technical reserves relative to average net premiums received in the last three years. The risk-retention ratio, in other words, reflects the extent of reinsurance done by the insurer. If the insurer relies on reinsurance to a substantial degree, it depicts that the financial health of the reinsurers needs to be examined.

From the following Table 6, we find that the risk-retention capacity (expressed in %) of the life insurers has improved since liberalization. A Survival ratio (expressed in times) for all the life insurers reflected lesser technical reserves compared to the average net premiums received in last three years, highlighting the sound quantification and assessment of insurance liabilities. Higher the survival ratio, better is the performance of the life insurers in the holding of

Table 5: Asset Quality Ratio Analysis of the Selected Indian Life Insurers

Category	Financial Soundness Indicators Used	Years	LIC	ICICI Pru	HDFC Standard	SBI Life
Asset Quality	Investment Income/Net Premium	2012-13	56.3	49.2	23.2	43.6
		2011-12	41.5	32.9	2.83	5.2
		2010-11	47.1	47.2	23.6	23.7
	Non-Performing Loans/Total Gross Loans	2012-13	5.21	Nil	Nil	Nil
		2011-12	2.39	Nil	Nil	Nil
		2010-11	1.91	Nil	Nil	Nil

Source: - Calculated

6.1.3: Reinsurance and Actuarial Issues

Reinsurance and Actuarial issues reflect the overall underwriting strategy of the insurer and

more technical reserves denoting timely payment of future obligations of the policyholders.

Table 6: Reinsurance and Actuarial Ratio Analysis of the Selected Indian Life Insurers

Category	Financial Soundness Indicators Used	Years	LICI	ICICI Pru	HDFC Standard	SBI Life
Reinsurance & Actuarial Issues	Risk Retention Ratio (Net Premium/Gross Premium)	2012-13	99.8	99.1	99.4	99.3
		2011-12	99.9	99.3	99.5	99.5
		2010-11	99.9	99.6	99.4	99.7
	Survival Ratio (Technical Reserves/ Avg. of Net Premiums received in last 3 years)	2012-13	0.54	3.81	2.8	2.19
		2011-12	0.73	3.58	2.72	2.2
		2010-11	0.94	3.52	2.87	2.43

Source: - Calculated

6.1.4: Management Soundness

A particularly interesting form of financial performance analysis of insurance companies is the analysis of management efficiency. Sound management is crucial for financial stability of insurers. The analysis reflects the efficiency in operations, which ultimately indicates the management efficiency and soundness. For the purpose of this analysis, two ratios have been used for the study such as the Operating Expenses to Gross Premium ratio (expressed in %) and the Commission to Net Premium ratio (expressed in %). Lower are the ratios, better is the management efficiency of the insurers. The Operating expense

to gross premium ratio determines the percentage of gross premium that goes towards meeting the operating expenses of an insurer. The commission to net premium ratio shows the percentage of net premiums collected that goes towards meeting the commission expenses of an insurer.

From the following Table 7, we find that in the case of the first ratio, LICI is much ahead of its private counterparts with a ratio of below 10%, considered to be ideal, in all the respective years. The second ratio reflected a satisfactory situation for all the life insurers with a ratio of less than 10% over the years.

Table 7: Management Soundness Ratio Analysis of the Selected Indian Life Insurers

Category	Financial Soundness Indicators Used	Years	LICI	ICICI Pru	HDFC Standard	SBI Life
Management Soundness	Operating Expenses/Gross Premium	2012-13	8	15.1	11.9	11
		2011-12	7.35	14.3	12.4	7.8
		2010-11	8.34	12.2	16.6	6.8
	Commission/Net Premium	2012-13	7.1	5.7	5.6	4.9
		2011-12	6.9	4.3	5.6	3.9
		2010-11	6.5	3.1	5.3	5.2

Source: - Calculated

6.1.5: Earnings and Profitability

Earnings are the key and arguably the only long-term source of capital. Low profitability may signal fundamental problems of the insurer and may consider a leading indicator for solvency problems. For the purpose of this analysis, three ratios have been used for the study such as the Loss Ratio (expressed in %), Expense ratio (expressed in %) and the Combined ratio (expressed in %). The loss ratio (claims costs/net premiums) is an important indicator of the pricing policy of the insurers, while the expense ratio (expenses/net premiums) adds the aspect of operating costs into the analysis. The Combined ratio, calculated as an aggregate of the Loss ratio and the Expense ratio, is a commonly used

measure of insurer's profitability. The claims cost, in case of loss ratio, indicates the payments made on account of insurance claims as well as the benefits promised under various policies by the insurers. The expense, in case of expense ratio, reflects the aggregate of operating expenses and administrative expenses. Lower the ratios, better is the insurers' profitability position and therefore better is their ranking.

From the following Table 8, we find that LIC and ICICI Pru experienced a better loss ratio over the years than the other life insurers. The expense ratio was more or less similar in case of all the life insurers thereby indicating no significant rise in operating and administrative expenses over the periods.

Table 8: Earnings & Profitability Ratio Analysis of the Selected Indian Life Insurers

Category	Financial Soundness Indicators Used	Years	LICI	ICICI Pru	HDFC Standard	SBI Life
Earnings and Profitability	Loss Ratio (Claims Cost/Net Premiums)	2012-13	64.7	98.9	37.7	75.1
		2011-12	57.9	60.7	29.1	36.5
		2010-11	54.7	59.4	31.6	22.7
	Expense Ratio (Expenses/Net Premiums)	2012-13	15.1	20.9	17.7	16.1
		2011-12	14.3	18.8	18.2	11.8
		2010-11	14.9	15.4	22.1	12.3
	Combined Ratio (Loss Ratio + Expense Ratio)	2012-13	79.8	119.8	55.4	91.2
		2011-12	72.2	79.5	47.3	48.3
		2010-11	69.6	74.8	53.7	35

Source: - Calculated

6.1.6: Liquidity

Liquidity ensures that all Indian insurance companies should have sufficient cash/ bank balances to meet the immediate claims of the policyholders, in the form of death or surrender claims. For the purpose of this analysis, the two ratios has been used i.e. the Current Ratio (Current Assets/Current Liabilities) and the Current Assets to Total Assets ratio. The former ratio (expressed

in times) reflects the ability of the insurers to pay the outstanding obligations out of the realization of their current assets. The value of current liabilities for the purpose of this ratio is considered as the aggregate of current liabilities and provisions. The latter ratio (expressed in %) determines the liquidity position of an insurer. It helps to determine that what percentage of total assets is held by an insurer in the form of liquid

assets such as cash and advances. Higher are the ratios, better is the position of an insurer to meet its short-term obligations of its policyholders.

From the following Table 9, we find that the liquidity position of LIC was comparatively better than all the private life insurers. Among the private players, SBI Life reflected a much improved liquidity position in the recent years

with a current assets position of more than twice that of its current liabilities. We also find that LIC and SBI Life are comparatively in a much better position to meet its short-term commitments over the years, than the rest of the life insurers. A serious improvement in its liquidity position is required for ICICI Pru.

Table 9: Liquidity Ratio Analysis of the Selected Indian Life Insurers

Category	Financial Soundness Indicators Used	Years	LIC	ICICI Pru	HDFC Standard	SBI Life
Liquidity	Current Ratio (Current Assets/Current Liabilities)	2012-13	5.85	0.65	0.98	2.39
		2011-12	3.09	0.54	0.85	2.41
		2010-11	3.72	0.42	0.8	0.78
	Current Assets/Total Assets	2012-13	9.4	1.7	4.2	6.5
		2011-12	7.2	1.3	3.8	6.8
		2010-11	4.8	1	3.7	3.4

Source: - Calculated

6.2: Solvency ratio analysis

From the following Table 10, we find that the solvency ratio (expressed in times) of all the life insurers is more than the minimum solvency margin of 1.5, as stipulated by IRDA for all the life insurance companies operating in India. LIC

maintained a similar solvency margin for all the respective years. But for the private players such as HDFC Standard and ICICI Pru, both of them reflected an increasing solvency trend for all the respective years thereby indicating a satisfactory long-term liquidity position.

Table 10: Solvency Ratio Analysis of the Selected Indian Life Insurers

Category	Solvency Indicators	Years	LIC	ICICI Pru	HDFC Standard	SBI Life
Solvency	Net Assets/Net	2012-13	1.54	3.96	2.17	2.15
	Premium	2011-12	1.54	3.71	1.88	5.34
	Written	2010-11	1.54	3.27	1.72	2.04

Source: - IRDA Annual Reports

6.3: Ranking of Life Insurers on the basis of Ratios used in CAMELS framework.

The analysis has been made on the performance of the four selected life insurers on the basis of 13 ratios falling within the CAMELS framework. While ranking the life insurers, two ratios i.e. the

Risk-Retention ratio and the Non-Performing Loans to Total Gross Loans has been dropped, since the former ratio was almost same for all the selected life insurers and the information for the latter ratio were not available for all the selected private life insurers. Another ratio i.e. the Combined Ratio was also dropped since it

represented an aggregate of the loss ratio and the Expense ratio, which were already taken for the purpose of ranking. Hence, taking the combined ratio may lead to an error of double counting. For the purpose of ranking of the selected life insurers over the FYs from 2010-11 to 2012-13, all the ratios were reduced to a common base so that it may not lead to an error in the units used. Thus, the final ranking has been done on the basis of the basis of 10 ratios, which were as follows:-

- a) Net Premium to Capital Employed
- b) Capital Employed to Technical Reserves
- c) Investment Income to Net Premiums
- d) Survival Ratio
- e) Operating Expenses to Gross Premium
- f) Commission to Net Premium
- g) Loss Ratio
- h) Expense Ratio
- i) Current Ratio
- j) Current Assets to Total Assets Ratio

The Ranking of the respective life insurers has been shown under Tables 11 – 14, which has been computed based on the following steps:-

- (a) The Performance-wise ranking of all the insurers for each ratio is done for each year, based on their individual comparative performances.
- (b) Next, the Initial ranks of a particular company for a particular ratio for all the years are added and the total so obtained is divided by the number of years i.e. 03, in this case.
- (c) An Average ranking of a particular company is done, by adding the ranks obtained by it under each ratio divided by the total number of ratios i.e. 10, in this case.
- (d) At the end, a Final ranking is done using the value of the average ranks. The one with the minimum average rank is given the final rank of one and the next placed insurers are given the ranks based on the ascending order of magnitude.

Table 11: Computation of Average Ranks and Final Ranks for LIC

LICI	2012-13	2011-12	2010-11	Initial	Avg.	Final
Ratios Used	Ranks (Performance-wise)			Ranks	Ranks	Ranks
Net Premium to Capital Employed	1	1	1	1	2.26	1
Capital Employed to Technical Reserves	4	4	4	4		
Investment Incomes to Net Premiums	1	1	2	1.33		
Survival Ratio	4	4	4	4		
Operating Expenses to Gross Premiums	4	4	3	3.67		
Commission to Net Premium	1	1	1	1		
Loss Ratio	3	2	2	2.33		
Expense Ratio	4	3	3	3.33		
Current Ratio	1	1	1	1		
Current Assets to Total Assets Ratio	1	1	1	1		

Source: - Calculated

Table 12: Computation of Average Ranks and Final Ranks for ICICI Pru

ICICI Pru	2012-13	2011-12	2010-11	Initial	Avg.	Final
Ratios Used	Ranks (Performance-wise)			Ranks	Ranks	Ranks
Net Premium to Capital Employed	4	4	3	3.67		
Capital Employed to Technical Reserves	2	2	2	2		
Investment Incomes to Net Premiums	2	2	1	1.67		
Survival Ratio	1	1	1	1		
Operating Expenses to Gross Premiums	1	1	2	1.33		
Commission to Net Premium	2	3	4	3		
Loss Ratio	1	1	1	1	2.3	2
Expense Ratio	1	1	2	1.33		
Current Ratio	4	4	4	4		
Current Assets to Total Assets Ratio	4	4	4	4		

Source: - Calculated

Table 13: Computation of Average Ranks and Final Ranks for HDFC Standard

HDFC Standard	2012-13	2011-12	2010-11	Initial	Avg.	Final
Ratios Used	Ranks (Performance-wise)			Ranks	Ranks	Ranks
Net Premium to Capital Employed	2	2	2	2	2.56	3
Capital Employed to Technical Reserves	3	3	3	3		
Investment Incomes to Net Premiums	4	4	4	4		
Survival Ratio	2	2	2	2		
Operating Expenses to Gross Premiums	2	2	1	1.67		
Commission to Net Premium	3	2	2	2.33		
Loss Ratio	4	4	3	3.67		
Expense Ratio	2	2	1	1.67		
Current Ratio	3	3	2	2.67		
Current Assets to Total Assets Ratio	3	3	2	2.67		

Source: - Calculated

Table 14: Computation of Average Ranks and Final Ranks for SBI Life

SBI Life	2012-13	2011-12	2010-11	Initial	Avg.	Final
Ratios Used	Ranks (Performance-wise)			Ranks	Ranks	Ranks
Net Premium to Capital Employed	3	3	4	3.33	2.86	4
Capital Employed to Technical Reserves	1	1	1	1		
Investment Incomes to Net Premiums	3	3	3	3		
Survival Ratio	3	3	3	3		
Operating Expenses to Gross Premiums	3	3	4	3.33		
Commission to Net Premium	4	4	3	3.67		
Loss Ratio	2	3	4	3		
Expense Ratio	3	4	4	3.67		
Current Ratio	2	2	3	2.33		
Current Assets to Total Assets Ratio	2	2	3	2.33		

Source: - Calculated

Based on the above results, we find that LIC was found to be the best among all the selected life insurers over the period from 2010-11 to 2012-13, and is therefore assigned the first rank. Among the private life insurers, ICICI Pru performed comparatively better than the other private players and was almost head-to-head with LIC in certain financial parameters. The performance of HDFC Standard and SBI Life were also found to be satisfactory, though they require improvement in certain financial aspects. In spite of this, full credit should be given to all these private players who have managed to come up with such noteworthy performances within such a short span of time

i.e. since the year 2000. It is just a matter of time when the collective performances of all the private life insurers might bring down the LIC from its numero uno position.

6.4: Analysis of Market Concentration of the Current Indian Life Insurance sector

In the present study, the life insurers have been selected based on their market shares calculated for the years 2010-11 to 2012-13, with reference to their individual total premium incomes computed as a percentage to the total life premium income collected during the given year. Table 15 presents a description of the selected life insurers in India.

Table 15: Year of Operation of the Selected Indian Life Insurers

Name of Life Insurers	Indian Promoter	Foreign Promoter	Year of Operation (Date of Registration with IRDA)
HDFC Standard Life Insurance Co. Ltd.	HDFC	Standard Life Assurance, UK	2000-01 (23rd October, 2000)
ICICI Prudential Life Insurance Co. Ltd.	ICICI Bank Ltd.	Prudential, UK	2000-01 (24th November, 2000)
SBI Life Insurance Co. Ltd.	State Bank of India	BNP Paribas Assurance SA, France	2001-02 (20th March, 2001)
Life Insurance Corporation of India	Government of India	None	1956 (01st September, 1956)

Source: - Calculated

The following Table 15 gives the respective market shares of each of the individual life insurers for their years of operation i.e. 2010-11 to 2012-13, and the four-firm market concentration indices which were calculated on the basis of their individual market shares.

higher percentage. Moreover, the private life insurers have managed to come up with such impressive performances within a very short period of their operations i.e. since the year 2000, as compared to LIC which was there in operation since post-independence. The solvency ratios of

Table 16: Individual Market Shares and Four-Firm Market Concentration Indices

Years	LICI	ICICI Pru	HDFC Life	SBI Life	HHI	NHHI	CR ₄
2010-11	0.6978	0.0613	0.0309	0.0443	0.494	0.32	0.834
2011-12	0.7067	0.0488	0.0355	0.0458	0.505	0.34	0.837
2012-13	0.7271	0.0472	0.0395	0.0364	0.534	0.38	0.85

Source: - Calculated

From the above Table 16, a four-firm concentration ratio (CR₄) of more than 80%, based on the data of four firms, normally represents a highly concentrated market condition in any sector. Hence, it can be concluded that the country's life insurance sector is being primarily dominated by a small group of firms. Moreover, the four-firm HHI and the NHHI values also justifies the fact by showing an average index value of 0.50 and 0.35 respectively, thereby pointing out to a fairly competitive market condition in the Indian life insurance sector.

7. Concluding Observations

Based on the present study, we find that liquidity was one of the areas of concern for the private life insurers such as HDFC Standard and ICICI Pru and needs serious improvement. The private life insurers should also try to infuse fresh capital so as to increase their capital adequacy ratios. With the likely increase in FDI hike, from 26% to 49%, in the country's insurance sector as likely to be approved by the Government of India, the Indian life insurance sector would possibly be the biggest gainer with more and more foreign players likely to set their foothold into India. The private life insurers should also try to have a control over their management soundness ratio as it showed a fluctuating trend over the years, and reflected a

the selected life insurers also reflected a much improved performance, thanks to the strict regulations as stipulated by IRDA. Finally, the Indian life insurance sector showed a fairly concentrated market condition under the dominance of a few players during the year 2010-11 to 2012-13. The above study also revealed that LIC was the market leader followed by the private life insurers i.e. ICICI Pru, HDFC Standard Life and SBI Life respectively over the study period from 2010-11 to 2012-13.

8. Limitations and Scope for Further Research

Though the researcher has made an endeavor to incorporate all the ratios in the present study as discussed in the CAMELS framework but due to insufficiency and unavailability of data, all the ratios could not be shown in the present study. Moreover, the study was based on only four selected life insurers for a period from 2010-11 to 2012-13, hence no proper assessment/conclusion can be made about the overall performance of the Indian life insurance industry. Hence, there is immense scope for further research work that can be carried out in this area with more number of players and over a greater span of time, in order to have a clear picture about the functioning and performance of the Indian life insurance sector in general and about the individual insurers in particular.

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An analytical study on Identification of the types of Indian Consumers in the Luxury Segment through Application of AIO Model

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Abstract

This paper is aimed to study the Indian Luxury Consumers on the basis of Activities, Interests and Opinions model. Twenty seven statements related to Activities, Interests and Opinions were subjected to a five point Likert scale. Four distinct types of consumers emerged from the exploratory factor analysis, namely *young and secure, aware, quiet and introvert* and *family oriented*. Further for better understanding of the psychographic aspects of the customers, the researchers choose four variables from four distinct components so extracted on the basis of highest factor loading, namely, *thinking oneself young and energetic, giving vote in most of the elections, habit of regular online purchases and enjoy spending time with family* and some hypothesis were formulated to understand its dependencies on three important demographic factors namely *occupation, annual income and educational qualifications*. Chi square Test was done on all the twelve hypothesis so formed and logical conclusions with justifications were drawn after accepting or rejecting the hypothesis statistically.

Keywords: *AIO, Luxury, Factor Analysis, Lifestyle, Hypothesis Testing, Consumer Behaviour, Chi Square*

1. Introduction

There were approximately 158,000 millionaires in India in 2012 as per a Credit Suisse Research Institute's Global Wealth Report, and the number is likely to rise up to 242,000 by the year 2017, registering an increase of 53 per cent (Economic times, 2012). The Indian luxury fashion sector is not as mature as the European market where consumers seek fulfillment through experience. According to a study by American Express -Inside the Affluent Space (Okonkwo, 2007), Indian consumer has a desire to prove that "I've made it". For an Indian luxury is still not the way of life. For him owning a luxury brand means accomplishment (Chadha & Husband, 2006)

Lifestyle was described as 'the manner in which people conduct their lives, including activities, interests, and opinions' (Peter & Olson, 1990). The activities, interests and opinions (AIO) approach is the most popularly used for lifestyle segmentation. Activities were explained as actions such as work, hobbies, etc.; interest as the degree of excitement in some objects, events or topics and opinions as descriptive beliefs of oneself, social issues, etc. (Cheong, 2010)

(Dubois & Duquense, 1993) concluded that a customers' propensity to purchase luxury goods depends on the income; higher the income higher the propensity thus, luxury goods manufacturers are most concerned with how the brand preferences changes with the income. Luxury goods are traditionally defined as goods whose brand image which enhances the customers' prestige apart from any functional utility (Grossman & Shapiro, 1993).

However, it is still unpredictable how middle class consumers determine what luxury products are (Hauck & Stanforth, 2007). (Silverstein & Fiske, 2001) stated that the increases in luxury purchases are influenced by social and economical factors. The changes in the luxury goods market and the definition of luxury were also redefined. (Twitchell, 2003) explains that luxury is "things you have that I think you shouldn't have". Many different brands and products in the market which are been perceived as luxury, makes the determination of market size more complex (Frank, 1999).

2. Literature Review

Consumers' perception of store attributes or brand choice is influenced by the retail formats, product mix, customer base, etc. (Paulins & Geistfeld, 2003). It was stated that (Bearden, 1997) store attributes such as store atmosphere, location, etc influence purchase decision process. Moreover, store attributes have major influence on customer satisfaction, purchase decisions and repeat purchases (Chang & Tu, 2005). Differing lifestyle characteristics and demographics are the reason for differences in the importance given to particular store attributes (Haynes, Pipkin, Black, & Cloud, 1994).

Several researchers have pointed out the importance of lifestyle segmentation in marketing communication. It was concluded in a study

(Hornik, 1989) that it is easier to communicate to customers if we are informed about their lifestyle. It was emphasized in another study (Chiagouris, 1991) that marketing communication is more effective when consumers lifestyle characteristics are understood and considered in the marketing communication.

Rokeach Value Survey (Braithwaite & Law, 1985) also known as the value systems survey which comprised of 18 values was also considered as an important approach to lifestyle segmentation. A much simpler value approach was given by Kahle who gave only nine values which was later modified by Schwartz with a list of comprising 56 values (Vyncke, 2002). But the AIO approach is considered most widely accepted for lifestyle segmentation as it gives an overview of how individuals live, work and play (Kucukemiroglu, 1999).

Lifestyle has been defined as 'patterns of action that differentiate people' (Chaney, 1996). According to another research (Kaynak & Kara, 2001) lifestyle was defined the pattern in which people live and spend their time and money. The importance of AIO model and its relevance with respect to consumer purchase behavior has also been explored by various researchers. It has been explored in a study that consumers who are involved in activities, such as travel, hobbies, sports, etc. tend to purchase more apparel as they replace their wardrobe frequently (Shim & Mahoney, 1992).

In recent studies (Chadha & Husband, 2006), four segments of potential luxury shoppers in India were identified: India's old money industrial dynasties for whom luxury is a way of life, the new money entrepreneurs who are raring to show off, the Gold Collars of the Corporate World who have money but show shades of frugal Gandhian mindset and the BPO Generation for whom

making money and spending it are the new religion. As a result of the Knowledge Company survey (Euromonitor International, 2011) four attitudinal profiles of men were identified namely, the Arrived, the Actualized Ascetic, the Climbers and the Laggards. The Arrived are the most affluent group which includes the first generation affluent- the celebrity, the new rich and used to luxury-addict. Similarly, women have been categorized into the Butterfly, Mrs. Rationality & Old Luxury. The butterflies are younger women owning gizmos and gadgets and a sharp eye for the best. Mrs. Rationality shuns ostentation and Old Luxury are those who are traditionally rich.

Another report (Technopack, 2006) divides luxury customers into four categories: luxuriented, new rich, getting there and mid affluents. For the luxuriented the source of affluence is inherited wealth; the new rich are acquiring orientation to luxury; the getting there consumers are those whose spending power is gradually increasing and who spend mainly on better education housing, larger automobiles, etc.; while the mid affluents are acquiring orientation to luxury. The profiles of luxury consumers of two major luxury destinations in India Mumbai and Delhi has also been studied by various researchers. The "Delhi Deluxe" (Amarnath, 2013) are ostentatious in their display of wealth, majorly because they are Old Money whereas "Mumbai Masala" prefer subtle and contemporary.

3. Research Objectives

This study tried to focus on the different types of customers which are there in Indian Luxury market on their basis of the activities, interests and opinions. It also tries to find out the dependencies of some important variables on the demographic characteristics of the target segment. The research focuses overallly on the growing luxury market in India and its various consumer dynamics wrt AIO.

4. Research Methodology

The research design of the study is partly exploratory and partly descriptive in nature. The objective of exploratory research is to explore or search through a problem or situation to provide insight and understanding (Malhotra & Birks, 2006). The major objective of Exploratory Research is to identify and define the problem and scope by helping to arrive at the best research design, method of data collection and sample, which is characterized by highly flexible, unstructured and at times informal research methods (Easwaran & Singh, 2010).

In the study, the researcher tried to use both primary and secondary data. *Primary Data* is originated by the researcher for the specific purpose of addressing the problem at hand (Malhotra & Birks, 2006). Thus primary data are the raw data, which is needed to be further, processed and secondary data are the published data.

As a data collecting tool, the researchers have used, structured *non-disguised questionnaire* with both open and close ended questions. A *Questionnaire* is called a scheduled interview form or measuring instrument including formalized set of questions for obtaining information from respondents (Malhotra & Birks, 2006). *Non-disguised approach* is a direct approach in which purpose of the project is disclosed to the respondents or is otherwise obvious to them from the questions asked. The reason for asking structured questions is to improve the consistency of the wording used in doing the study at different places which increases the reliability of the study by ensuring that every respondent is asked the same question (Nargundkar, 2004) and the survey instrument was used to collect data through personal interviews.

Twenty seven, five point Likert Scale with a rating of 1-5 where 5 is strong agreement with the statement, 4 is agreement with the statement, 3 is neither agreement nor disagreement, 2 is disagreement and 1 is strong disagreement with the statements were formed on the factors and the respondents were asked for their opinion and responses. These twenty seven characteristics of AIO which was formed as statements in Likert Scales of 1-5, were adopted from the research study of (Barabara, Lois, & Vaught, 1996). These statements included items which were used to determine the activities, interests, and opinions of the sample from other research studies also.

In the proposed research study, we have implemented *Probability Sampling Technique* (Nargundkar, 2004), where each *sampling unit* has a known probability of being included in the sample. Systematic sampling technique has been used in the study, where the sample frame is the list of loyal customers in the high street fashion market provided by some luxury stores in Mumbai and Delhi. The *Sample size* was calculated to 200. Statistical Inferences were drawn from the primary data collected by applying statistical tool like SPSS 19 and statistical analysis like Exploratory Factor Analysis and Chi Square.

5. Findings & Analysis

Factor Analysis

Factor analysis is a statistical analysis which denotes a class of procedures primarily used for data reduction and summarisation and is used to reduce a large number of variables, most of which are correlated and which are reduced to such a level where maximum variation of the factors is explained. The researchers have followed Varimax Method in Factor Analysis. In statistics, a *Varimax rotation* is a change of coordinates used in principal component analysis and factor analysis that maximizes the sum of

the variances of the squared loadings (squared correlations between variables and factors). We tried to implement Factor analysis in our attempt to study the factors which affects the consumer buying behaviour in the kidswear market. Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables and is used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables.

The key statistics associated with factor analysis are as follows:

Bartlett's test of sphericity: Bartlett's test of sphericity is a test statistic used to examine the hypothesis that the variables are uncorrelated in the population. In other words, the population correlation matrix is an identity matrix; each variable correlates perfectly with itself ($r = 1$) but has no correlation with the other variables ($r = 0$).

Communality: Communality is the amount of variance a variable shares with all the other variables being considered. This is also the proportion of variance explained by the common factors. *Correlation matrix:* A correlation matrix is a lower triangle matrix showing the simple correlations, r , between all possible pairs of variables included in the analysis. The diagonal elements, which are all 1, are usually omitted.

Eigen value: The Eigen value represents the total variance explained by each factor.

Factor loadings: Factor loadings are simple correlations between the variables and the factors. *Factor loading plot:* A factor loading plot is a plot of the original variables using the factor loadings as coordinates.

Factor matrix: A factor matrix contains the factor loadings of all the variables on all the factors extracted.

Factor scores: Factor scores are composite scores estimated for each respondent on the derived factors.

Kaiser-Meyer-Olin (KMO) measure of sampling adequacy: The Kaiser-Meyer-

Olin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. *Percentage of variance*: The percentage of the total variance attributed to each factor (Malhotra & Birks, 2006)

To study the reliability of the data collected, reliability test was done on the data collected on twenty-seven Likert Statements. Cronbach's alpha determines the internal consistency or average correlation of items in a survey instrument to gauge its reliability (Cronbach, 1951). In the study a very high Cronbach Alpha Value was deduced (the more it tends to 1 the better it is) ie .880 which proves that the data is highly reliable. It was tested on all the twenty seven statements selected for the study.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
0.88	27

A structured questionnaire was administered in order to understand of the psychographic/ lifestyle characteristics of luxury shoppers using the AIO scale (activities, interests, opinions). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. The data is adequate as Kaiser-Meyer-Olkin Measure of Sampling Adequacy value is .743. The Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of sphericity. The KMO statistic varies between 0 and 1. A value of 0 indicates that the sum of partial correlations is large relative to the sum of correlations, indicating diffusion in the pattern of correlations (hence, factor analysis is likely to be inappropriate). A value close to 1 indicates that patterns of correlations are relatively compact and so factor analysis should yield distinct and reliable factors. Most of the researchers recommend accepting values greater

than 0.5 as acceptable. Furthermore, values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great and values above 0.9 are superb. For this data the value is 0.743, which falls into the range of good. So we should be confident that factor analysis is appropriate for these data. Bartlett's measure tests the null hypothesis that the original correlation matrix is an identity matrix. A significant test tells us that the R-matrix is not an identity matrix; therefore there are some relationships between the variables we hope to include in the analysis. For this data, Bartlett's test is highly significant ($p < 0.05$ as $p = 0.000$), and therefore factor analysis is appropriate.

Table 2. KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.743
Bartlett's Test of Sphericity	Approx. Chi-Square	9.856
	Df	351
	Sig.	0

Correlation Matrix: A correlation matrix shows the simple correlations, r , between all possible pairs of variables included in the analysis. The Pearson correlation coefficient between all the variables chosen for the study and the matrix has been used to study the pattern of relationship. After the evaluation, it was concluded that there was no problem of singularity or high correlation in data as none of the correlation coefficients were greater than 0.8. To sum up all variables in the study correlate fairly well either negatively or positively and none of the correlation coefficients is particularly large; therefore there is no need to consider eliminating any variable at this stage.

Total Variance Explained: Table 3 lists the Eigen values associated with each factor before extraction, after extraction and after rotation. First few factors explain relatively large amounts of variance whereas subsequent factors explain only small amount of variance. The first four components with Eigen values more than 1 have been extracted which define 85.71 % of variance. Principal Component analysis has been used for extraction in the study. Principal components analysis is recommended when the primary concern is to determine the minimum number of factors that will account for maximum variance in the data for use in subsequent multivariate analysis. The factors so extracted are called principal components.

for bigger sample whose value remains .06. Thus for further analysis factors chosen are: enjoy spending time with my family (.926), enjoy being with people(.928), feel pride in using the things I've built or made(.890), feel that I cope well with everyday life (.915), work on self-improvement (.868), vote most elections(.936), read the newspaper daily (.925), prefer going to a movie theater (.834), enjoy renting/purchasing movies to watch on VCD (.848), walk/exercise on a daily basis (.842), enjoy traveling (.876), think of myself as young and energetic(.902), environmental/wildlife issues are important (.891), more self-reliant than others (.915), enjoy listening to public radio (.870), careful to eat the right diet (.828),

Table 3: Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	Percent. of Variance	Cumulative Percent.	Total	Percent. of Variance	Cumulative Percent.	Total	Percent. of Variance	Cumulative Percent.
1	9.936	36.802	36.802	9.936	36.802	36.802	8.464	31.346	31.346
2	6.449	23.884	60.685	6.449	23.884	60.685	6.26	23.187	54.533
3	4.6	17.036	77.722	4.6	17.036	77.722	4.794	17.754	72.287
4	2.157	7.988	85.71	2.157	7.988	85.71	3.624	13.422	85.71

The Rotated Component Matrix: Table 4 shows the factor loadings for each variable. Across each row the factor on which the variable loaded most strongly on was selected. The factors were examined conceptually and it was inferred that the factors represent four types of psychographic profiles of consumers namely young & secure, aware, family oriented & quiet & introvert.

Communalities indicate the amount of variance in each variable that is accounted for. As per Kaiser's criterion from communalities, those factors must be extracted for further research whose extraction value is greater than .07 for a smaller sample and

interested in politics (.803), member of frequent flyer program (.898), active in sports (.892), interested in politics (.803), subscribe to news magazine (.814), regularly purchase items online(.801), prefer to purchase from malls (.904), enjoy going for picnic with family (.848) & enjoy going for dinner with friends(.851).

Table 4. Rotated Component Matrix

		Component			
		1	2	3	4
1	Enjoy spending time with my family	-0.084	-0.062	-0.095	0.952
2	Enjoy being with people	0.473	-0.52	-0.426	0.503
3	Feel pride in using the things I've built or made	-0.249	0.053	-0.398	0.817
4	Feel that I cope well with everyday life	0.112	-0.206	-0.631	0.68
5	Work on self-improvement	0.019	0.89	-0.272	-0.017
6	Vote most elections	-0.097	0.958	0.085	-0.027
7	Read the newspaper daily	0.216	0.921	0.012	-0.172
8	Prefer going to a movie theater	0.829	-0.333	0.17	0.087
9	Enjoy renting/purchasing movies to watch on VCD	0.057	-0.25	0.85	-0.243
10	Attend cultural/art events	0.386	0.603	0.491	0.142
11	Walk/exercise on a daily basis	0.437	0.668	0.362	0.272
12	Enjoy traveling	0.923	0.02	0.047	-0.147
13	Think of myself as young and energetic	0.941	0.022	-0.121	-0.016
14	Environmental/wildlife issues are important	0.9	0.255	0.031	-0.121
15	More self-reliant than others	0.912	0.263	0.098	-0.06
16	Enjoy listening to public radio	0.883	0.282	0.07	-0.073
17	Enjoy reading the latest trends	0.59	0.529	0.196	0.015
18	Careful to eat the right diet	-0.071	0.902	0.092	-0.016
19	Interested in politics	0.104	0.825	0.316	-0.103
20	Member of frequent flyer program	0.902	0.046	0.12	-0.262
21	Enjoy taking movies with camcorder	-0.026	0.11	0.76	-0.328
22	Active in sports	0.91	0.028	0.167	-0.187
23	Interested in politics	0.34	0.554	0.598	0.183
24	Subscribe to news magazine	0.034	0.152	0.86	-0.194
25	Regularly purchase items online	0.058	0.219	0.914	-0.134
26	Prefer to purchase from malls	-0.236	0.044	-0.19	0.868
27	Enjoy going for picnic with family	0.854	-0.114	-0.275	0.183

Table 5: Profile of Consumers

Young & Secure	Aware	Quiet & Introvert	Family Oriented
Prefer going to a movie theater	Work on self-improvement	Enjoy renting/purchasing movies to watch on VCD	Enjoy spending time with my family
Enjoy traveling	Vote most elections	Enjoy taking movies with camcorder	Enjoy being with people
Think of myself as young and energetic	Read the newspaper daily	Subscribe to news magazine	Feel pride in using the things I've built or made
Environmental/wildlife issues are important	Attend cultural/art events	Regularly purchase items online	Feel that I cope well with everyday life
More self-reliant than others	Walk/exercise on a daily basis		Prefer to purchase from malls
Enjoy listening to public radio	Careful to eat the right diet		
Enjoy reading the latest trends	Interested in politics		
Member of frequent flyer program			
Active in sports			
Enjoy going for picnic with family			

The different profiles of consumers which have been obtained are (Table 5):

Young & Secure: These consumers are those who think of themselves as young and energetic. The segment with this psychographic aspect prefer going to a movie theatre for watching a movie and enjoy travelling. Most of these customers consider themselves more self-reliant than others; enjoy listening to the public radio and reading the latest trends. These respondents are active in sports and also enjoy going to picnic with their families. They are achievers in their own way.

Aware: These are a group of customers who consider themselves aware and vigilant. They work on self-improvement, eat the right diet and exercise

on a regular basis. Not only are they careful about their own health but are also responsible citizens as most of them vote in elections. They read the newspaper daily, are interested in politics and attend most cultural events.

Quiet and Introvert: Most of these respondents rent/purchase movies to watch on a VCD. Subscribe to news magazines, take movies with camcorder and regularly purchase items online. Thus. It can be observed that mostly these respondents are involved in individual activities like recording or watching movies on a VCD. They prefer to stay within their own individual circle.

Family Oriented: These are customers who enjoy spending time with their family, social and like

being with people. These customers are proud of their accomplishments or anything which they've built or made ie they love their own creations. They are strong and they feel that they can cope up with everyday life. They also prefer to purchase from malls.

Hypothesis Testing through Chi-square

The Chi Square statistic compares the tallies or counts of categorical responses between two (or more) independent group. It assists us in determining whether a systematic association exists between the two variables. The null hypothesis, H_0 , is that there is no association between the variables. For the research hypothesis were formulated to establish the statistical

dependence between factors associated to Activities, Interests and Opinions and demographic variables. The variable with highest factor loading from each Component in the exploratory factor analysis were selected, namely, "thinking oneself young and energetic", "giving vote in most of the election", "regular purchase items online" and "enjoy spending time with family". Three demographic factors namely, occupation, annual household income and educational qualifications were chosen. Twelve hypothesis were formulated to evaluate whether there are any dependencies of these lifestyle factors on these demographic variables and a logical justification were tried to be concluded in the study.

Table 6: Results of hypothesis testing

<i>Hypothesis</i>	<i>Pearson Chi Square Coefficient</i>	<i>Hypothesis Rejected / Accepted</i>	<i>Explanation</i>
H₁ Thinking oneself young and energetic is statistically not dependent on Occupation	$\chi^2 (16, N=200) = 50.465, p=.000.$	Null hypothesis rejected.	Whether one thinks of themselves as young and energetic is dependent on the occupation of respondents. As most people wants to involve themselves with fun, challenges and less stressful jobs. Some occupations turns up as stressful, monotonous and boring job which affect an individual in their personal life also.
H₂ Thinking oneself young and energetic is statistically not dependent on Annual Household Income.	$\chi^2 (24, N=200) = 40.270, p=.020.$	Null hypothesis rejected.	Whether one thinks of themselves as young and energetic is statistically dependent on Annual Household Income. When an individual has greater purchasing power and they feel financially secured, automatically they become more vibrant and spend more.

H₃ Thinking oneself young and energetic is statistically not dependent on Education Qualification	χ^2 (12, N=200) =56.892, p=.000	Null hypothesis rejected.	Whether one thinks of themselves as young and energetic is statistically dependent on Educational Qualification of respondent. Below qualified people have got less probability to be successful in this competitive world. Adequate and appropriate qualifications make an individual more secured and energetic.
H₄ Giving vote in most of the election is statistically not dependent on Occupation	χ^2 (16, N=200) = 16.772, p=0.400.	Null hypothesis accepted.	Giving vote in most of the election is statistically not dependent on Occupation. Giving vote is a democratic right of every citizen irrespective of occupation and an individual decision whether to cast vote or not.
H₅ Giving vote in most of the election is statistically not dependent on Annual Household Income.	χ^2 (24, N=200) =39.770, p=.023.	Null hypothesis rejected.	It can therefore be concluded that giving vote in most of the election is statistically dependent on Annual Household Income. People from lower income group tends more to cast their vote in search of political and social stability.
H₆ Giving vote in most of the election is statistically not dependent on Education Qualification.	χ^2 (12, N=200) = 12.051, p=0.442	Null hypothesis accepted.	Giving vote in most of the election is statistically not dependent on Education Qualification. Education qualifications do not influence this decision making of an individual.
H₇ Habit of regular online purchases is statistically not dependent on Occupation	χ^2 (16, N=200) =41.323, p=.000.	Null hypothesis rejected.	It can therefore be concluded that habit of regular online purchases is statistically dependent on Occupation. People with jobs which require more or continuous touch with internet are more prone to online shopping.

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H₈ Habit of regular online purchases is statistically not dependent on Annual Household Income.	χ^2 (24, N=200) =49.522, p=.002.	Null hypothesis rejected.	It can therefore be concluded that habit of regular online purchases is statistically dependent on Annual Household Income. The more the income the more the online purchase.
H₉ Habit of regular online purchases is statistically not dependent on Education Qualification	χ^2 (12, N=200) =59.373, p=.000	Null hypothesis rejected.	It can therefore be concluded that habit of regular online purchases is statistically dependent on Education Qualification. People with higher qualifications are more tech savvy because of the usage of computers, gadgets, internet etc in their professional or student life and they feel more ease in online purchase.
H₁₀ Enjoy spending time with family is statistically not dependent on Occupation	χ^2 (12, N=200) =26.428, p=.009.	Null hypothesis rejected.	It can therefore be concluded that enjoying spending time with family is statistically dependent on Occupation. In some occupations the professionals get more leisure time and in some less. Or because of business in some occupations even in the personal time professionals are stressed out.
H₁₁ Enjoy spending time with family is statistically not dependent on Annual Household Income	χ^2 (18, N=200) =46.310, p=.000	Null hypothesis rejected.	It can therefore be concluded that enjoying spending time with family is statistically dependent on Annual Household Income. More or enough income brings social stability and financial security for which the people like to spend more time with family.

H ₁₂ Enjoy spending time with family is statistically not dependent on Educational Qualification.	X ₂ (9, N=200) =17.155, p=.046	Null hypothesis rejected.	It can therefore be concluded that enjoying spending time with family is statistically dependent on Educational Qualification. True knowledge or adequate qualifications bring professional success and personal security which motivates people for more bonding and togetherness.
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6. Conclusion

Thus exploratory factor analysis was run on twenty-seven chosen statements on activities, interests and opinions of luxury customers and opinion was recorded in Likert scale of 1-5 range and have followed Varimax method to extract some distinct components which describe the various types of luxury customers based on AIO in Indian market. Four distinct types of consumers emerged from the analysis, namely *young and secure, aware, quiet and introvert* and *family oriented*. Further for better understanding of the psychographic aspects of the customers, the researchers choose four variables from four distinct components so extracted on the basis of highest factor loading, namely, *thinking oneself young and energetic, giving vote in most of the elections, habit of regular online purchases* and *enjoy spending time with family* and some hypothesis were formulated to understand its dependencies on three important demographic factors namely *occupation, annual income* and *educational qualifications*. Chi square Test was done on all the twelve hypothesis so formed and logical conclusions were drawn after accepting or rejecting the hypothesis statistically. Thinking oneself young and energetic is statistically dependent on occupation, annual income and educational qualifications. Giving vote in most of the election is statistically not dependent

on occupation and educational qualifications but dependent on annual income. Habit of regular online purchases is statistically dependent on occupation, annual income and educational qualifications. Enjoy spending time with family is statistically dependent on occupation, annual income and educational qualifications. All the results were justified with realistic facts.

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Perspectives

The Dalits (1): A Fresh approach towards interpreting their experience of reality

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Abstract

This article focuses on the psychological consequences of oppression in the form of caste based discrimination in India. These psychological consequences are described as processes in the minds of the oppressed people, processes that often are unconscious.

First the position of the so-called untouchable castes (Dalits) is described. Then a report is presented of a Group Relations Conference (which is a temporary experiential learning institution), during which Dalit-leaders, who have taken the responsibility to fight for human rights of their brother Dalits, met executives of other humanitarian organizations and managers from business houses. During this conference, the Dalits were able to identify unconscious processes based on oppression that were interfering with the effectiveness of their organizations.

Introduction

The caste system: discrimination and unconscious processes such as projection, introjection and internalization:

One of the Indian sub-continental tragedies is the acceptance of the hierarchy of groups. This hierarchy is based on the principle of purity and pollution determined by birth. It has existed for several millennia and it is indeed very hard to make a dent on it. In fact many people belonging even to the so-called *untouchable* castes or other

so-called *impure* castes believe in this hierarchy. They do so not only because this social structure has been strongly associated with religious beliefs. Psychological processes such as *projection*, *introjection* and *internalization* play an important part. Projection takes place when a person does not wish to acknowledge impulses and desires inside of oneself that one considers bad, dirty or even evil. The person becomes afraid of these desires and impulses, and unconsciously tries to remove them from his awareness. One way of doing this is by denying that these desires and impulses are a part oneself, while simultaneously stating that other people are guided by those very desires and impulses. In other words, the person projects the unacknowledged desires and impulses within oneself on other people, who in one's eyes become bad or evil people. The relief, however, is temporary and as a result the process of projection never stops unless one is able to confront one's inner world.

The caste system itself can be said to be based on the psychological process of projection, in which every caste projects the badness and evil within their community on members of the lower castes. Introjection or internalization means that a person starts to believe that the judgement of other

1. Non-Indian readers who find it difficult to visualise the Dalits' experience of themselves in the Indian milieu may find some similarities in the life experience of Afro-Americans (also known as Black Americans), as described in such books by Langston Hughes as *The Ways of White Folks* (1933) and *Ask Your Mama* (1961).

people are true and adopts them. This occurs when the members of the lower order castes actually start to believe that they are inferior and impure; then they have introjected the projections of the people in higher castes. For example, I once tried to persuade a family belonging to a caste rather low in the local caste hierarchy (the *Bagdi* caste of West Bengal), to offer me a cooked meal that included boiled rice. They considered it a sinful act on *their part* because eating a meal consisting of boiled rice cooked in their home would “pollute” me! It was enough for that family that I have a surname, which is common among the members of the high Brahmin caste. That I am not a Brahmin but according to Manu’s laws an outcaste since I have not gone through the thread ceremony, or that I have renounced religion itself, made no difference in their perception of the ritual distance between us (Chattopadhyay, 1991a).

While a large number of Hindus belonging to the upper castes actively discriminate the lower castes, many Moslems (Ahmad: 1973) and Christians (Swarup: 1987) too practice some form of discrimination based on caste (where the caste prior to conversion is known) or caste-like hierarchy. As a result it has fallen on a minority to hold the fight on behalf of majority of low caste people who, as a result of introjection and internalization, passively accept this degrading caste hierarchy based on the twin concepts of purity and pollution. Lawrence (1979) has dealt with the impact of such passivity of the majority on society at some length in the context of studying

urban guerilla and similar phenomena. The hypothesis that Lawrence presents is that so long as the majority of any community remains passive in the face of felt injustice meted out by the establishment, a minority will unconsciously express the anger on behalf of the majority, some times in very violent forms.

Dalits are at the lowest rung in the caste hierarchy based on the twin concepts of purity and pollution. This societal position limits them in terms of choice of occupations. They have been oppressed throughout the recorded history of India, relegated to toiling and engaging with ‘polluting’ tasks like agricultural labour, disposing dead bodies, working with leather, cleaning toilets and sewage etc. Many Indians continue to believe that others would be polluted by their touch, or even by their shadow. To avoid such “pollution” Dalits were segregated and denied access to many community facilities like schools, temples, wells, water tanks, etc. To this day thousands of villages have a separate area for Dalit houses (including houses built for them by the government), separate wells for Dalits, class rooms where Dalit children sit separately, tea shops with separate glasses for Dalits. They are also not allowed to enter many temples all over India. These acts of discrimination occur despite laws against such practices (2).

There are today about 160 million Dalits in India and about 80% of them live in villages. Although a community of 160 million is quite large, in India with its current population of 1 billion they form a minority community.

2. *The great leader Dr. B.R. Ambedkar (who had drawn up the draft Indian Constitution at the behest of Prime Minister Pundit Jawaharlal Nehru and that text was by and large adopted by the Indian Parliament) made the word dalit well known. Ambedkar belonged to the so-called untouchable community by virtue of his birth in the Mahar caste, famous for its military prowess (though unrecognised as such in history books, presumably because of their low position in the Hindu caste hierarchy). He adopted that term after rejecting the term Harijan introduced by Mahatma Gandhi. Gandhi, meaning the “People of God”. Elevating the so-called untouchables intellectually by associating them with the term “God” perhaps hid their problems from the general public more than it helped them. So Ambedkar chose a term that seeks to confront all other communities of India with a very unpalatable Indian reality. This lent a political voice to the issue of caste discrimination.*

The word Dalit has several meanings. These are, according to a standard Bengali to English dictionary, “trampled underfoot, trodden, chastised, coerced, quelled”. These meanings can also be found in most other Indian languages, including in Sanskrit. The socio-psychological conditions of those castes reflect most or all the meanings noted in the dictionary, in terms of the experience of those who belong to those castes and in the perception of a minority of liberal and *thinking* Indians, whichever caste or religion or socio-political group they may belong to.

My interaction as a professional socio-analyst started with the Dalits through working with *Dappu* (3), a powerful umbrella organisation of over one hundred Dalit NGOs.

Why are people treated as less than human?

India boasts of democratically elected governments both at the Centre and in the States. How is it possible that in a democratic country a number of people are treated as less than human beings by the majority of the population of India? In an earlier article I have offered four hypotheses, all of which refer to unconscious phenomena (Chattopadhyay: 1991c).

The first hypothesis states that in every country certain very threatening negative internal processes embedded in the society are projected on less privileged minority communities so that the majority need not confront the evil within. Further, in many situations the less privileged communities introject and internalise these negatives. The punishments that are then unconsciously meted out to those who are perceived to hold the negative processes sometimes take terrible proportions.

The second hypothesis deals with my concept of “the invader in the mind in Indian metaculture”

(Chattopadhyay: 1991b). In the article referred to above I have offered more evidence to suggest that as a defense against exploring the presence of an “invader” in the mind of every Indian community, all kinds of boundaries of a section of the underprivileged communities are invaded and violated by the majority.

In order to understand this concept of the invader in the mind one has to consider not only the history, but also the proto-history, i.e. the combination of facts and myths about the past beyond the era about which documented history exists.

Invasion of this sub-continent started from a period shrouded in the mist of lack of written history and goes back to several thousand years. Since there were quite a number of invasions, the erstwhile invaders later became the invaded as new sets of invaders poured in. One of the consequences is our carrying in our unconscious pictures of both invading and being invaded. This is behaviourally acted out all the time. Many forms of contemporary behaviour pattern can be cited as evidence to support this hypothesis. Let me record here some of those.

Our country is wedded to the idea of democracy, which means that those who sit in state legislatures and the Parliament are the people’s representatives. The laws and the policies that govern the country are made by them as well as by the ministers, who are also people’s representatives. The bureaucratic machinery executes these.

However, our experience is that the people’s representatives and the senior bureaucrats become VIPs. Use of this terminology establishes that as human beings they are far more important than those whom they represent and serve. As a result they invade the rights of the people in various ways. One

3. *Dappu* is a drum with a leather surface used by some so-called untouchable castes. It has now become a metaphor for their struggle to achieve human existence.

common example is the custom of travelling in cars fitted with red light, at the sight of which the traffic police interfere with the normal movement of traffic to create passage for them. I have experienced such invasion in another country too where I spent a couple of years. In that country democracy as a notion is not yet fully understood. But in India, where there are enough educated people who understand the meaning of democracy, this type of invasion of one's rights is also taken for granted. Other forms of invasion would include having to shell out festival subscription, the amount of which is decided by the organisers without consulting the 'donor', the paradox of disrupting traffic flow with rallies and calling general strikes to serve political interests in the name of protest against invasion of rights (!) etc. The list stretches on and on.

At a more mundane level, if anyone wishes to visit a friend or a relative briefly or to stay on for some days when they come from a distant place, it is considered as very poor manners if the host to be finds it very difficult to agree to the visit for whatever reason. Divinity is projected on the role of guest and the hapless host has to put up with the invasion with good grace.

The role of host also has the licence to invade the guests' rights in two ways. One is by insisting that one have to fulfil the obligation of that role whether or not it suits one since the other party has issued an invitation. Another way of invasion is the assault on the digestive system of the guest by insisting that they have to eat whatever the host thinks fit to offer.

Thus the invasion game goes on in various ways, in various circumstances. The formula is that whoever is perceived as contextually more powerful invades the contextually less powerful. In the case of the VIPs invading the citizens' rights, the primary task changes from governing a country as people's representatives to ruling a country with unlimited power. This was

demonstrated in the recent past during the NDA Government at Centre. There was media report of the then Prime Minister advising the Chief Minister of Gujarat, Narendra Modi, to "treat all his subjects as equal", whereby the reality of elected people's representative was fantasised as the position of a ruler, like a king or a sultan, who lords over one's subjects.

Thus, people's representatives were unconsciously transformed into royalty! In other situations also the primary tasks change, like during festivals joyful participation changes into coerced participation or worse, when joyful participation ends in humiliation and physical assault since some powerful groups decided that such joyful participation amounts to acceptance of something known as 'decadent culture'. So it is not a sign of barbarian behaviour or decadence when groups indulge in fascistic practices where one invades both the body and the mind of others if one has more contextual power!

This notion of the invader in the mind, existing in the unconscious of the people of the sub-continent, is buttressed by the caste system, which is underpinned by a second unconscious process of projection of a different order that brings in the notion of purity and pollution. This system is so all pervading that it has also penetrated Islam and Christianity in India, as has been documented in numerous anthropological studies published in Indian and in international journals.

The genesis of this system seems to have taken place when those who brought the Vedic culture to this sub-continent sought to create an umbrella organisation to bring some kind of integration among the people of the sub-continent who practised different kinds of religious rituals, had different kinds of food and dress habits, rules of inheritance etc. So they created the fourfold *varna* system based on occupation. There is evidence to show that this was not an ascriptive by birth

system to begin with. People accepted this umbrella organisation because the Vedic people also offered them in return the protection necessary to live in peace. But this also laid the base for the dependency syndrome in the sub-continent (Bose: 1976).

Communities in those days were comparatively isolated and occupational skills were passed from father to son. Even where there was the need to learn from a teacher, the choice of professions was limited because of comparative isolation. As a result families and communities tended to specialise in particular occupations or professions and this eventually led to a social transformation that gave rise to a system that was based on birth.

As mentioned above, a second process was also involved in creating the dehumanising aspect of the caste system. I am referring here to the purity-pollution basis of the system. This was, I have hypothesised in some of my publications (Chattopadhyay: 1991a), contributed also by the fact of the sub-continent being invaded many times.

Invasions mean killing many people in the process and looting their resources. Those who get killed more often than not include peaceful civilians of all age groups. Further, looting of resources of the invaded country also means denial of access to those resources to people who had developed those. If the invaders believe that they belong to a civilised society, they usually suffer from a sense of guilt for invading another nation through bloodshed and later staking their right on a large amount of resources that belong to the invaded natives. This sense of guilt is usually repressed and like most repressed experience, the guilt is projected on the invaded in various ways. For example, the European imperialists created three myths for themselves and believed in them to the extent that these were included in school textbooks. In fact, in my personal experience I have found that these myths continue to remain

both in the conscious and unconscious of those nations, and are acted out through their behaviour. Some examples may be seen in some of my more recent publications (Chattopadhyay: 1999, 1999a & b).

These three myths are, first, that God had placed the duty of saving pagan souls by conquering and proselytising the natives of non-European countries. A second myth was developed to justify their riding roughshod over the native customs and laws and enforcing through the use of brutal means the Whiteman's laws. This myth was that God had further decreed that the whitemen had been chosen by Him to bring peace and justice to the apparently unruly and chaotic pagans. Finally, to justify at home the human toll of their own people in battles and through diseases against which the invaders had little or no immunity, a third myth was introduced. This was that actually the conquered territories were the "Whiteman's burden" and not colonies that they were sucking dry to increase the wealth of their respective countries.

Thus, guilt was handled by floating the belief in the inferior status of the conquered pagans. In fact they were dehumanised both in the mind and in practice by believing that their souls were impure and had to be saved. Defence against the guilt for large-scale slave trade was made through floating and believing in a more barbaric myth in North America in the early days. This was that African slaves were not quite human, so that when they fell ill, they were treated by veterinary doctors and the illegitimate children born to female slaves sired by a white father were considered to have some human blood.

Thus, the defence mechanism consisted of projecting the guilt resulting from harbouring and satisfying the evil desire to gain riches from other countries at any cost. The evil within one's society was projected on the conquered people in the

shape of inferiority that made them impure in the eyes of the conquerors. Thus segregation was blatantly practised in South Africa and the southern states of USA and not so blatantly in other colonies.

The Vedic people, known as the Aryans to the Western scholars, who descended in several streams, were no exception. They also had resorted to bloodshed and in the early days did not hesitate to forcibly take brides since most of them had been men, the soldiers, who intended to settle down in this landscape that presented a soothing picture of plenitude. So by the time the Vedic culture matured, they also floated the myth of inferiority of the invaded people and added to it the dimension of pollution for good measure. In other words, they retained the sense of purity by projecting the evil in themselves as impurity on the conquered. That is how the caste system became what it is today, a hierarchic system based on purity and pollution that dehumanise the so-called lower orders. The caste system is so much entrenched in the Indian psyche that even democratic Islam and Christianity have not escaped creating caste-like hierarchies, as has been recorded in many anthropological research studies.

Thus the *varna* and the *jati* systems, together known as the caste system, continue to be based on an unconscious process of projecting that which is unacceptable within one's group on the next lower order. The nexus of the Brahmins and the Kshatriyas created a terror campaign that led to the internalisation of the projected "badness" or "evil" of the *dwija* groups by the lower orders. The Brahmins' weapon of terror was psychological, which in many ways is more powerful than the sword of the Kshatriyas.

This psychological terror was and still is one of capitalising on the basic fear of what happens after death, playing on the anxiety about the unknowability about what death really is. And

as each successive lower order introject the projected badness, they in their turn project downwards their feelings of badness so that at the bottom come the so-called untouchables who were and still are considered as so impure that one is supposed to get polluted by their touch. In the initial phase this system could be introduced because of the dependent state in which the invaded people remained by accepting the umbrella organisation of the *varna* system.

The third hypothesis deals with the term "underprivileged" in the Indian context. Historical evidence suggest that this term is a defense against confronting the reality of denial of basic human rights of the less powerful by the privileged elite in this subcontinent. For example, the popular epic *Ramayana*, which is read by a majority of Indians with religious reverence describes how Ram beheaded a person of low caste with no feeling of qualm just because that man was trying to develop the wisdom of the average very high caste man. These low caste people were denied access to knowledge and means of personal development through meditation etc. Since this person had somehow got organised to have access to such knowledge, Ram considered it all right to behead him without by your leave! This serves as a model for many people today. Obviously it does not mean that they feel free to behead others. But the value is on the upper castes reserving all kinds of social opportunities for themselves. As a result lower castes are denied not just social privileges, but such basic human rights as equal opportunity for education and livelihood.

The fourth hypothesis deals with the paradox created by the rich cultural diversity in the Indian subcontinent over the millennia. While enriching many aspects of the Indian personality, the diversity on offer has also resulted in people internalizing many apparently conflicting culture traits and cultural realities. This process has resulted in creating an Indian personality that is

characterized by an inability to manage these many internal differences. Instead of coming to terms with and dealing with uncomfortable internal realities, some of those parts of the personality are experienced as bad parts, and then split off and projected on other people (or groups of them) in the environment. The age old caste system provides a readily available possibility for projecting the worst parts of oneself on the members of the lowest caste.

Group Relation Conferences

Group Relation Conferences (GRC's, also known as Working Conferences) are temporary educational institutions for learning from "here and now" experience. By "here and now" one means working with experiences that are readily available to all the participants (both members and staff) within the conference. To that end they provide opportunities for the participants to explore their experience in the GRC as it takes place in different events – experiences that are both conscious and unconscious. A GRC usually runs for 5 to 14 days and several events are built into it. Each event has a primary task, as also each event has its own configuration, depending on the task. In some events the membership meet together. In some other events they are formed into smaller groups and in some events the membership chose to form groups of their own. Each event is monitored by consultants who keep offering interventions, mostly in the form of hypotheses about the unconscious dynamics taking place in the event. These hypotheses are based on the on going experience of the consultants in the groups and the members are encouraged to work with the hypotheses based on their internal experiences like unspoken thoughts and unarticulated, associated feelings.

'Experience' in this context also means the impact of the events in terms of how one articulates what one perceives as happening in

the events as well how one deals with the feelings and emotions associated with them. This is done in ways that are generally not possible in the burly-burly of day to day life as one moves from role to role and location to location. In the GRCs one gets the space to reflect on one's experience, including outward behaviour, the inner experience, thoughts and feelings. One conceptualises and internalises those insights that one figures out to be useful in one's life.

For example, in a GRC organised for a software company's top management, in the event known as Social Dreaming Matrix, in which the members present their dreams of the night before and the associated thoughts and feelings. When one member offers his or her dream and associated thoughts and feelings, other members too associate their thoughts and feelings with that dream. One of the dreams that were presented was that the member took delivery of his laundry. On returning home he opened the laundry packet and found that it consisted of neatly folded undergarments, which were well ironed, but dirty. The consultant's hypothesis was that since undergarments are usually made from cloth of soft texture, the dream was pointing towards guilt associated with their work. This hypothesis was based on association of soft wearing apparel with software and dirty but well ironed undergarments were associated with suppressed bad feelings. Once this hypothesis was offered, quite an amount of data came out on the guilt associated with the salary structure of the software industry in India as well as the envy associated with how much their America based associates were earning by selling the software developed in India and exported to America. The members could then begin to look at how these suppressed feeling were in fact getting in the way of their efficiency. (For some understanding of the phenomenon of guilt among Indian executives of software companies see Viswanath and Chattopadhyay: 2004.)

In other words, one accepts one's learning from experience on the basis of one's personal authority. In acknowledging one's new insights, one also has the opportunity to deal with problems encountered in using one's personal authority. Obviously, GRCs have neither a set of curricula nor any formal lectures or evaluation of performance. The participating members accept or reject learnings and insights based on their personal authority. The staff provides and manages the boundaries of task, time and territory in the role of collective management. In their consultant role during various events they offer working hypotheses and other interventions on the basis of their "here and now" experience.

To shed further light on the process of the GRC, I quote below from a note prepared by one of the consultants, Rina Tagore:

"The methodology (of the GRC) places experiential learning at the centre, without any fanfare of pampering the learning process; it instead gives complete authority to all - staff and members in their roles - around the primary task(s). Stripped of pretences, the conscious and unconscious dynamics of individual and group behaviour surface as people engage with the tasks. This is a challenge as there is no garb of intellectualism or pretentious emotions. It is often frightening, as the group is confronted with their own shadows and what lurks from within the depths of the individual and collective unconscious. Experiential learning is thus far more powerful than what can be gathered in research papers and academic statistics. (I say this without negating the relevance of research in analysing socio-political phenomena). GRCs through the firm adherence to roles, tasks and their related boundaries create such a space that individuals in groups are confronted with their conscious and unconscious in a powerful way."

It must also be mentioned here that GRCs create situations where it is possible for the trained and

experienced consultants to offer hypotheses to the members about their unconscious assumptions as the basis of many of their intellectual and emotional positions, as reflected in the "here and now" behaviors of the groups as they occur. Members are encouraged to work with the hypotheses offered by exploring the "here and now" data available to all as also their feelings and emotions, which are also data of a different kind.

One of the common examples of unconscious assumption and its behavioural impact is the picture of authority that the average individual carries in the mind, partly consciously and largely unconsciously. These pictures are almost invariably projected on whoever is/are perceived as authority figure(s) in any given situation, whether or not those people carry the kind of authority that they are assumed to carry. In GRCs such assumptions about authority are inevitably projected on the staff in their role as collective management and individually on their role as consultants, who try to assist the members to realise the nature of their projection and its impact by offering hypotheses with the "here and now" evidence.

It is also acknowledged that members can actually work with the hypotheses and other interventions offered by the staff and learn worthwhile facts about their own behaviour and related societal phenomena so long as they are able to deal with their inner resistance towards confronting "unpalatable" or "indigestible" truths that emerge in various events of the GRC. This ability is related to one's capacity to take the risk to be exposed within oneself to one's untrue assumptions that in many situations lead to one's hitherto unrecognised destructive behaviour - destructive of self or others or of institutions to which one belongs, or all of these simultaneously. Consequently the process does become painful to those who muster the courage to learn worthwhile insights and realities.

A GRC for Dalits (4)

Only comparatively recently the Dalits of India are trying to deal with their problems in an organized way rather than remaining dependent on the elite to alleviate some of the miseries of their existence. Dalit members expressed the need for organizing a GRC for those Dalits who were in leadership position of several NGOs connected to Dappuⁱ, the umbrella organization of numerous Non-Government Organizations (NGO's) that are working for the benefit of the underprivileged Dalits of a very large area of south Indian peninsula. The GRC was organised jointly with Learning Network, a consulting organisation based in Bangalore, whose Director has considerable experience in India and abroad as staff in GRCs. The participants were not only members of Dappu: the GRC recruited members from non-Dalit NGOs as well as from the corporate sector.

The theme chosen for this GRC was *Identity, Authority, Leadership: Resistance, Self-Empowerment & Transformation in Organizational and Social Systems*ⁱⁱ

The emotional baggage of the participants. A powerful Dalit leader, who is the head of a several thousand strong Dalit NGO, entered the Opening Plenary a quarter of an hour late although he had registered on arrival at the venue at least a couple of hours earlier on that day. When he spoke in the opening plenary towards its close, it was to make sure that all the participants (members and staff) understood that he came late on purpose to show his ambivalence at agreeing to join "a workshop based on Brahminical model and attended by corporate types." His contempt for and anger towards the staff, which included two persons with Christian

names (one of whom is a Dalit leader), another person with a Moslem name and two others with Brahminical surnames, as also towards managers attending the conference, almost dripped from his short speech. He gave all participants to understand that he had come with the prime motive of collecting evidence of why such GRCs should not be attended by Dalit 'activists' like him and others present as members there.

Other Dalit members' emotional baggage also consisted of mixed feelings, though none of them were as vocal in expressing their feelings. Two younger women members talked about a great amount of excitement at the prospect of learning in a new way. However, as the GRC began to unfold, it seemed rather obvious to us that the angry Dalit leader was actually airing thoughts and feelings on behalf of most of the other Dalit leaders in the GRC.

What struck me from the very beginning of this GRC was the intensity with which the Dalit leaders, who described themselves as 'Activists', participated. As a group they appeared to me to apply themselves with far more vigor and attention than managers on an average do in GRCs. While a few Dalit leaders had joined the GRC with the hope of learning something that will help them carry out their duties as 'Convenor' of various Dalit institutions and organisations, the majority had joined the GRC carrying in their mind a heavy dose of skepticism about the outcome of the GRC. However, their vigor and attention remained alive right through the GRC despite the feeling of skepticism and associated anger that was expressed by a Dalit leader in the opening plenary on behalf of many others who talked of mixed feelings in guarded language.

4. This GRC took place in Hyderabad from February 17 to 22, 2003. I was authorised by Dappu to co-direct the GRC with Rosemary Viswanath, Director of Learning Network. The three other persons on the staff were Paul Divakar (Convenor, Dappu), Zahid Hussain Gangjee (CEO, Zahid Gangjee Associates) and Rina Tagore (till recently the Programme Officer, Human & Institutional Development, Swiss Agency for Development and Cooperation, Embassy of Switzerland, Delhi). The GRC was jointly sponsored by Learning Network, a Bangalore based consulting and training organisation, and Dappu.

Major problems of the Dalit leaders. Almost all the Dalit leaders began to realise through their experience in the GRC the psychological process present behind the terms 'Activist' and 'Convenor'. As I understand this process, 'Activist' is a metaphor that stands for minority action against a discriminating and dehumanising establishment, which has the passive support of the majority. In the Dalit organizations emphasis is laid on activities that highlight the process of discrimination. This takes away the focus from designing and managing tasks that relate to the objectives of restoring human dignity to Dalits and putting them in the path of economic well being. Most energy is spend on fighting against discrimination, instead of promoting positive developments and that results in a wastage of energy and other scarce resources. This problem became clearer for the Dalit members as we helped them to articulate the primary task of their respective organisations and work.

Many Dalits realized and acknowledged how a process that looses focus on managing objective related tasks leads to wastage of resources. Using the term 'Convenor' further reinforced this process. This term reflects the rejection of anything that is usually associated with the terms 'Manager' or "management", which to them represent the exploiting oppression by the higher castes. Since being a boss has become associated with being an oppressor, nobody wants to be a boss (i.e. the one who takes the major decisions). That results in a lack of clarity about roles and responsibilities within the Dalit organisations.

Dalit participants in the GRC began to see how their anger and hatred, though very legitimate, towards establishment has resulted in their unconsciously rejecting some of the basic tenets of managing successful organisations.

The Dalit leader who had at the opening plenary almost spat out his rejection of a 'Brahminical

model' and the presence of 'corporate types', at the closing plenary six days later pointed his forefinger towards his own head and said that he had come to realise that the 'Brahminical model' was earlier present in his head and that he was projecting it on the staff. He and several others also mentioned at the closing plenary how in their anger at being at the receiving end of denial of basic human rights in a free country had rejected the word 'manager' as something that belonged to the 'corporate world', representing exploitation of the worst kind.

Another Dalit participant, who headed a seven thousand strong Dalit organisation of garbage cleaners, acknowledged his earlier problem around even exploring his leadership role in the organisation because of his experience of being betrayed by many of the country's (elected political) leaders. These are only a few examples of the multitude of insights shared by the Dalit leaders at the closing plenary. In that process, they acknowledged that in rejecting the word 'manager' and describing the managerial roles in their organisations as those of 'Convenor', they had quite unconsciously set in organisational processes that had created mismanagement of various much needed resources which they would now work towards undoing.

It had been obvious to us how much pain the Dalit leaders went through during various events of the GRC whenever they developed insights about their way of running Dalit NGOs and other Dalit organisations that fought for human rights almost round the year. The pain was about realising the mistakes that they had been systematically making in terms of managing those NGOs and other organisations. It was the commitment to their chosen tasks and objectives as also their deep seated motivation that helped them acknowledge their insights in 'public', i.e. in the closing plenary.

Participants working for the cause of the Dalits. Participants working for Dalits as facilitators and resource persons were confronted with their own notions and the myths they tend to build. Faced with a competent Dalit subsystem there were feelings of threat stemming perhaps from the recognition of a reality that this subsystem was equally, if not more, powerful. Envy in learning could be witnessed on many occasions – how can Dalit persons, not as fluent as themselves in the English language – manage to express themselves, communicate and even learn!

Discussion and Conclusions

Government policy towards lower castes. In an attempt to alleviate the burden of poverty, numerous so-called lower and untouchable castes have been declared in more than one Schedule of the Indian Constitution as the beneficiaries of certain reservations of opportunities. It seems evident that after nearly sixty years of independence with reservation of opportunities for that many years, that strategy has not made any significant difference to the lot of those who are known as the Scheduled Castes and Tribes, including so-called untouchable castes, now also known as Dalits. It is true that with the help of these benefits many of the economically better off members of Scheduled Castes and Tribes have occupied a number of important positions in political parties, in government and in the public sector enterprises. However, all that has happened as a result is that they have formed some kind of an elite among the Scheduled Castes and Tribes with access to the cream of the benefits. The lot of the vast majority has remained little better than what it had been prior to India's independence.

Yet there has been no new thinking by different political parties that dominate the governments at the Centre or at the States to introduce such changes in the policy and practices as would provide realistic opportunities for the average members of Scheduled Castes and Tribes to rise above poverty level as well as be in a position to challenge the hierarchy of the caste system with its dehumanising value on purity and pollution attributed by birth. The two will require very different approaches, particularly in view of the fact that many, if not a great majority, of the so-called low caste people too actually accept their caste status in terms of pollution by birth. This happens largely because of the religious sanction behind caste hierarchy and the fear (5) of some kind of terrible punishment both here and in the hereafter. As for the rest, i.e. the members of various legislative bodies and the bureaucrats, I hypothesise that unless they are willing to experience the "invader" that they harbour inside of them and the apparent "evil" that they project unconsciously on the less powerful, no amount of legislation and directives to bureaucrats will change the situation significantly.

The brand of Dalit leaders who came to attend the GRC as members seems to belong to a class by themselves. Defying the economic, political and religious guns aimed at Dalits in order to keep them as untouchables who must keep burning in the millennia old flames of the dehumanising fire of the caste and the *varna* systems, like phoenix they have burned and risen from the ashes to organise their fellow down trodden to challenge the system. Hence they have the guts and the ability to accept the pain of transformation from within. There lie their motivation and intense engagement with task.

5. *This fear is so deep seated that, as I have mentioned before, at a personal level I have failed to establish my bonafide as a person without religion and an outcaste by virtue of not going through the thread ceremony prescribed for those born in a dwija (Twice Born) family. Since the so-called second birth takes place after the thread ceremony, by not going through it I and my children and their progenies happily remain outcastes, but this is not accepted by almost anyone. Upper caste people feel threatened at this challenge and lower caste people do not seem to be able to accept that one can actually renounce one's religion and caste by birth.*

Helping oppressed people

As a consultant to both government organisations and NGOs, it has been my experience that the strategy for helping oppressed people are made on the basis of several factors, which are generally considered as data. One is the assumptions of the bureaucrats or the NGO leaders. Since in 99.9% situations those people not only do not come from a background of oppressed people, their assumptions are more often than not based on cultural beliefs about the "down trodden". These beliefs in many situations do not tally with the reality of the oppressed people.

Secondly, secondary data like census reports and survey reports are also used to form the assumptions on which the strategic decisions are taken. Since both census data analysis and survey data analysis are done by people far removed from the day to day life of the oppressed people, once again cultural assumptions creep into analysis, however much efforts are made to do away with bias.

Thirdly, the oppressed people over generations come to distrust what they consider as the "establishment". As a result the answers that they give to census questionnaires or other forms of surveys are again more often than not based on the oppressed people belief about what the establishment as the oppressors' representative would like to have as their response.

The story is somewhat similar to why in commercial enterprises Management By Objectives (MBO) by and large failed. The subordinate role holders fantasised what they assumed were their superordinate role holders' (or bosses', in simple words) expectation of them were and presented those as their own, well considered task related objectives. As a result the action plans were far removed from the reality of those who had supposedly presented their objectives in terms of tasks and results for the year to come.

In both the situations, assumptions about power figures and power groups are made by the comparatively powerless or less powerful. While some of the assumptions are quite consciously held in the mind, their bases mostly remain driven in the unconscious. Unless the oppressed too can be helped to access their unconscious group assumptions, helping them may end up in providing cosmetic changes rather than leading to transformation for better life.

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A study on employees perception towards employee engagement

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Abstract

Employee Engagement is the level at which employee dedication, both emotional and rational subsist in relation to achieve the mission, and vision of the organization. The knack of the organization to achieve its objective mainly depends upon the efficacy of its Employee Engagement Programme. Therefore it requires immense planning and concern to formulate and execute Employee Engagement strategies.

The main Objectives of the paper are to study different employee engagement tools, to find out the Impact of & need for improving employee engagement & to know the attitude of employees towards the Employee Engagement and to understand the complexities therein. The paper takes into consideration primary data through questionnaire method, in which information is obtained with the help of questionnaire which is prepared exclusively for specific purposes. Primary data is collected by interviewing the employees of 3 companies i.e. Exide, Ador Fontech and Tata Motors with structured questionnaire method. Sample Size being 50, sampling Method used is Convenience Sampling Method. The major findings of the paper are that **a thriving employee engagement assists to generate a community at the place of work not just an employees. Engaged employees experience a strong emotional connection to the organization. Employees' involvement in companywide initiatives, educational opportunities and**

open communication each, are identified as vital tools of Employee Engagement.

Key Words: Employee Engagement, Employee participation, technology, Process improvements, educational opportunities.

Introduction

Employee engagement is the measuring rod that measures the involvement of the individual in the organization. Human resource personnel struggle with talent management issues, particularly retention. The pursuit to discover the finest way to retain employees has taken HR through concepts such as employee appraisal, employee contentment and employees happiness. The newest initiative is "Employee Engagement", an idea that holds, that, it is the extent to which a person is sympathetically connected to his organization and obsessive about his job which is actually important.

Employee Engagement: Principal factors

Career Development- Opportunities for Personal Development: Organizations with high levels of engagement provide employees with opportunities to develop their abilities, learn new skills, acquire new knowledge and realize their potential. When companies plan for the career paths of their employees and invest in them in this way their people invest in them. Career development influences engagement for employees and retaining the most talented employees and providing opportunities for personal development.

Leadership- Clarity of Company Values: Employees need to feel that the core values for which their companies stand are unambiguous and clear. Successful organizations show respect for each employee's qualities and contribution – regardless of their job level. A company's ethical standards also lead to engagement of an individual

Empowerment: Employees want to be involved in decisions that affect their work. The leaders of high engagement workplaces create a trustful and challenging environment, in which employees are encouraged to dissent from the prevailing orthodoxy and to input and innovate to move the organization forward

Top Five Strategies (Tools) for Improving Employee Engagement

Encourage the employees' involvement in companywide initiatives: It may be that they no longer feel challenged in their current position. This is a very common reason for disconnect and when there are currently no opportunities for promotion, getting involved in the bigger picture will provide new challenges that keep the job interesting.

Encourage creativity and innovation: Have you ever seen a toddlers face after they figure out a way to get something done? For example, using a toy to turn on a light they couldn't otherwise reach or using the mouse on a laptop to point and click? It's amazing! Adults are the same way. Our challenges are much bigger but when we figure out a way to overcome them, we could almost skip with glee. Encourage creativity and innovation. It provides new insights and a sense of accomplishment.

Encourage open communication: You can get insight into what things are important to the employee by using surveys, suggestion boxes and team meetings. Be open-minded and encourage them to express their ideas and perspectives without criticism. This means putting into practice

everything you have learned about effective listening. Address their concerns in the best way you can.

Provide educational opportunities: Do not allow the employee to feel as if there is nothing more for them to learn in their current position. Provide inter-departmental career development plans that includes certifications, seminars and/or workshops intended to provide both career and personal growth. This is an action that also helps to increase retention.

Share information: Let them in on what is going on within the company as well as how their jobs contribute to the big picture. When you keep you employees informed they tend to feel a greater sense of worth. Keep communication hopeful and truthful - do not be afraid to share bad news, instead be more strategic about how you deliver it. For example if there are no opportunities for advancement, then learn to use the words currently, in the future, new technologies, job rotation; words that give hope. Be sure to follow through when opportunities become available. Remember you are working to retain your top performers.

Literature Review

Engagement at work was conceptualized by Kahn, (1990) as the 'harnessing of organizational members' selves to their work roles. In engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. The second related construct to engagement in organizational behavior is the notion of flow advanced by Csikszentmihalyi (1975, 1990). Csikszentmihalyi (1975) defines flow as the 'holistic sensation' that, people feel when they act with total involvement. Flow is the state in which there is little distinction between the self and environment. When individuals are in Flow State little conscious control is necessary for their actions. Employee

engagement is the thus the level of commitment and involvement an employee has towards their organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.' Thus Employee engagement is a barometer that determines the association of a person with the organization

Engagement is most closely associated with the existing construction of job involvement (Brown 1996) and flow (Csikszentmihalyi, 1990). Job involvement is defined as 'the degree to which the job situation is central to the person and his or her identity (Lawler & Hall, 1970). Kanungo (1982) maintained that job involvement is a 'Cognitive or belief state of Psychological identification.

Objectives

- To study different employee engagement tools
- To find out the Impact of & need for improving employee engagement
- To know the attitude of employees towards the Employee Engagement and to understand the complexities therein.

Research Methodology

The paper takes into consideration primary data through questionnaire method, in which information is obtained with the help of questionnaire which is prepared exclusively for specific purposes. Primary data is collected by interviewing the employees of 3 companies i.e. Exide, Ador Fontech and Tata Motors with structured questionnaire method. Sample Size: 50. Population-500. Sampling Method: Convenience Sampling Method. Tools Used: Percentage Analysis. **The data which is collected is analyzed**

and is presented through bar diagrams using percentages for analyzing and interpreting.

The theoretical foundation of the study is based on various secondary sources. This portion of paper deals with the analysis and interpretation of the data which is collected with the help of questionnaire, personal interviews and discussions with the employees of the selected 3 companies. These employees were selected by using convenience sampling technique based on the availability of employees.

Survey of Employees

Table 1: Impact of improving employee engagement in organization as absolutely envisaged by the sampled employees.

Sr. No.	Particulars	Total	%
1	Customer engagement	15	30
2	Sales growth	16	32
3	Profitability	19	38
	Total	50	100

Source: Field Survey

Impact of improving employee engagement in organization as Absolutely envisaged by the sampled employees in %

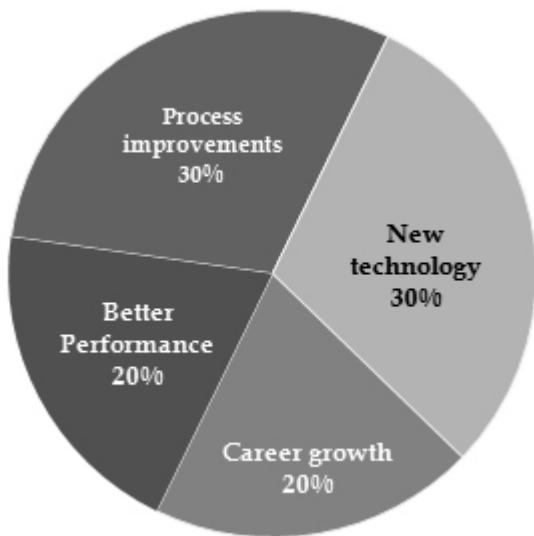


Table 1 shows that 38% (i.e. 19) employees surveyed are of the opinion that impact of improving employee engagement in organization would lead to profitability.

Table 2: Opinions about need for employee Engagement as absolutely envisaged by the sampled employees

Sr. No.	Particulars	Total	%
1	Process improvements	15	30
2	New technology	15	30
3	Career growth	10	20
4	Better Performance	10	20
	Total	50	100

Opinions about need for employee engagement as absolutely envisaged by the sampled employees" in %



The need for employee Engagement as opined in Table 2, it shows that 30% (i.e. 15) employees surveyed are of the opinions that due to employee Engagement, the company can lead to Process improvements & new technology. 20% (i.e. 10) employees each of them is of the opinion that Career growth, Better Performance would be the output of employee Engagement.

Table 3: Opinions by sampled employees regarding application of employee engagement tools as absolutely envisaged by the sampled worker employees

Sr. No.	Particulars	Total	%
1	Employees' involvement in companywide initiatives	10	20
2	Employee participation in decision making	6	12
3	Feedback	14	28
4	educational opportunities	10	20
5	open communication	10	20
	Total	50	100

Opinions by sampled employees regarding application of employee engagement tools as absolutely envisaged by the sampled worker employees" in %



Table 3 indicates the opinion regarding application of Employee Engagement tools, it can be seen that amongst 50 employees surveyed, 20 % (i.e. 10) employees are in favor of Employees' involvement in companywide initiatives, educational opportunities and open communication each, as vital tools.

Table 4: Opinions about Support of management to solve difficulties as absolutely envisaged by the sampled employees

Sr. No.	Particulars	Total	%
1	Yes	14	28
2	No	23	46
3	Up to some extent	13	26
4	Total	50	100

Opinions about support of management to solve difficulties as absolutely envisaged by the sampled employees" in %

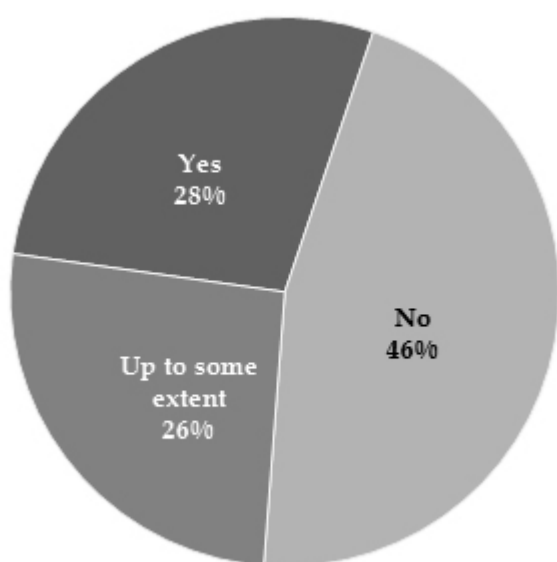


Table 4 indicates the opinions about Support of management to solve difficulties. 28 % employees are satisfied with the management support where as 46 % feel that the management is not helpful.

Table 5: Opinions about Employee Engagement as a support for career development

Sr. No.	Particulars	Total	%
1	Yes	33	66
2	No	6	12
3	Up to some extent	11	22
4	Total	30	100

Opinions about Employee Engagement as a support for career development "in %

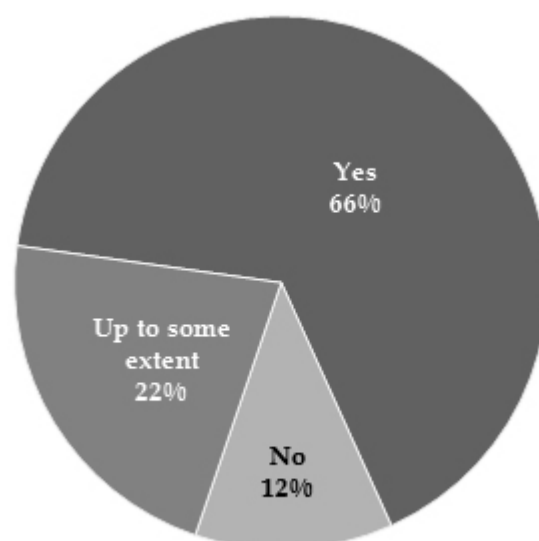


Table 5 Indicates the opinion about Employee Engagement as a support for career development. 66% customers have responded absolutely, while 12 % employees have responded negatively. This indicates that employees are quite positive about Employee Engagement in the company as maximum of them are in favor.

Table 6: Opinions about satisfaction with the existing Employee Engagement System

Sr. No.	Particulars	Total	%
1	Strongly satisfied	7	14
2	Satisfied	13	26
3	Dissatisfied	18	36
4	Strongly Dissatisfied	12	24
5	Total	50	100

Opinions about satisfaction with the existing Employee Engagement System" in %

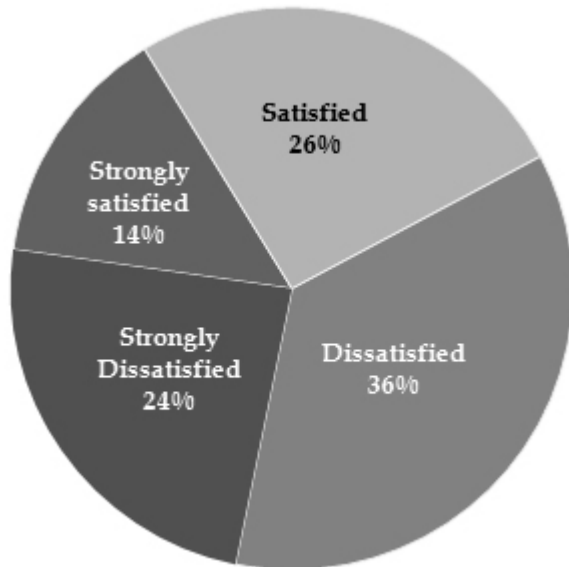
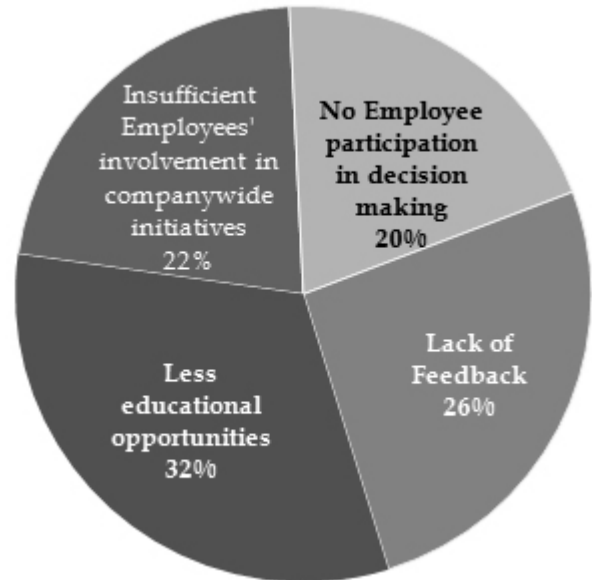


Table 6 indicates the employees satisfaction with the existing Employee Engagement System, 40 % employees are quite satisfied, while 60 % are not in favor. This result indicates a need for proper Employee Engagement System within the organization.

Table 7: Opinions about complexity in current Employee Engagement programmes as absolutely envisaged by the sampled employees

Sr. No.	Particulars	Total	%
1	Insufficient Employees' involvement in companywide initiatives	11	22
2	No Employee participation in decision making	10	20
3	Lack of Feedback	13	26
4	Less educational opportunities	16	32
5	Total	50	100

Opinions about complexity in Employee Engagement programmes as Absolutely envisaged by the sampled employees in %



The table shows that the majority of the respondents 32% believed less educational opportunities are a foremost difficulty in current Employee Engagement programmes, while 26 % view Lack of Feedback as a complexity. It is essential for the growth of the organization as well as employees that management should take this seriously. Employee's can be sent for Executive development programmes or training can be arranged within the organization.

Findings

A thriving employee engagement assists to generate a community at the place of work not just an employees. Engaged employees experience a strong emotional connection to the organization.

Majority of employees surveyed are not satisfied with the existing Employee Engagement System. This result indicates a need for proper Employee Engagement System within the organization. As engaged employees care about the future of the company and are willing to invest the flexible effort in the benefit of company.

Employees' involvement in companywide initiatives, educational opportunities and open communication each, are identified as vital tools of Employee Engagement. The majority of the respondents believed less educational opportunities are a foremost difficulty in current employee engagement programmes, career development influences engagement for employees and the most talented employees are retaining and providing opportunities for personal development.

Limitations/ Scope for future work

The research paper is limited to the study of employees' perception towards employee engagement, but it opens the scope for other researchers to do the study employers perception. The drivers, tools etc. of employee engagement can also be studied as a separate topic.

Conclusion

There can be little doubt that 'employee engagement' is the issue of the moment for those in HR and communications functions. Everyone, it seems, has heard about it, most want a piece of whatever it is and increasing numbers every year are rolling out programs and campaign dedicated to it. Employee engagement, also known 'Work engagement', is a concept that is generally viewed as managing discretionary effort, i.e. when employees have choices, they will act in a way that furthers their company's effort. An engaged employee is a person who is fully involved in, and energetic about, his or her work. Employee engagement is now measured by items which have been linked to key business outcomes. Engaged employees care about the future of the company and are willing to invest the discretionary effort.

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Case Study

Texmaco: How the multi-discipline, multi-unit engineering and infrastructure company turned its fortunes

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Abstract

The case traces the turnaround story of TEXMACO, one of the largest manufacturers of railway freight cars in India. The company, which started producing freight cars in this critical situation, the able leadership of the top management put it back on the right track.

Keywords: Indian Railways, Railway Freight Cars, Texmaco, Leadership, Motivation

Introduction

November 1999 – a worried D. H. Kela (Kela), who had taken over as the President and CEO of Texmaco Rail & Engineering Ltd. (TEXMACO) recently was going through the financial report of the company. TEXMACO had two divisions – a steel foundry and a heavy engineering division. He had taken over the charges of the foundry at a time when the production was very low and the company was losing INR 4 million every month. The foundry which was set up in 1939¹ had very old machinery and equipment with majority of the work being done manually. The foundry also had issues relating to overstaffing and the 600 strong workmen would remain idle for three days a week. Added to all these were the incessant quality problems which forced TEXMACO to buy

wagons even from its competition like the Hindustan Development Corporation Ltd. (HDCL), a company where Kela had worked as the Project Manager prior to joining TEXMACO.

Joining HDCL in 1982, Kela had handled several vital projects including the manufacturing of magnetic crossings which most of the companies were reluctant to make as the task was quite complex and costly. Despite all that he had achieved in the past, Kela knew that the current situation at TEXMACO was very grave. The company did not see any hope of making profits unless drastic measures were taken.

TEXMACO: A Snapshot

Texmaco Ltd. was founded by Dr. Krishna Kumar Birla, a legendary Indian industrialist (**Exhibit I**). The company started as a textile machinery manufacturer and later diversified into heavy engineering. In 1954, Texmaco ventured into wagon manufacturing with in-house castings provided by the foundry division. Over the years, the company has become a multi-discipline engineering and infrastructure firm with five production units spread over 170 acres near Kolkata, West Bengal – a state in the eastern part

1. This case study has been prepared by Ms. Ishani Banerjee, Research Associate (Knowledge Cell, Globsyn Business School) and Mr. Subhojit Roy and Ms. Astika Panigrahi, student (PGDM-02) at Globsyn Business School, National Campus, Amtala, West Bengal, India

i. "Corporate Profile", Texmaco Rail & Engineering Ltd. Retrieved from http://www.texmaco.in/corp_porf.php, (accessed January 29, 2014)

of India. Its product portfolio includes railway freight cars, steel castings (primarily for railway freight cars), hydro-mechanical equipment etc. (Exhibit II).

Exhibit I

The Legacy of Dr. Krishna Kumar Birla (K. K. Birla)

Dr. K. K. Birla was born on November 11th 1918 to Ghanshyam Das Birla (G. D. Birla) and Maha Devi Birla in Rajasthan. G D Birla was a well acclaimed industrialist who set up Birla Brothers Ltd., a cotton mill in Gwalior in 1919. Gradually, he expanded the business into publications (Hindustan Times), automobiles (Hindustan Motors), sugar and paper mills, cement, chemicals, steel tubes etc. K. K. Birla, his eldest son, joined the family business in 1940 after graduating from Lahore University in 1939. He further expanded the business to new verticals like engineering and fertilizers (Chambal Fertilizers & Chemicals). He was an active member of the Congress party and served Rajya Sabha (the upper house of the Indian parliament) from 1984 to 2002.

The family also known for philanthropy, has set up Birla Institute of Science and Technology and the International Centre for Excellence (both established by G.D. Birla), the K.K. Birla Foundation, the K.K. Birla Academy of Scientific, Historical and Cultural Research etc.

This legendary industrialist died in 2008. After his demise, his business empire is looked after by his three daughters Nandini Nopany, Jyotsna Poddar and Shobhana Bhartia. Saroj Poddar, the husband of Jyotsna Poddar, renamed the business entities under him as 'Adventz'. Texmaco Rail & Engineering Ltd. is the flagship company of the Adventz group.

Compiled by the author from various sources

For the last seven decades, TEXMACO has been one of the leading manufacturers of railway freight cars in India. Its wagons have been used by core industries like defense, steel, cement, oil, fertilizer, in chemical plants and thermal power projects. Some of the wagons are customized to carry large, oversized consignments. Moreover, the company started exporting freight cars since mid-1960s to African, European and South-East Asians countries. To add more variety to its product offering, the company has plans to manufacture Double Deck Auto Rakes in collaboration with a European organization. In addition to wagons, it has also started producing electric locomotives.

The foundry division of the company is the largest in India with a capacity of 30,000 tonnes castings annually. The division has received Quality Assurance Certificate M-1003 from the Association of American Railroads (AAR)² to become the only foundry in India eligible to export castings to the North American market. It has also received the "IIF Foundry of the year 2009" by the Institute of Indian Foundrymen.

In 2010, the company underwent re-structuring. Both the rail and foundry divisions were demerged from the parent company and moved under the wholly-owned subsidiary Texmaco Machines. The management felt that the new structure would facilitate smooth functioning of the two verticals. The official statement affirmed, "*Following the demerger, the company's businesses will be able to carry on with greater focus and attention through two separate companies – Texmaco and Texmaco Machines – each having their own management team and administrative set-up. It was also necessary to take the businesses to their next level of growth*"ⁱⁱⁱ

2. The association promotes railroad safety in the US. AAR members include the major Class I railroads of the United States, Canada and Mexico, as well as smaller non-Class I and commuter railroads. Class I railroads generate more than \$ 1 million revenue.

ii. "Texmaco to demerge engg, steel ops", *The Economic Times*, February 25, 2010. Retrieved from http://articles.economictimes.indiatimes.com/2010-02-25/news/28471468_1_steel-foundry-ramesh-maheshwari-businesses (accessed January 30, 2014)

Exhibit II

Business Verticals of Texmaco

Rolling Stock	Steel Foundry	Hydro-mechanical equipment & Steel Structures	Process Eqpt. & Others
<ul style="list-style-type: none"> • High payload stainless steel freight wagons • Commodity-specific wagons for bulk transport • Special purpose freight wagons • Bottom discharge hopper wagons for transport of coal • Container rakes • Tank wagons • Loco shells • Coach bogies 	<p><u>Domestic</u></p> <ul style="list-style-type: none"> • Bogies • Couplers • Draft gear • Coach coupler • CMS crossing <p>Export</p> <ul style="list-style-type: none"> • Shroud castings • CMS frogs • Rotary Yokes • Barber design sideframe & bolster castings 	<ul style="list-style-type: none"> • Gates in wide range • Penstocks and specials • Stoplogs • Hydraulic hoists • Goliath & EOT Cranes • Trash rack cleaning machines • Steel bridges • Ship hull block 	<ul style="list-style-type: none"> • Horton sphere • Clay fitter • Gas cooler • Cold box • Heat exchanger • Agro machinery • Road repair equipment

Source: "International Benchmarking", Texmaco Rail & Engineering Ltd., Annual Report 2010-11

The same yearⁱⁱⁱ, the company entered into 50:50 joint venture with UGL Rail³ to manufacture locomotive components and sub-assemblies.^{iv} Two years later, Texmaco formed another joint venture with Touax Rail, a France based wagon leasing company that operated globally. The joint venture, named as Touax Texmaco Railcar Leasing Pvt. Ltd., would facilitate wagon leasing to private players such as individual industries. A.K. Vijay, Senior Vice-President (Commercial) and Chief Financial Officer of Texmaco felt that there is a strong market for leased wagons.

"Leasing of freight cars has been a long standing global practice. Almost 90 per cent of wagons in America and almost 60-70 per cent of wagons in Europe are leased out to private parties. In India, it has taken a long time to introduce, but there exists large business possibilities", he commented.^v

iii. "UGL Texmaco Joint Venture", UGL, Retrieved from <http://www.ugllimited.com/ugl-texmaco-joint-venture> (accessed January 30, 2014)

3. The company's offering covers the entire spectrum of rail transportation products and services in design, engineering, manufacture, construction, maintenance, refurbishment and asset management of locomotives, passenger cars, trams, freight wagons and rail infrastructure systems.

iv. Mallick, J. 2013. "Texmaco may get into manufacture of locomotives", Business Line, September 14, 2013. Retrieved from <http://www.thehindubusinessline.com/companies/texmaco-may-get-into-manufacture-of-locomotives/article5129250.ece> (accessed January 30, 2014)

v. Ghosh, P. 2012. "Texmaco wagon lease venture", The Telegraph, May 12, 2012. Retrieved from http://www.telegraphindia.com/1120521/jsp/business/story_15512230.jsp#.UnpLz1JOGg (accessed January 30, 2014)

As of 2014, TEXMACO is the flagship company of the Adventz Group⁴, headed by Saroj Poddar, son-in-law of Birla.^{vi} The group has several companies covering core industries such as agriculture, engineering and infrastructure, real estate, consumer durables and financial services.

The Turnaround Story

The company was going through a tough phase in 1999. In the first half of the 1999-2000 fiscal sales declined to INR 291.3 million from INR 512.7 million in the corresponding half of the previous year. *"The poor results were on account of the late receipt of wagon orders from Indian Railways but we hope to record better results by the end of this year"*, commented Ramesh Maheswari, then President of TEXMACO^{vii} and currently the Executive Vice Chairman of the company.

However, the company was going through several internal problems. The quality of castings declined and production went down in the steel foundry division. Kela joined the company at this critical phase and took charge of the foundry division. He observed that the foundry was underused and was producing only a small quantity though there was a large domestic requirement. Work was largely done by the permanent workers most of whom were unskilled and did not have much knowledge about their work. Added to that, the workers had an aversion towards any form of work. As a result, production was of inferior quality and a large number of castings had to be rejected.

Kela faced an uphill task of changing the work culture and workmen's attitude towards work to

put the company back on wheel. To improve the situation, Kela started what he termed as *"Graveyard Meetings"* in the foundry division. These daily meetings served as a quality circle and were mandatory for both managers and workers. In the meetings, Kela would examine the quality of the products manufactured on the previous day, and would find out workers responsible for producing castings not meeting the specified quality standards. The rejected products were scrutinized to locate the exact problem to find whether the fault lay with melting, molding or finishing. The remedy was decided during the meeting and was then circulated amongst the staff. Workers were also informed about the rectifications needed to address the quality concerns. The workers' participation in the production process increased and gradually, the quality of castings improved.

On the other hand, workers were also dissatisfied as low production meant that they were working for only three days a week and getting paid accordingly. Often the company had to buy castings from outside to meet the demand for wagons. The management completely lost faith and confidence on the workers. To address this issue, the company started incentive schemes for the workers that rewarded production surplus. The workers started getting convinced that if they focus on their work and produce quality products, there would not be any dearth of work. They would be able to work for six days a week (instead of the current three days) and receive higher wages, which meant that their overall income would also increase substantially. The workers

4. The group has significant presence in agriculture, engineering & infrastructure, real estate, consumer durables and services etc. Zuari Agro and Paradip Phosphate are two renowned companies of the group.

vi. Saleem, S.Z. 2012. "Saroj Poddar restructures KK Birla Group companies", *Business Standard*, April 25, 2012. Retrieved from http://www.business-standard.com/article/companies/saroj-poddar-restructures-kk-birla-group-companies-112042500017_1.html (accessed January 29, 2014)

vii. "Texmaco posts Rs 35.96lakh H1 net", *Financial Express*, October 26, 1999. Retrieved from <http://www.financialexpress.com/old/fe/daily/19991026/fco26066.html> (accessed January 29, 2014)

*Texmaco: How the multi-discipline, multi-unit engineering
and infrastructure company turned its fortunes*

started becoming more disciplined and the work culture started to show signs of improvement. Both the management and workers established mutual faith and confidence in each other and resumed quality work. TEXMACO also started getting orders for castings from other companies.

Having addressed the labour concerns, the company now focused on upgrading the equipment and machineries. The focus shifted to the export market. The company realized that foundry operations was slowly phasing out from most of the developed countries because of environmental reasons. It was mostly concentrated in developing countries like India. Consequently, TEXMACO found a wider market. Despite focusing on the improvement of quality, it still remained a major challenge meeting the stringent quality guidelines of the western countries where TEXMACO started exporting its wagons. Accordingly, the company applied for approval to the AAR. An expert team from AAR visited the plant to scrutinize the production process as well as the quality of casting to issue certification to the company. Samples were tested in AAR's laboratory and TEXMACO became the only AAR approved foundry in India.

Most of the international buyers followed a similar process. The export items had to go through a

stringent quality check. Buyers would visit the factory to see the infrastructure, production process, quality of casting etc. and would then select some castings at random. Those samples would then be tested in their country and clearance given to give the contract to the company. This entire cycle from client inspection to the delivery of the product would take around two years to get completed.

By 2006-2007 the company completely renovated its foundry division with new equipment. On the other hand, management continued to show caring attitude towards the workers. Once TEXMACO started gaining profit, it was distributed to all employees (**Exhibit III**). The workers received wage increment after a long time. By then, the whole process was moving in the right direction with new facility, increased capacity, and a standard production process which ensured quality.

Indian Railways and the Wagon Manufacturing Industry

In India, the main buyer for wagons is the Indian Railways which has a legacy of more than 160 years. The first railway carriage in India was run on April 16, 1853 from Bombay (now Mumbai) to Thane when the East India Company was

Exhibit III

Financial Highlights (2004-2013)

	2003 - 04	2004 - 05	2005 - 06	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11	2011 - 12	2012 - 13
Gross Sales*	16,936.39	30,371.98	39,216.52	47,612.75	94,352.84	109,125.45	112,549.43	111,750.32	94,514.54	103,596.50
Other Income	285.47	226.06	259.30	455.92	596.37	796.95	1452.96	1866.49	2560.74	3096.69
Gross Profit(PBDT)	1,168.05	2,302.00	3,300.74	4,836.63	10,958.15	12,273.12	15,086.20	18,424.71	14,543.52	14,415.85
Profit before tax	843.87	1,904.62	2,873.16	4,313.54	10,072.12	11,137.72	13,937.64	17,566.21	13,625.72	13,476.67
Tax for the year	208.78	151.90	906.15	1,391.20	3,099.10	3,508.36	4,592.03	5,418.16	4320	4049.76
Profit after tax	635.09	1,752.72	1,967.01	2,922.34	6,973.02	7,629.36	9,263.35	12,147.60	9305.72	9426.91
Extraordinary/Exceptional Items**	+1,243.92	186.29	65.62	74.73	63.95	45.38	41.13	-	-	-
Profit after tax (PAT)	1,879.01	1,566.43	1,901.39	2,847.61	6,909.07	7,583.98	9304.48	12,147.60	9305.72	9426.91
Equity #	516.34	1,032.57	1,032.57	1,032.57	1,107.83	1,107.83	1,271.83	1,817.83	1,820.27	1,820.27
Free Reserves	7,534.00	9,897.43	11,445.60	13,809.99	21,567.28	28,409.95	52,978.05	40,571.05	47,837.94	55,135.23
Equity share book value(Rs.)##	152.88	103.88	118.78	142.03	206.08	26.64 *##	42.65	23.00	27.28	31.29
Rate Of dividend	7.5% *#	20%	30%	40%	75%	75%	90%	100%	100%	100%

ruling the country. A year later, the first passenger train was started from Howrah to Hooghly in West Bengal, covering 38.64 km distance.^{viii} Later, the British government supported developing railway network in India to promote trade. Railways were expected to provide easy access to the cotton fields with lower transportation costs.

The railway network grew at the rate of 7.5% in the late 19th century. By the beginning of the 20th century, the Indian Railway was spread through a network of 39,850 km (24,752 miles) and became the fourth largest rail network of the world.^{ix} While the British government determined the route, some private companies constructed the lines. The British rulers chalked out the route plan according to the military or other strategic importance of the place. The initial route plan connected the ports of Mumbai, Kolkata (then Calcutta) and Chennai (then Madras) to Delhi.

After India got Independence from the British in 1947, operations of the railways was brought under the unified management of the Railway Board.^x In 1948, there were 42 different railway systems in India including 13 Class I Railways, 10 class II Railways and 19 class III Railways, segregated on the basis of revenue. In 1950s, the Railway Board regrouped the operations under eight zonal systems - Northern, North Eastern, Northeast Frontier, Southern, Central, Eastern, South Eastern and Western Railways.^{xi} Both the

freight and passenger traffic increased substantially after Independence and the railways served as a catalyst to India's economic growth. The railways had facilitated industrial development by connecting industrial production centers with distant markets. Also, it helped in sourcing raw materials from interior parts of the country. The freight services provided cost-effective bulk transportation of both agricultural produce and industrial goods from one distant part of the country to another, while passenger trains helped tourism as well as migration of labour. Freight trains carry about 1.2 million tons of goods and 7,500 passenger trains carry nearly 12 million passengers daily. The network is the largest in Asia covering 63,000 km.^{xii}

Changes in the bidding process

The demand for freights basically consists of railway orders. As one of the oldest wagon manufacturers of India, TEXMACO has witnessed several changes in the industry. Orders from the Indian Railways have traditionally been managed by the Wagon India Ltd. (WIL). Set up in 1974, one of the main objectives of WIL was to equitably distribute the annual wagon orders amongst the units so as to keep them going. WIL was required to negotiate the wagon prices with the Ministry of Railways so that the prices paid were fair both to the industry and to the Indian Railways. The company had the sole responsibility for bidding

viii. "About Indian Railways", Indian Railways, Retrieved from http://www.indianrailways.gov.in/railwayboard/view_section.jsp?lang=0&id=0,1 (accessed February 13, 2014)

ix. Bogart, D. and Chaudhary, L. 2012. "Railways in Colonial India: An Economic Achievement?", *Social Science Research Network*, May 2012. Retrieved from <http://www.socsci.uci.edu/~dbogart/railwaysahievjune2012.pdf> (accessed February 3, 2014)

x. Agarwal, V.K. "Indian Railways: A Profile Since Independence", *Press Information Bureau: Government of India*, Retrieved from <http://pib.nic.in/feature/feyr2000/fjan2000/f130120001.html> (accessed February 13, 2014)

xi. Alivelu, G. 2010. "Salient Aspects of the Growth Story of Indian Railways 1981-82 through 2007-08", *Centre for Economic and Social Studies*, April 2010. Retrieved from http://www.cess.ac.in/cesshome/wp/WP_86.pdf (accessed February 14 2014)

xii. Agarwal, V.K. "Indian Railways - The Catalyst of Socio-Economic Development", *Press Information Bureau: Government of India*, Retrieved from <http://pib.nic.in/feature/fe0199/f1101991.html> (accessed February 14, 2014)

orders for all the wagon manufacturers.^{xiii} After getting the prices fixed, orders would then get distributed amongst the members of WIL based on their past performance. The senior most executive of WIL used to be the Executive Member - Mechanical of the railways facilitating his knowledge on both the demand side and the supply side. Based on his suggestions requirement of the number of wagons was finalized. The process of procurement of wagons by the Indian Railways has changed since then. Procurement now happens through tendering and is directly managed by the Indian Railways which comes up with tenders once every one-and-a-half to two years. Price of wagons is decided according to the lowest bidding price and the lowest bidder gets maximum production order. For others, the quantity of the order is decided as per the company's past performance.

Price war of Wagons

In the early days till about the beginning of the millennium, with only a few wagon manufacturers, demand for wagons was more than the supply. With the number of wagon manufacturers increasing, the situation has completely reversed now. Added to that, each

wagon manufacturer has increased their production capacity (**Exhibit IV**) manifolds. Competing at its optimum, TEXMACO increased its production to 600-700 wagons per month from 150 wagons per month earlier. The competition got more intense as the railways' demand did not increase at a similar rate. A price war broke out with every wagon maker and especially the new entrants to the industry aggressively quoting low prices in order to get the lowest bidder advantage. Soaked in reminiscence, Kela gave an account of the magnitude of the price war when he said, "Price of a particular wagon declined to INR 1.175 million during the last bidding in November 2013 as compared to INR 2 million from the previous occasion." He went on further stating that, "Overall, the wagon price has come down by 30% due to competitive bidding. Sometimes the lowest bidding price do not even cover the manufacturing cost. On the other hand, for a newcomer in the industry, quoting the lowest bidding price to get the quantity-advantage is crucial for survival. Conversely, the established players like TEXMACO find it difficult to produce wagons at such a low price. Operating expenses are less for the new entrants and they do not have large set ups and mostly use contract labours to minimize cost."

Exhibit IV

Major Wagon Manufacturers in India

Company Name	Products Profile
Burn Standard Company Ltd.	<ul style="list-style-type: none">• Different types of Railway Rolling Stock• Casnub bogie• Couplers and Draft Gears• Steel Castings, Pressings, Forgings Bridge Girders, Structural, Sleepers, Points & Crossings, Wagon Components.• Refurbishment of Wagons• Ash Handling Plants.• Coal Handling Plants.• Spares supply for Ash Handling Plants

^{xiii}. "Procurement of Wagons by Indian Railways", Comptroller and Auditor General of India, Retrieved from http://www.cag.gov.in/html/reports/railways/2002_book2/chapter1.htm (assessed April 21, 2014)

Bridge and Roof Co. (India) Ltd.	<ul style="list-style-type: none">• Bailey Type Unit Bridges• Railway Wagons• All types of light, medium and heavy steel structures• Steel Bridges for Railways and Roadways• Pressure Vessels and medium-size Heat Exchangers• LPG Bullet Tank• Bunk House• Freight Containers• Truck Mounted Domestic Containers• Pot and Pot Superstructures for Aluminum Plant
Titagarh Wagons Limited	<ul style="list-style-type: none">• Wagon Manufacturing• Special Projects• Foundry Division• Rail Coach• Heavy Earth Moving and Mining Equipment• Hopper Wagon• Covered Wagon• Open Top Wagon• Container Flat Wagon• Tank Wagon• Flat Wagon• Special Purpose Wagon
Besco Limited	<ul style="list-style-type: none">• Freight Cars• Freight Car Bogie• Centre Buffer Couplers• Draft Gears• Coil Springs• Metal to Rubber Bonded Components• BCNHL Wagons• Rail Tracks/Frogs
Modern Industries	<ul style="list-style-type: none">• BTPN the Petroleum Wagon• BTPGNL the LPG Carrier• BCFC Wagon• BOXNHL MBS Wagon• BCNHL Wagon• B FLAT Wagon• BOBYL Stone Ballast Wagon• BOBSN Wagon• BRNA Wagon• BOBRN Hopper Coal Wagon• BCNA Covered Wagon• BOST HS Bogie Open Wagon
Jupiter	<ul style="list-style-type: none">• BOXN type Wagon• BCN type Wagon• BVZI type Wagon• HOPPER type Wagon• FLAT type Wagon• TANK type Wagon• Steel Casting• Rail Passenger Car

Compiled by the author from various sources

The Road Ahead

As of early 2014, TEXMACO has been largely manufacturing wagons for the Indian Railways. However, the management wanted to gradually minimize the company's dependence on Indian Railways and look beyond. *"The order from Railways has not been forthcoming. We are trying to reduce our dependence on the Railways. We are optimistic about the future of order flow from the Railways as well as private sector as economic downturn appears to be ending"*^{xiv}, commented Saroj Poddar, Chairman of TEXMACO.

As per the newspaper reports, in 2011-12, the Indian Railways placed an order for 15,715 wagons that reduced to 11,728 in 2012-13.^{xv} TEXMACO has supplied 3915 to the Indian Railways in its last tender in November 2013. The company took four to five months to complete the order and after that the capacity remained idle. Under-utilization of production capacity due to inconsistent railway tenders prompted the management towards diversification and exports.^{xvi} The Texmaco-UGL joint venture started production in mid-2013 when the first shipment was sent to Kazakhstan. Overall, the company earned INR 941million export orders in 2013.^{xvii} Further, the company decided to start manufacturing locomotives.

Teaching Notes

Introduction

TEXMACO, one of the oldest wagon manufacturers of India was going through a tough phase during 1999-2000. The production was very low and the quality had also declined. Many of the employees were unskilled and demotivated. On the other hand, there was labour surplus and the workers remained idle for three days a week. D. H. Kela (Kela) took charge of the company at a time when it was making loss to the tune of INR 4 million per month. His leadership was instrumental in changing the work culture and improvement in the overall performance of the company. Within five years the company started making significant profit. Once the production process was streamlined, the company focused on expanding its market through exports and joint ventures.

The case study analyses the nuances of Kela's leadership by using different leadership and motivational theories. It further highlights the competitive structure of the wagon manufacturing industry in India.

Teaching Objectives

The case provides instructors with an opportunity to discuss motivational theories, leadership theories and styles, Porter's model of five forces and SWOT analysis.

xiv. Mallick, J. 2013. "Texmaco may get into manufacture of locomotives", *Business Line*, September 14, 2013. Retrieved from <http://www.thehindubusinessline.com/companies/texmaco-may-get-into-manufacture-of-locomotives/article5129250.ece> (accessed January 30, 2014)

xv. Mallick, J. 2013. "Railways Floats Tender for 11,728 Wagons", *Business Line*, November 14, 2013. Retrieved from <http://www.thehindubusinessline.com/industry-and-economy/logistics/railways-floats-tender-for-11728-wagons/article5351653.ece> (accessed April 18, 2014)

xvi. Mallick, J. 2013. "Wagon industry running out of steam as Railway orders dry up", *Business Line*, August 30, 2013. Retrieved from <http://www.thehindubusinessline.com/industry-and-economy/logistics/wagon-industry-running-out-of-steam-as-railway-orders-dry-up/article5075967.ece> (accessed January 30, 2014)

xvii. "Texmaco-UGL venture starts production", *Business Line*, May 31, 2013. Retrieved from <http://www.thehindubusinessline.com/companies/texmacougl-venture-starts-production/article4769738.ece> (accessed February 3, 2014)

Discussion on this case study involves integration of various management disciplines like Organization Behaviour and Strategic Management. The case can be taught to management students in the post graduate level. Some of the teaching objectives of the case are mentioned below:

- To understand the competitive structure of the wagon manufacturing industry using Porter's five forces
- To discuss the resurgence strategies exercised by TEXMACO under the leadership of Kela
- To analyse Kela's leadership style and how he motivated the workforce to change the work culture of the company

Suggested Discussion Questions

- Is the wagon manufacturing industry in India an attractive place to compete?
- How can TEXMACO compete an aggressive price war in the industry?
- Kela was instrumental in changing the culture of TEXMACO. Elaborate.

Case Focus

The case focuses on understanding TEXMACO's turnaround story through the leadership of the top management, and how Kela overcame challenges of handling an unskilled and demotivated workforce and put the company back on track by streamlining the production process. The case also focuses on the company's changing business strategy of expanding its reach to the global market.

Potential Uses Of The Case

The case study can be used to teach concepts like leadership theories and styles and motivational theories in Organisation Behaviour. It could also

be discussed to explain Porter's model of five forces and SWOT analysis.

Suggested Session Plan (90 mins)

Introduction	0-10 mins
Conceptual Background/	
Readings Discussion	10-15 mins
Case Discussion Question 1	15-40 mins
Case Discussion Question 2	40-65 mins
Case Discussion Question 3	65-80 mins
Wrap-up and Conclusion	80-90 mins

Discussion Of Suggested Questions/ Analysis

Q1) Is the wagon manufacturing industry in India an attractive place to compete?

Procurement of wagons has in the past shifted from Wagon India Limited to Indian Railways which now directly procures wagons through a tendering process. This has resulted in increased competition and an aggressive price war, with the new entrants pushing the prices down in order to get the lowest bidder advantage.

The instructor could challenge participants to analyse the attractiveness of the wagon manufacturing industry using Porter's five forces model (**Refer to Exhibit TN 1**).

1. Threat of entry

Attractive for TEXMACO as there exists high barriers to entry

- ↳ High cost of setting up the infrastructure
- ↳ Scarcity of land near urban areas for setting up the factory
- ↳ Availability of skilled labour
- ↳ The wagon makers need to apply to the Research Designs and Standards Organisation (RDSO)¹ to get clearance for the prototype

1. RDSO is a research and development organisation under the Ministry of Railways in India that was set up in 1957. It inspects the wagons built against the Railway Board contract as well as wagon orders placed by private parties under the scheme of Railway Board.

- ✍ The high value components of the raw materials like steel, bogies, coupler sets, air brake equipment etc. are also inspected by RDSO.

Unattractive as there exists low barriers to entry

- ✍ Products are made as per the specifications from the Indian Railways. Hence, there is little scope to offer differentiated products. Any one can enter the industry by fulfilling the requirements of the Indian Railways.
- ✍ No scope for brand building for the wagon manufacturers, resulting in no scope of getting benefits from brand equity
- ✍ No switching cost for the consumer
- ✍ GoI's plans to allow 100% FDI for the industry will further expand the market (Refer to Exhibit TN 2)

2. Bargaining Power of the suppliers

Low bargaining power of supplier

- ✍ Low value components like horizontal levers and safety plates require no inspection from RDSO and these are procured from local manufacturers, whose bargaining power is negligible

High bargaining power of supplier

- ✍ The key inputs are steel and allied products. Steel price alteration in the domestic market affect the profitability of the firm. TEXMACO buys steel from the India based steel plants like Essar (SAIL and TISCO). Steel makers generally change prices in tandem to remain competitive.
- ✍ For the orders placed by the Indian Railways, several raw materials like steel, bogies, wheelset etc. are free-supplied by them. However, the list of materials to be supplied free is not fixed and changes from time to time.

3. Bargaining Power of the buyers

- ✍ Indian Railways is the major buyer – buyer controls price resulting in price war amongst the manufacturers
- ✍ Price war is leading to reduced profit margins for all wagon manufacturers

4. Rivalry among existing firms

- ✍ High intensity of rivalry amongst existing firms is leading to price war
- ✍ Profit margins of the existing firms are going down because of extensive price war
- ✍ Existing firms are enhancing capacity to increase volume of production leading to unutilised capacity
- ✍ With the increase in the number of wagon manufacturers and no significant increase in the demand side, demand per manufacturer is decreasing

5. Threat of substitute products or services

- ✍ High freight charges through Indian Railways may drive the cargo transport to roads

Q2) How can TEXMACO compete an aggressive price war in the industry?

The instructor can discuss TEXMACO's present status and future prospects through SWOT analysis. SWOT analysis provides a basis for examining business performance of a firm.

Q3) Kela was instrumental in changing the culture of TEXMACO. Elaborate.

To understand how the culture of TEXMACO changed after Kela took over as the President and CEO, we look at his leadership style. Further, motivating a demoralised workforce was a challenge that he faced. His leadership style can be understood in light of path-goal theory of leadership and also through situational theory of leadership. We suggest Vroom's expectancy

theory to understand how he motivated his workmen.

The path – goal theory of leadership, developed by Robert House, argues that effective leaders are those who help their subordinates to achieve their goals by providing necessary information and

wages. As a result, they were demotivated and lost interest in work.

Kela started a quality checking process through the daily 'Graveyard Meetings' that resembled the practice of Quality Circle. In the meetings he started examining the quality of the products

SWOT Analysis for TEXMACO

Strengths	Weakness
<ul style="list-style-type: none">• One of the oldest and largest manufacturers• Supplies about 25% of the Indian Railways' orders in every bidding cycle• Well equipped with state-of-the-art machinery• Production capacity is 600-700 wagons per month• Received Quality Assurance Certificate from the Association of American Railroads and supplies castings to the North American countries. The only organisation in India to do so.	<ul style="list-style-type: none">• Production capacity is under utilised• Being one of the oldest wagon manufacturers, operating expenses are high
Opportunities	Threats
<ul style="list-style-type: none">• Joint venture with global majors and thus expanding the market• Exporting castings in developed economies	<ul style="list-style-type: none">• The orders from the Indian Railways is decreasing• New entrants are quoting lower selling price and getting the lowest bidder advantage• The Government of India is planning to allow 100% FDI in railways, this is likely to increase competition

support. The leader motivates the subordinates by deepening their belief that their work behaviour will result in the expected outcome. It is the duty of the leader to remove obstacles that may hinder their goal-attainment (**Refer to Exhibit TN 3**).

When Kela took charge of the foundry division, he found that many of the workers were unskilled. The foundry was under-utilized and the workers worked for only three days a week. The quality of the castings was poor and a large number of products had to be rejected. On the other hand, as production was low, workers were getting low

manufactured on the previous day. The rejected products were scrutinized to find out the exact problem. Also, the workers/managers responsible for that inferior quality product were identified and necessary inputs were given to ensure non-recurrence of similar problems in the future. Thus, by providing right direction and support Kela facilitated the workers to achieve the desired goal. He also made them understand that if they can produce quality castings, there will not be any shortage of work and they can get work for all six days in a week. As a result, their wage will increase and they will be able to live a better life. Thus, he

made the goal attractive to the workers and motivated them towards goal-attainment.

Kela's way of motivating the employees could be explained through Vroom's expectancy theory of motivation. Vroom's expectancy theory states that people get motivated to do certain work when they believe that their effort will lead to good performance and that in turn will bring desired rewards (**Refer to Exhibit TN 4**).

Vroom explained motivation through the following equation:

Motivation = Expectancy * Instrumentality * Valence

Expectancy = a person's estimate of the probability that job-related effort will result in a given level of performance

Instrumentality = an individual's estimate of the probability that a given level of achieved task performance will lead to various work outcomes.

Valence = it is the strength of an employee's preference for a particular reward

Through his daily quality circle meetings Kela gave proper guidance to both the managers and workers to improve the quality of the products. Thus, he increased the 'expectancy' of the employees that if they work properly, their effort will result in higher level of performance. The workers also understood that if they can improve their performance, they will get more work and more wage (instrumentality). Once the overall performance of the organisation increased, Kela announced to give incentives to the workers which could be compared to 'valence'.

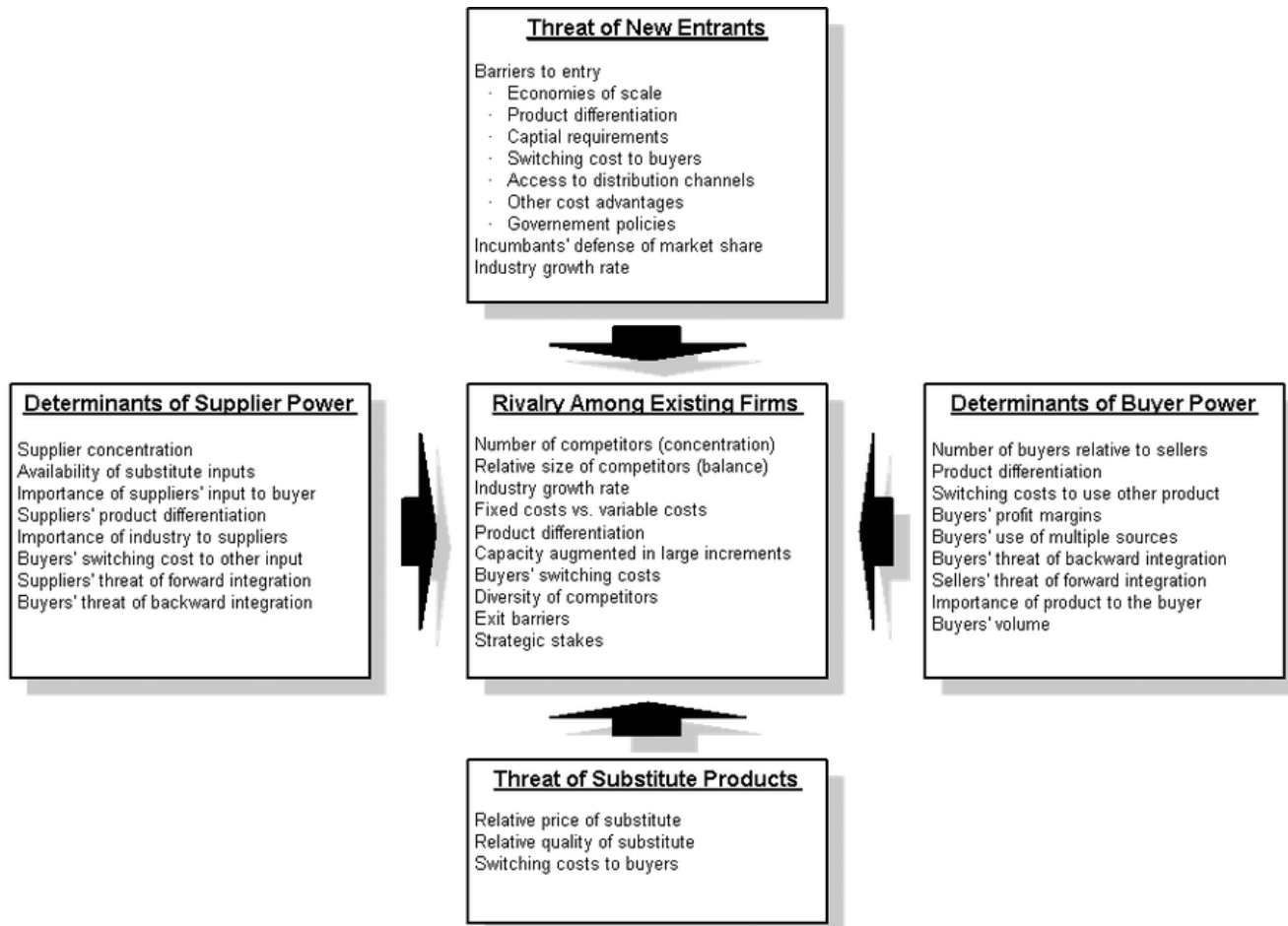
Some of the aspects of Kela's leadership could be explained through situational leadership theory as well. This theory states that leadership style depends on the level of readiness of the employees. Depending upon the situation, a leader may adapt to task behaviour or relationship behaviour to guide his subordinates (**Exhibit TN 5**).

Initially, when Kela took the charge of the foundry division, the workers were unable to perform their task efficiently. Also, they were demotivated. In this situation, Kela's leadership style displayed high task behaviour and low relationship behaviour resembling the 'telling' style. Through graveyard meetings he explicitly told the employees what to do and what not to do. Further, he explained the employees that if they improve their performance, they will be rewarded with timely payment. Gradually, the employees got confidence that if they work efficiently, they will get the benefit. Now, the level of followers' readiness was 'moderate'. Kela continued to provide his guidance to both the managers and this resembles the 'selling' style. Once the company started making profit, the management declared to give incentives to the employees to keep them motivated and increase their participation in the production process.

Suggested Additional Readings or Reference

- Porter M.E., 2008. "The Five Competitive Forces That Shape Strategy", Harvard Business Review, January 2008. Retrieved from <http://hbr.org/2008/01/the-five-competitive-forces-that-shape-strategy/ar/1>, (accessed April 25 2014)
- Lunenburg F.C. 2011. "Expectancy Theory of Motivation", International Journal of Management, Business, and Administration, Retrieved from <http://www.nationalforum.com/Electronic%20Journal%20Volumes/Lunenburg,%20Fred%20C%20Expectancy%20Theory%20%20Altering%20Expectations%20IJMBA%20V15%20N1%202011.pdf> (accessed April 25 2014)
- "Contingency Theories of Leadership", Sage Reference, Retrieved from <http://www.sagepub.com/northouse6e/study/materials/reference/reference6.1.pdf> (accessed April 29 2014)

Exhibit TN - 1
Porter's Five Forces Model of Competition



Source: Ahmed Gulzar, "Porter's Five Forces Model of Competitive Position Templates & Example", <http://www.studylecturenotes.com/management/porters-five-forces-model-of-competitive-position-templates-example>

Exhibit TN - 2
Opportunities and Constraints for The Indian Railways

In India, the rate of growth of the railway network has been slow while compared to other developing countries like China. For instance, during 2006-2011, India has added only 1,750 km of new lines whereas China has spread its network over 14,000 km. On the other hand, road transport as a share of freight traffic has gone up to 60% whereas the same has increased only 22% in China. The high freight charges through Indian Railways is driving the cargo transport to roads.

The GoI is planning to attract FDI in railways through private-public partnerships. An official at the Department of Industrial Policy and Promotion stated, "The plan is to allow 100 percent foreign direct investment in suburban corridors, high-speed train systems, freight line projects implemented through public-private partnership." This would encourage MNCs to enter the industry.

Source: Kumar, M. 2014. "India to seek foreign investment in giant, creaking rail network", Reuters, January 9, 2014. Retrieved from <http://www.reuters.com/article/2014/01/09/us-india-railways-idUSBREA080EA20140109> (accessed April 24, 2014)

Exhibit TN - 3

Path-goal Theory of Leadership

Task and Environmental Characteristics

Obstacles:

- Design of the task
- Formal authority system
- Work group

Employee

Characteristics:

- Experience
- Ability
- Locus of control



Path-Goal Leadership

Consider:

- Employee characteristics
- Task & environment characteristics

Select Leadership Style:

- Directive
- Supportive
- Participative
- Achievement-oriented

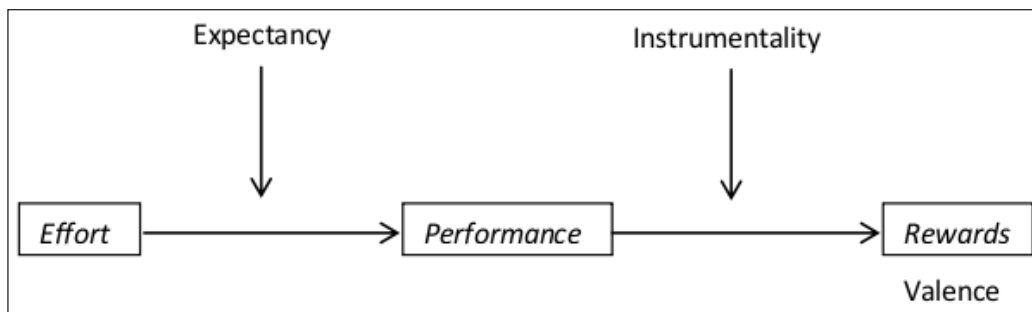
Focus on Motivation:

- Define goals
- Clarify path
- Remove obstacles
- Provide support

Source: "Path- Goal Leadership Theory", Retrieved from http://www.nwlink.com/~donclark/leader/lead_path_goal.html (accessed April 24 2014)

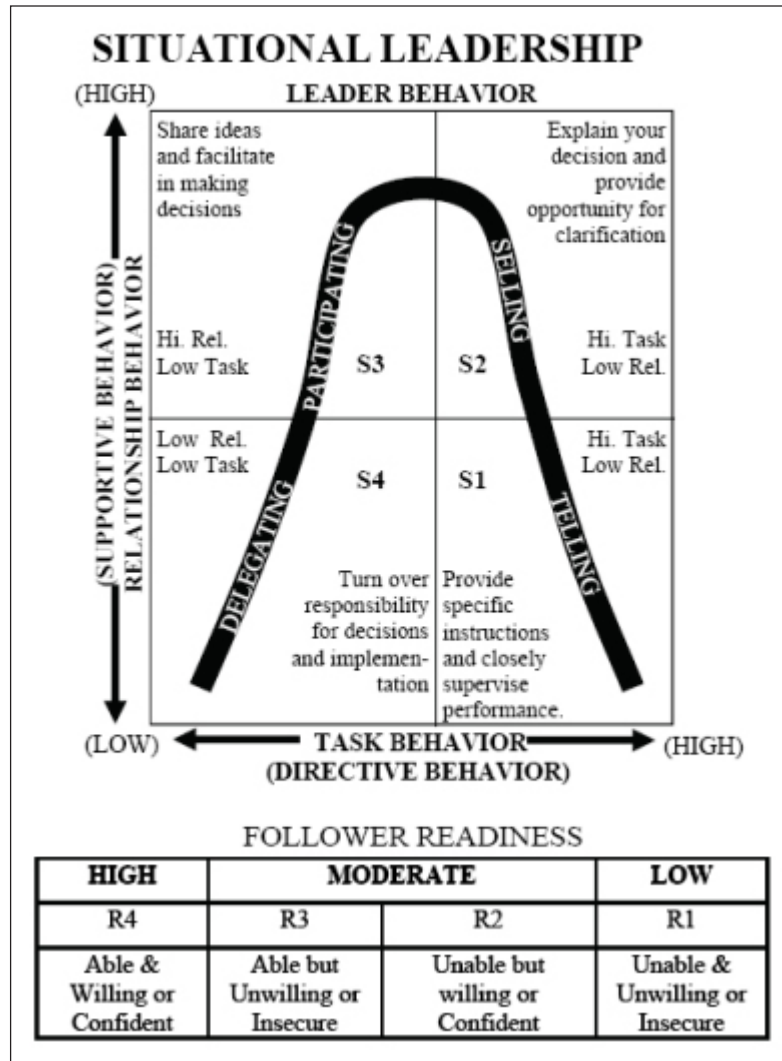
Exhibit TN - 4

Vroom's Expectancy Model



Source: Lunenburg F.C. 2011. "Expectancy Theory of Motivation", International Journal of Management, Business, and Administration, Retrieved from <http://www.nationalforum.com/Electronic%20Journal%20Volumes/Lunenburg,%20Fred%20C%20Expectancy%20Theory%20%20Altering%20Expectations%20IJMBA%20V15%20N1%202011.pdf> (accessed April 25 2014)

Exhibit TN - 5
Situational Leadership Theory



Source: Hersey P. and Blanchard K. H., "Situational Leadership: A Summary", Retrieved from <http://www.sspc.org/media/documents/sspc2011/Hanke.pdf> (accessed April 25 2014)



Book Review

Primed to Perform: How to build the highest performing cultures through the science of total motivation

Neel Doshi and Lindsay McGregor

Publishers: HarperCollins. Price: USA \$29.99, Canada: \$ 36.99

The book is divided into 4 parts:

Part I : What is Total Motivation ? This is written from the authors perspective, which is easily readable and interesting to analyze as one goes through the writings of their experience. The authors dwell on why one works affects how well one works. Play is an important element to consider on this as because when one does something simply because one enjoys the activity,-it is the most powerful motive for working. Neel and Lindsay have identified six basic motives behind people's work. Out of these six, three factors motivate while the remaining three dilutes work. (A): Play, Purpose and Potential strengthen performance whereas (B): Emotional pressure, Economic pressure, and Inertia weakens performance. So, when $A > B$, it leads to ToMo (Total Motivation) Culture. Conversely, when $A < B$, it jeopardizes ToMo Culture. In the authors parlance, A elements as mentioned above represent Direct Motives against B elements which signify Indirect Motives. Great Cultures, therefore, are drivers for ToMo resulting in great Performance. The authors have cited examples of companies which have creditably done this, namely, Southwest Airlines, Apple Stores, Starbucks, Nordstrom, Whole Foods.

Part II: How Does Total Motivation Drive Performance? Evidently therefore, the authors opine, ToMo is often the missing link between Culture and Organizational Performance. They have elucidated the implication of performance and have distinguished Tactical Performance from

Adaptive Performance. According to them, tactical performance comes from strategy while adaptive performance comes from culture. It is interesting to note that while tactical performance is the ability to execute against a plan, adaptive performance, on the other hand, is the ability to diverge from a plan. They recapitulate that Direct Motives lead to High ToMo, whereas, Indirect Motives result in Low ToMo. The linkage is Direct Motives increase adaptability while Indirect Motives reduce it. A host of other effects like distraction effect, cancellation effect, cobra effect are related to maladaptive performance.

Part III: Why Are There So Few Great Cultures? On going through this part, the readers are given an understanding of the biases and reflexes that get in the way of building great cultures. The essence lies in concentrating on our knee-jerk reactions and mistakes. REAP Model of Feedback emphasizes on: Remember, Explain, Ask, Plan. A high-performance culture's objective is to maximize adaptability.

Part IV: How Can You Build High-ToMo Cultures? The authors have provided sequential steps/guide to culture building beginning with ToMo. Leadership is the key. This percolates down the hierarchy and ensures absence of indirect motives with more use of direct motives.

Final Word

This book offers insights into total motivation.. It is well written and it will change how one thinks about total motivation in many ways. The content has a fine amount of research to back up its credibility. Some are conducted cross-nationally but others are done in a limited group. I think it would be much better if we can see how total motivation is understood from different parts of the world.

In my opinion, I enjoyed reading the authors perspective.



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Senior Professor & HOD-HR
Globsyn Business School, Kolkata

Dream With Your Eyes Open

Ronnie Screwvala

ISBN: 978-81-291-3588-9, Price: Rs.500

Number of pages: 208, Publisher details: Rupa Publications India Pvt. Ltd. (2015)

Entrepreneurship is a fast emerging and growing megatrend of the 21st century with capability of changing and transforming economies and industries throughout the world. Entrepreneurs are the pillars and the lifeblood of any growing economy because they create new jobs, bring in new products and services in the market, explore new markets etc.

There has been a paradigm shift in the world entrepreneurial environment with respect to small and medium enterprises playing an important role in the social and economic advancement. Moreover women across the globe are launching and operating new enterprises at a much faster pace increasingly becoming an important and new source of employment generation. Supportive environment is very much required and essential for successful entrepreneurship and are increasingly evolving throughout the world.

In "Dream With Your Eyes Open", Ronnie Screwvala paints a picture and walks you through his entire entrepreneurial journey. He highlights that failure is a comma and not a full stop. Hence he says, that failures are stepping stones to success. In the process he deflates failures, inspires success and raises ambitions amongst aspiring and ambitious entrepreneurs and helps one to think in a big way. He has also penned his vast experiences over a period of more than two decades in building successful businesses. He also gives a clear picture about the fast changing and evolving business and entrepreneurial business landscape.

The first couple of chapters takes one through the initial days of the entertainment magnate. It begins with organizing play-cum-concerts for residents of his building to selling tickets for balcony seats from an ideal vantage point for people who wanted to see the glory of Bollywood attending premieres and take pictures of their favourite stars from that point. His early days also inspired him to pioneering cable TV in India, to build one of the largest toothbrush manufacturing operations, before funding UTV, a conglomerate spanning television, digital mobile, gaming to a movie studio. The chapter titled "The Outsider" with its first person examples exemplifies thinking out of the box with the author's team at UTV.

His 2nd innings in the next couple of chapters highlights on the author's interest in breeding and building entrepreneurship in India in some of the high growth and impact sectors. His latest commitment of being the first mover in sports has led him to provide and lend support to kabaddi and football as well.

The book as a whole is a good and compulsory read at all technical and business schools. It is so because of its easy and lucid writing in a conversational and narrative tone. The bullet points at the end of each chapter and FAQs at the end of the book makes it more impactful to the readers.

For aspiring entrepreneurs (management students) the key learnings are:

- Failure is the stepping stone to success. It is a comma, not a full stop.
- Entrepreneurship is not for everyone.
- If you have the killer instinct in yourself to succeed, it hardly matters from which socio-economic background you belong to.
- There is no right age to become an entrepreneur.
- One should answer the door if the opportunity knocks.
- Communication plays an important role for success.

Screwvala says, "It is the growing spirit of entrepreneurship and leadership in India, coupled with the new wave of optimism, passion, aspiration and ambition that inspired me to contribute in a small way and write this book." Supporting the book are messages by Mukesh Ambani, Kishore Biyani, Uday Kotak, James Murdoch and Bob Iger which also inspires readers for the book (*Times Of India*, 2015)



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Times Of India. (2015, April 2). Retrieved November 4, 2015, from Times Of India Website: <http://timesofindia.indiatimes.com/entertainment/hindi/bollywood/news/Ronnie-Screwvalas-book-tells-you-how-to-dream-with-your-eyes-wide-open/articleshow/46770855.cms>

The Future of (almost) Everything

Patrick Dixon

(Profile Books LTD, London, 2015

ISBN - 9781781254974, 322 pages, 399 INR)

In a constantly evolving world where rapid changes are taking place driven by human nature with huge shifts in technical and social field, leaders to decision makers, each individual is keen to predict the future to overcome uncertainty. Patrick Dixon's "Future of almost everything" is an excellent guide into future with an accurate understanding of the new trends which occur with the development of new technology and changing social strata. The book empowers each individual reader with knowledge regarding future, determine reactions and prepare strategies for the same while evoking new thinking.

An author and business consultant, Dixon effectively makes the reader learn that understanding future is not a mere work of market research and big data but it is essential to view the world through others' perspective. Change of trend in one industry brings change in all other industries. Being a futurist spokesperson, he discusses the probable future ranging from technical to non technical things. The impact of technology on our daily lives is explained practically keeping in mind the global changes to take place in the coming years. "Future of almost Everything" deals with the following and many more aspects of life for the coming fifty years:

- Health and the rise of viral epidemics, cloning of human and advance biotechnology.
- Relation between European Union and USA, the reshaping of United Kingdom, the future of Germany, France, Russia and Ukraine.
- Mega corporations, trade logistics and supply chains, how regional trade will grow and global trade slows.

- Mega chains will dominate retail growth, online sales would be a major challenge to traditional retailing.
- Banking front, financial services and insurance, the revolution taking place in peer-group lending, micro loans and savings association, private bank, e- payments, pensions and fund management, insurance industry and new models of investing.
- Sustainable development, global warming and issues of unstable oil prices and problem of reducing emissions.

Future has been defined as F- fast, U - Urban, T - Tribal, U - Universal, R - Radical and E- Ethical. The first six chapters in the book deals with each segment separately and subsequently integrates them all in the last chapter where he shares his views regarding how to shape our future. Planned in such a way that the book would prove a helpful resource to industrialists, economists, analysts, businessmen, government, non- governmental organizations and common man as well. An informative book where the author shares his knowledge about the entire world and supports his views through real life examples, incidents and situations which can be of help to young aspiring managers. The readers irrespective of their backgrounds would get meaningful insights for their professional and personal lives as well. A must read for each decision-maker and for those who aim to analyze the future and accordingly prepare themselves to stay ahead of time.



Sumaira Khan

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INTRODUCTION

Globsyn Management Journal is an EBSCO enlisted bi-annual publication of Globsyn Business School, Kolkata, India. GMJ is also available in the Pro Quest database and is enlisted in the Cabell's dictionary. Its objective is to contribute to a better understanding of organizations and their functioning by presenting conceptually sound and methodologically rigorous articles which provide insights and advance knowledge on managerial, business and organization issues.

A typical issue of the journal would carry a mix of research articles, book reviews, perspectives, interfaces and case studies. *Research Articles* would be analytical and/or empirical in nature and focus on the analysis and resolution of managerial issues in organizations. *Book Reviews* would present reviews of current books on various domains of management. *Perspectives* would aim to identify and highlight emerging issues and paradigms in management. *Interfaces* would present articles from professionals focusing on managerial applications of management practices, theories, and concepts and *Case Studies* would aim at an intensive analysis of a real life decision taken at the individual or the organizational level, which may be functional, operational or strategic in nature.

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Globsyn Management Journal invites original contributions from both academicians and practitioners on various management, business, and organizational issues. The journal welcomes research-based articles on topics of current concern. Articles, based on theoretical or empirical research or experience, should illustrate the practical applicability and/or policy implications of the work described. Each article is refereed.

Submissions should indicate relevance and clarity. Empirical articles should have an appropriate methodology and be able to justify the use of the methodology to arrive at the findings besides relating their findings to the existing literature in this body of research. Methodological articles must attempt to show how they inspire further development and research. The Journal tries to maintain a balance between purely research-oriented articles and those based purely on the experiences of practitioners involved in different areas of management.

A typical research article may have the following headings and sub-headings:

1. Introduction
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3. Objective of the Study
4. Methodology
 - a. Sample Design
 - b. Methods of Data Collection
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5. Data Analysis or Findings
6. Conclusion
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8. Bibliography

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The author/s should send three copies of the manuscript. The text should be typed double-spaced only on one side of A4 size paper in MS Word, Times New Roman, 12 font size with one-inch margins all around. The manuscripts should have a cover page bearing only the title of the article, author/s' names, designations, official addresses, phone/fax numbers, and e-mail IDs. The first page of the article must also provide the title of the article but it should not give the author/s' name and address. The author/s' name should not appear anywhere else on the body of the manuscript to facilitate the blind review process. The articles should be in clear, coherent and concise English. Professionally drawn graphs and diagrams must be provided wherever necessary along with the manuscript.

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