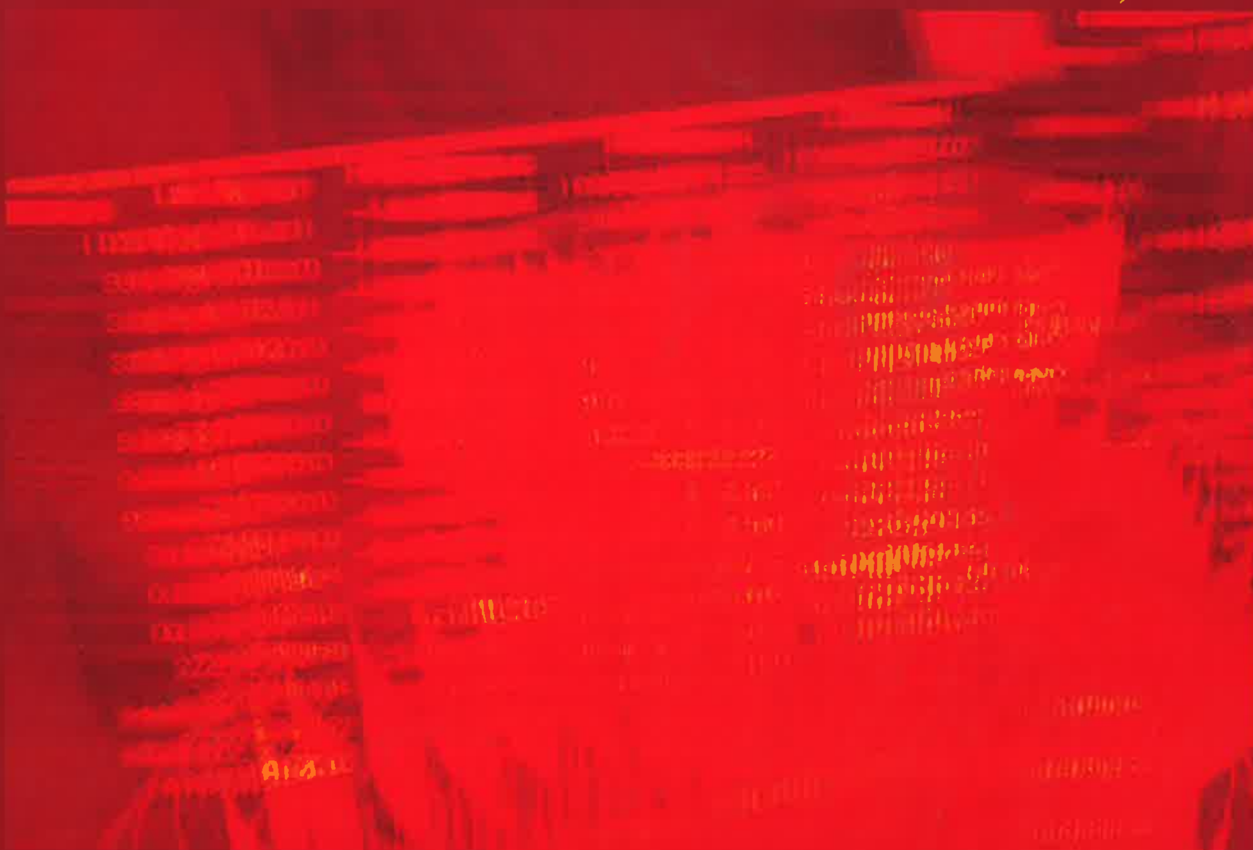
JOURNAL OF MANAGEMENT AND ENTREPRENEURSHIP

JANUARY 2006

Volume 1, Issue 1



Published by

Xavier Institute of Management & Entrepreneurship, Bangalore

Tri-annual **Vol 1 No 1** **January 2006**

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EDITORIAL

A new step for XIME

The launch of this Tri-annual magazine can be said to mark the coming of age of XIME where we are now observing the tenth anniversary of our PGDBM Programme through a year-long series of events. Looking back, we are pleased by the thought that XIME has grown in strength and diversified in activities over the years, largely fulfilling the hopes of its founders. And with the institute now having carved a niche for itself among the reputable B-Schools in India, we believe that the moment has come for us to add another building block to XIME, a magazine devoted to themes of interest in management education, economics and public policy.

It is our ardent hope that this journal will make its own valuable contribution to the increasing flow of knowledge from publications by B-Schools across the country. Our editorial board, consisting as it does of eminent academics and professionals, should assure quality in selection of contents. Towards this end and in order to provide for a diversified fare, the journal will carry in each issue, articles by Indian and foreign academics or practicing managers and give every encouragement to contributions based on research, whether by Indian or foreign authors.

Space has also been set apart in every issue for a research paper or study by an XIME student. In having this feature we are providing another possibility for our students to pursue their aptitude for creative inquiry and scholarly work. XIME has always encouraged its students to reach beyond their grasp so that they will value excellence.

This first issue of the magazine will give the readers a flavour of the themes that the magazine will attempt to project through its pages. Management education receives competent treatment from Dr. R. Natarajan, former Chairman, AICTE in his article on 'Building Excellence in Academic Institutions'. My own contribution deals with a subject on which I have worked for the best part of my academic career : HR Practices. Dr. S.L. Rao flags some important issues for Indian industry in the context of globalization. Two distinguished foreign academics, Dr. Ian Fenwick of Sasin University, Thailand and Prof. Al Rosenbloom of University of Illinois, US, throw light on marketing in two different contexts – of Business Schools and of marketing theory itself. Another topical theme is management education – Information Technology as a tool in teaching – which forms the subject matter of Dr. M.V.S. Peri Sastry's article. The need for India's industrial climate to match the relentless demands of globalization is emphasized in Mr. Daraius P. Mehta's article. The book for this issue's review is the best seller by Jack Welch done by Mr. R. Mohan. The students' section caries an informative study of China's infrastructure and logistics by Mr. Mahesh Raj of senior PGDBM.

The contents run a fairly wide gamut, setting the tone for this new publishing effort.

A personal word: As Director of IIM-Bangalore, 19 years ago, I had the opportunity to start the Institute's Management Review which is now a publication acclaimed for its high quality. I do hope that this venture will also prosper and come to contribute to the cause of knowledge generation in equal measure.

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BUILDING EXCELLENCE IN OUR ACADEMIC INSTITUTIONS IN THE GLOBALIZED CONTEXT

Professor R.Natarajan
Former Chairman, All India Council for Technical Education
Former Director, IIT Madras

Summary

The globalized context is forcing academic institutions world-wide to build in Excellence and Quality in their systems and processes. The recent Shanghai Rankings have created a great deal of interest in the concept of "World-Class Universities". There is a wide range of views on the rationale and desirability of such exercises. The characteristics of institutions of Excellence and the nature and scope of academic ranking are explored. The barriers to quality and some reasons for our lack of academic excellence are discussed. There are several positive consequences of accreditation. Among the strategies for quality improvement are Benchmarking and Path-breaking. Excellence is a continuous journey to improvement, and the process is as important as the attainment of the goal.

1. Recent Perceptions of World-Class Universities : Shanghai Rankings

About a year ago, the Shanghai Rankings made quite a big splash among world-wide Universities. The Shanghai Jiao Tong University in China announced a list of the top 500 Universities in the world on the basis of 4 criteria. Here are some of the results:

- Top 5 World-Class Universities :
  1. Harvard (USA)
  2. Stanford (USA)
  3. Cambridge (UK)
  4. UC – Berkeley (USA)
  5. MIT (USA)
- Top 5 Asia – Pacific Universities (with World Rank) :
  1. Tokyo U (Japan) (WR: 14)
  2. Kyoto U (Japan) (WR: 21)
  3. Australian National U (Australia) (WR: 53)
  4. Osaka U (Japan) (WR: 54)
  5. Tohoku U (Japan) (WR: 69)

- Only three Indian Universities were listed in the Top 500 :
    1. Indian Institute of Science (WR : 251 – 300; APR : 27 – 36)
    2. IIT Delhi (WR : 451 – 500; APR – 78 – 92)
    3. IIT Kharagpur (WR : 451 – 500; APR : 78 – 92)

Statistics by region reveal that North & Latin America are on top, while country-wise, the rankings are:

1. USA
2. UK
3. Japan
4. Germany
5. Canada

India ranks 29, below China (19), South Korea (20) and Singapore (23).

1.1 The Ranking Criteria and Weights

Criterion 1: Quality of Faculty:

Indicators:

- Faculty of an Institution winning Nobel Prizes and Field Medals(20%)
- Highly-cited Researchers in 21 broad subject categories (20%)

Criterion 2: Research Output:

Indicators:

- Articles published in Nature and Science (20%)
- Articles in SCI – expanded and Social Science Citation Index (20%)

Criterion 3: Quality of Education:

Indicator:

- Alumni of an Institution winning Nobel Prizes and Field Medals (10%)

Criterion 4: Size of Institution:

Indicator:

- Academic performance with respect to the size of an Institution (10%)

"There are extremely few WCUs that are not also strong research universities".

- What about cultural diversity?
  "World-class is not a synonym for cultural diversity, but it does include diversity".
- What does "world-class" actually mean? And should it matter?

Guardian Unlimited talked to academics and students, university leaders and government officials all over the world to find out what they thought a WCU is.

The results were as diverse as the people they talked to. It was akin to the six blind men and the elephant!

This clearly shows that:

- "WCU" is a multi-dimensional concept.
- Like Beauty, it lies in the eyes of the beholder.
- It is largely a matter of perception.
- It can vary widely depending on who does the ranking, what parameters are used, weightage factors for each parameter, the spectrum of stakeholders, etc.
- It is a composite index, covering a wide array of parameters.
- "World-class" (or Excellence) is neither uniform across all components of the Institution, nor steady over time.

Professor Sharon Ahmad (former VC of USM, Malaysia) has this to say: "Many politicians and university administrators say that we must make our universities centres of academic excellence, and that we should build "world-class universities". The likely truth is, these advocates of "world-class universities" would stammer when challenged what characteristics a world-class university must have. A world-class university must be given time to evolve where its rightful attributes must first be put in place".

Philip Altbach has critically analyzed the "Costs and Benefits" of WCUs. In his article in Academe, he points out that "Everyone wants a WCU; no country feels it can do without one. The problem is that no one knows what a WCU is, and no one has figured out how to get one. Everyone, however, refers to the concept. Many of those seeking to identify "world-classness" do not know what they are talking about". Altbach tries the impossible: to define a WCU, and then to argue that it is just as important to have a "national-class" or "regional-class" academic institution as it is to emulate the wealthiest and, in many ways, most elitist universities.

There have been other explicit criticisms too. “Putting too much stress on attaining world-class status may harm an individual university or an academic system. It may divert energy and resources from more important, and perhaps, more realistic goals. It may focus too much on building a research-oriented and elite university, at the expense of expanding access or serving national needs. It may set up unrealistic expectations that harm faculty morale and performance”.

3. Some Characteristics of Institutions of Excellence

One question that is very relevant is: What do exemplary institutions do right? One study identified four key features as sources of faculty morale and satisfaction:

- These institutions all had distinctive organizational cultures that were carefully articulated, nurtured and sustained.
- They had strong participatory leadership which provided direction and purpose.
- They had a firm sense of organizational momentum; they were institutions on the move.
- The faculty of these institutions had an unusually compelling identification with the institutions.

The cultures of these institutions included a commitment to the Student. These institutions had strong leadership, but flat hierarchy. The Presidents and Deans of these institutions knew how to empower the Faculty. Information was shared through frequent meetings. The administration-faculty relationships were characterized by features, such as: mutual trust, openness, fairness, caring, a “truthful” atmosphere, lack of antagonism, concern, responsibility, and accessibility.

Unquestionable Quality and Excellence reputations have been established in several products, processes and commodities; for example, Rolls Royce, Chivas Regal, Lexus, Parker pens, Sony, Kodak, Tatas, Infosys, Wipro, Rolex watches, Armani suits, etc. In some cases, brand names even take over product names; for example, Xerox, Band-Aid, Chesterfield, Kleenex, etc. The Fortune Magazine produces lists of the top 500 companies at regular intervals.

4. On The Assessment of Quality

The corporate sector has universally recognized the importance of Quality in the products and services for achieving and sustaining competitiveness. Different strategies have been proposed and implemented to incorporate quality into the products and services. The higher education sector has also now recgnized the role that quality can play in achieving excellence.

Quality is a tenuous concept, but its recognition and identification are central to success in all endeavours. Many doubts have been expressed, however, about the quantifiability of Quality; for making comparisons in terms of quality, it is usually necessary to quantify quality. A quotation from Robert Pirsig's "Zen and The Art of Motor-cycle Maintenance" sums it up well: "Quality… you know what it is, yet you don't know what it is. But that is self-contradictory. But some things are better than others, that is, they have more quality. But when you try to say what the quality is, apart from the things that have it, it all goes poof!".

The following two quotations clearly show the importance of measurements, and also their limitations:

- Lord Kelvin: "When you can measure what you are speaking about, and express it in numbers, you know something about it; and when you cannot measure it in numbers, your knowledge is of a meagre and unsatisfactory kind".
- G.N.Lewis: "I have no patience with attempts to identify Science with measurements, which is but one of its tools, or with any definition which would exclude a Darwin, a Pasteur or a Kekule".

There are several human activities where quality assessment is necessary and inevitable, but the techniques employed are quite subjective, and depend to a large extent on the human sensory perceptions:

- Sight: In a beauty contest, for instance, apart from the vital statistics, there is nothing quantitative about it!
- Sound: Music awards are not based on the frequency or intensity or spectrum of the music.
- Taste: Tea or wine tasting is an art and depends exclusively on the judgement of experts.
- Touch: Comfort levels in air-conditioning are not exclusively dependent on temperature and humidity, but also on the "feel".
- Smell: Perfumes are evaluated on the basis of user perceptions.

It is also well to recognize that we do not have unequivocal measures for many important things in life; for example, for feelings such as Love and Compassion; for Intellect (IQ is a rather inadequate attempt); For emotions (EQ or EI is again an inadequate attempt).

5. Some Issues in the Ranking of Academic Quality

The question of what academic quality means has often been raised, but has never been satisfactorily or comprehensively answered. Most experts agree, however, that top-class institutions invariably possess several common features. These include: high-quality faculty; excellent physical facilities, such as laboratories, library, computers, internet connectivity etc.; adequate resources to maintain the operations; up-to-date curriculum with variety and depth of courses; adequate number and mix of students, to enable students to learn from one another and maintain individualized learning; etc. The meaning of academic quality can also be distilled from less quantifiable attributes, such as "morale", "clarity of purpose", "vision", "strategic plan", etc.

There are implicit and cyclic relationships among institutions, faculty, students and their careers. Good faculty are attracted to good institutions and by good students, who respond to good reputations, which are based upon good faculty.

Whatever the deficiencies of ranking systems, decisions regarding the relative quality of different institutions are being made every year, and will continue to be made. A college education, in all countries, whether DCs or LDCs, is a passport to financial, social and intellectual success, and what with the mushrooming of institutions, it is necessary for the public to have some guidance in selecting institutions that match their purse and aspirations. In common with other aspects of American life, higher education has become "a game of brand names" in the US; and more often than not, the reputations are based on an aggregate of hard-to-measure subjective impressions. Notwithstanding the uncertainties and difficulties, it is generally felt that academic reputations mirror academic quality. It has been observed that changes in prestige rankings occur slowly and gradually over time. It takes time to build reputations, but once gained they tend to be self-perpetuating.

Even as academicians find it difficult to reach a consensus on the definition of "quality", they somehow consistently exhibit considerable agreement when asked to identify the highest-quality institutions. "Quality needs no definition, you recognize it when you see it". Quality is a complex, multi-dimensional entity, no doubt, but so are many other things of significance, and we have learned to deal with them; such as, for example, development, growth, excellence, democracy, religion, sustainability, etc.

6. Some Criteria adopted for Ranking Academic Quality

Several agencies and magazines undertake the task of ranking academic institutions, country-wise, region-wise and globally, as discussed earlier. Most of the published rankings indicate the criteria employed; they assign weightage factors to the different criteria and come up with a single composite numerical score.

In the ranking of universities and technical institutions in the Asia-Pacific region published by Asiaweek for a few years, the following criteria were employed: Academic reputation, Student selectivity, Faculty resources, Research output, Financial resources, and Internet connectivity for the students.

In the Best B-Schools Annual Outlook Survey (2002) the following criteria were employed: Placement performance (30%); Intellectual capital (20%); Stakeholders (Recruiters, Students, Faculty) satisfaction (20%); Industry interface (15%); Infrastructure and facilities (15%).

In the India's Best B-Schools Business World Survey (2004) the following criteria and weightages were adopted: Placement (30%); Faculty, Research, Consultancy (25%); Admission and delivery (25%); Infrastructure (10%); Networking (10%).

Some of the other criteria adopted in preparing ranking lists are; depth and nature of coursework; student/faculty ratio; selectivity or acceptance rate (number of applications per seat); number of enrolled students who graduate("retention"); students' later achievements; library facilities; computing facilities; reputation/prestige; quality of faculty members; student performance in competitive exams.(GATE, CAT, GRE, GMAT, etc.); accomplishments of alumni; endowments; institutional resources; perceptions of employers; productivity in research, consultancy; etc.

Webster offers the following recommendations in order to ensure that the rankings reflect a valid indication of relative academic quality:

- The assessment must be multi-dimensionally based; based on many measurable aspects.

- Measures should be based on achievements of majority of faculty and students.
- Must be based on per-capita figures; not aggregate numbers.
- A technique must be devised to measure how much students learn; the value addition achieved.

7. Some Reasons for Lack of Excellence in our Academic Institutions

Some of the reasons for lack of quality and excellence in our academic institutions may be traced to the following: lack of Vision; lack of Autonomy; lack of Leadership; lack of appropriate governance; big gap between planning and implementation; lack of commitment and dedication; lack of Resources – physical, human, financial; lack of teamwork; complacency, lack of ambition, diffidence, fatalistic approach to life and work; *sab chalta hai* attitude; etc.

7.1 A Partial List of What is Required

What is urgently required is Academic Transformation, and it has many dimensions: Strategic Planning, comprising the articulation of a Vision, Mission and Goals; Purposeful and Strong Leadership; Identification of Stakeholders and Stakeholder Requirements and Expectations; Organization, Structure, Systems, Governance; Concern for Quality and Excellence; Relevance; Curriculum; Partnerships, Strategic alliances, and Networking; Resources – generation and optimum deployment; Strategies for achieving global competitiveness.

8. Barriers to Quality in our Life and Work

There are in fact a number of Barriers to Quality in our Life and Work:

- A threshold value of standard of living is necessary before concerns for Quality become important. Just as, in order to enjoy the fine arts, such as music, sculpture, dance, paintings, etc. you need to have a threshold level of prosperity. You can't enjoy the fine arts on an empty stomach!
- Quality requires hard work, commitment and dedication; we are not particularly well-known for our work-ethic.
- The deeply –ingrained *chalta hai* attitude – in all aspects of our life and work.
- For too long, we have accepted two kinds of Quality: Quality for export and Quality for domestic markets. Export- quality products were either not available for local consumption, or were too

expensive. It is globalization, liberalization and the imperatives of international trade which have forced us to think about Quality.

- For a typical worker, in the industrialized countries, the conditions at work and at home involve only minor differences in quality of life – hygiene, safety, etc.; not so in the developing countries.
- Quality does not arrive spontaneously; it requires a great deal of planning, organization, commitment and substantial effort.
- There is a strong correlation between Quality and Excellence; in our country, we have individual excellence, but very little organizational or institutional excellence; and so also quality.
- Quality of Products and Services is also dependent on the "Quality of Life" and HDI; our country is at the bottom of the list.
- Quality implies respect of and for the Customer/Consumer. Even in the private sector, we are just beginning to respect the customer; for too long, we have had sellers' markets.

9. Some Positive Consequences of Accreditation

Accreditation initiatives in Higher and Technical Education commenced with the UGC and AICTE setting up The National Assessment and Accreditation Council (NAAC) and The National Board of Accreditation (NBA), respectively, coincidentally in the same year, viz. 1994. The NAAC was established as a Society, while the NBA is a statutory Board of the AICTE.

There have been several positive consequences of Accreditation, for the institution, faculty, students and staff; parents of students; University administrators; and the Public. The accreditation criteria define the nature and scope of pre-requisites of Quality and the profile of a high-quality Institution. It provides guidelines for the Institutions to design their systems and processes and for driving change. For example, since the criteria demand that every institution should have a Vision, Mission and Goals, Industry – Institute Interaction and R&D, we have institutions striving to satisfy these requirements. Accreditation also promotes awareness and replication of good practices.

10. Benchmarking and Path-breaking

Benchmarking and Path-breaking are two of the structured methodologies developed to infuse quality, excellence and competitiveness into organizations and institutions, and have yielded significant results. The International Clearinghouse for Benchmarking defines the essence of Benchmarking as "the practice of being humble enough to admit that someone else is better at something, and being wise enough to try to learn how to match, and even surpass them at it". It is "a systematic approach to business improvement where Best Practice is sought and implemented to improve a process beyond the benchmark performance". It has an internal focus: "How do we get better internally? Let us see who is best in our activity and make sure that at least we get to that level".

There is a nexus between Business Goals and Benchmarks:

- To maintain and increase customer loyalty, the typical benchmark is Customer Service, with focus on volume of repeat business, levels of customer complaint, delivery performance, complaints procedure, etc.
- To be a most innovative producer, the relevant benchmark is the innovation process, with focus on time-to-market, number of patents per year, investments in training, etc.
- To generate cash, the benchmark is productivity, with focus on direct to indirect labour cost, efficiencies, supplier relationships, etc.

Because of its reliance on hard data and research methodology, it is pointed out that benchmarking is especially suited for institutions of higher education, wherein the faculty and administrators are quite familiar with these types of studies. It is found that Benchmarking helps to overcome resistance to change, provides a framework for external evaluation, and creates new networks of communication between institutions for sharing valuable information and experiences.

In spite of positive perceptions and recommendations, and successful examples, there are critics and criticisms of its applicability to higher education. The stated objections are based on the belief that:

- Benchmarking is merely a strategy for marginally improving existing processes.
- It is applicable only to administrative processes or only to teaching practices.
- It is a euphemism for copying.
- It lacks Innovation.
- It can expose institutional weaknesses.

It is pointed out that these concerns are largely unfounded because benchmarking can indeed radically change processes; it applies both to administration and teaching. It requires "adaptation", not "adoption" of best practices; and confidentiality concerns can be reduced if the "Benchmarking

Code of Conduct" is followed. This Code calls for benchmarking practitioners to abide by stated principles of legality, exchange and confidentiality.

Path-breaking is creating new opportunities, inventing fundamentally new activities, by changing the basis for competitive advantage within an existing industry, or by creating fundamentally new space. It focuses on being leaders rather than followers.

11. Concluding Remarks

Quality has assumed prime significance in the educational sector in recent times. Perceptions of quality vary among the different stakeholders, and different frameworks have evolved for assessing and promoting quality and excellence over the years. Each has its specific goals, objectives and roles. They may or may not be applicable to all types of institutions and context, but they provide guidelines for institutions and educational administrators to embark on the journey to excellence.

It is well to remember that excellence is not a peak which is climbed once and then forgotten. It involves the continuous effort and approach towards an ideal. It is as much related to the process as to the attainment of the goal.

As in manufacturing and service industries, Quality is the hallmark of Excellence and Effectiveness in higher education also. Every Institution must take steps to define its Vision, Mission, Goals and Quality Policy and articulate its commitment to achieve Quality in all its activities, and implement the policies energetically. It might mean the difference between success and failure.

* * *

COMPETITIVENESS IN A GLOBALIZING WORLD

Prof. S L Rao
Former Director-General, National Council of Applied Economic Research and Chairman, Institute for Social and Economic Change

1. Globalization

In 1983, Theodore Levitt, the father of many of the ideas that we take for granted today in Marketing Management, wrote in the 'Harvard Business Review' that companies could benefit by marketing uniform products around the world. Since then it has become commonplace that there is a growing global uniformity of consumer tastes. Jagdish Bhagwati writes that: "Economic globalization constitutes integration of national economies into the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity generally, and flows of technology".[i] In a globalizing world, people, money, technology, products and services flow freely across national borders. Local manufacturers have to learn to compete with these new entrants if they are to survive. This becomes more difficult when multinational companies introduce uniform products, using advertising and other aids that they have successfully developed in other markets. To compete successfully in such a globalizing world calls for radical change in organizations and people.

2. Radical change

Radical change in organizations and in people requires changing human behaviour. This is neither as difficult nor as easy as some make it out to be. Before considering it, the organization must understand the context of the society, economy, market and its own internal dynamics. Then it must speculate carefully on the alternative ways in which these might change. A careful observer would have noticed the seeds of major changes. For example, Burmah Shell had developed a scenario that anticipated the oil shock of 1973 when the oil cartel OPEC brought off a dramatic rise in oil prices. The rise of the personal computer, Internet, the cell phone, was anticipated twenty odd years ago and there were detailed stories in the popular media anticipating the consequences. Companies that paid no heed to these developments and thought they could carry on in the same ways as before got hurt. Similarly it was clear by the early 1980's that India would move away from a command

and control economy where contact with government personnel was more important for success than closeness to the consumer. Many companies that prospered under the license *raaj* failed while new ones that were based on entrepreneurship and knowledge of the market, prospered.

The organization must also have a good understanding of itself and its strengths and weaknesses and what parts of the market it wants to focus upon. Thus, Hindustan Lever had a plan ready for taking over other companies to improve their chances in markets they wished to enter or expand into. HCL which was a hardware company, entered software in the 1990's in time for the boom in software caused by the imminent change in the century, and became extremely successful, anticipating the world wide demand, by starting operations in the USA.

Most organizations think that the best way to introduce change is gradually, so that there is little pain of adjustment. But experience suggests the opposite. It is better to plan carefully as to what changes have to be introduced and within the available resources or what can be further added, introduce change in one radical sweep. When huge restructuring of a group with many different businesses in different companies has to be planned, this might take a few years but there is a game plan and a series of actions that have been worked out in advance. Thus the Aditya Birla Group which was a diversified conglomerate when Kumaramangalam Birla inherited it, is developing a definite shape. At the outset Mr Birla must have had a clear vision of the ultimate shape of his group and he took a series of bold steps to achieve it. He brought in a new breed of managers, hived off some businesses, amalgamated others, developed an acquisition plan that included Larsen & Toubro's cement unit, Madura Garments, etc, and persisted with his plan despite serious bottlenecks and opposition. He has now almost reached his goal and has businesses that are combined for common characteristics and markets.

Radical change requires a fundamental change in mindsets. Thus, the state electricity boards have functioned for over fifty years as departments of government, with an administrative, not a commercial or enterprise culture.[ii] They thought that reforms required them to separate generation, transmission and distribution into separate companies, and that this action would change their performance. Of course nothing of the sort happened because not only were the people in the companies the same but neither the structure, systems nor the attitudes had been changed through training. However, what is coming out also is the need for radical change to be embedded in a clearly articulated set of corporate values so that the organization as a whole shares them and moves in step.

3. Emerging India

India in 2005 is not what it was in 1990. The economy is almost entirely open to products, services, funds and technology. It has been consistently for many years, the second fastest growing economy in the world. It has a young and hard working population that takes to new skills easily with training. It has one of the largest educational infrastructures producing engineers, managers, computer software specialists, doctors, nurses, science graduates and others. In addition it has a sophisticated 'software' for industry established and functioning for many years: consisting of economic researchers, market researchers, advertising agencies, chartered accountants, cost accountants, company secretaries, merchant bankers, stock brokers and exchanges and a strong regulatory environment for financial markets. This 'software' is growing in number and quality. There is no longer a moral crusade against consumption or against making profit. There are no limitations on investment in terms of capacity or location. Interest rates are comparable to the world and overseas funds are easily available.

In recent years it has become a major 'outsourcing' destination, not as in China for manufacturing, but for advanced 'brain' skills. Many of the world's most research oriented companies have establishments for research, design and engineering in India. Many of them are in collaboration with universities and research institutions. As more of these foreign ventures come to India and more foreign universities set up campuses, the quality of the Indian skills will only get better.

At the same time, India is still far behind in manufacturing. It accounts for hardly 15% of the GDP. The quality of many of the products of small and medium enterprises is abysmal. There is considerable copying and faking of well-known products. For example, in pharmaceuticals, 'fake' medicines are said to be 40% of the total. [iii] As skills improve and more quality orientation develops, the smaller enterprises will also improve.

4. Lacunae in Indian Industry

Indian industry has done little to build brands. The best measure of this is their spending on advertising as a percentage to sales turnover. It has remained static over the years (ET list of 645 companies) at 1.50% in 2000-1, 1.41% in 2002-3, 1.36% in 2003-4 and 1.26% in 2004-5. Total advertising expenditures have been rising by 9.01% in 2002-3 and 9.45% in 2004-5. The increase has come mainly from new spenders like banks, automobiles, white goods and entertainment electronics. Most others have been static or have declined. Thus, Indian companies if they are to fight the world, must build their own brands, not manufacture for others who put their brands on them (as happens with most garment exports). These brands must then achieve visibility in overseas markets.

Indian industry has been satisfied with acquiring technology from overseas for a fee. There has been little investment in developing technology. The relatively small size of most Indian companies also made this a weak effort when it was undertaken. No attempts at cooperative research or even to contract premier institutions like IIT's, etc, were thought of in the environment up to the 1980's where getting government license to start a new industry was all that was required, not innovative products or strong brands, for success. R&D expenditures are still very low. As percentage to sales they have varied between 0.67% and 0.74% between 1974 and 1995. They have not changed much in recent years.

Nor are manufacturing processes improving rapidly. A study in *Vikalpa,* the Journal of the IIIMA sees very slow improvement in manufacturing parameters in most companies: such as productivity, quality, on-time delivery, manufacturing cycle time, on-time delivery, procurement lead times, raw materials inventory, raw material defect rates, on-time completion of new production projects, average unit production costs, etc. Of course, many match the best in the world. TISCO is the lowest cost steel producer; Sundaram Fasteners is rated the best supplier among its many suppliers; some TVS companies have been awarded the Deming Award for quality; many companies have applied Six Sigma successfully. But manufacturing has yet to receive the attention that it requires in a country where there is scope for vast increases in consumption of manufactured goods.

Another major lacuna in Indian industry is the inability to organize the many small scale and cottage producers to get standard products from them and market them on a centralized basis. That is done very effectively by China, explaining its dominance in world markets in labour-intensive products like garments, toys, leather goods, etc. While corporate governance and professional management have become *mantras* for companies, the transparency of Indian companies has yet to improve sufficiently in many cases. Family members, not always of the best competence, dominate the top echelons of companies that are held with high shareholding by families.

5. Some Leadership requirements

If Indian companies are to be globally competitive they must also learn to behave in a way that enables competitiveness. Thus people should aim to rise by competence, hard work and innovativeness. It should not be possible for them to rise on the basis of contacts. Every member of the company and especially at senior levels must have a burning desire to leave a mark because of the quality of his work. For this, people must be looking for new exposures so that their experience is widened and their confidence improves so that they can take on new tasks without apprehension. While India is a traditional society and pays respect to age and hierarchy, these must not be allowed to affect work quality. There must be a desire among people with experience to develop those with none or less experience. Ideas must be welcomed from any level of employee or associate and there must be a proper procedure in place to examine each idea carefully for application. Growth must be a passion, not the mere survival of the company.

6. Values

A strong value system common to all in the organization and on which there is no compromise for any reason or for any individual is essential and is a feature of strong and growing companies in this competitive and globablizing world. It is possible to be demanding on performance without being ruthless or discourteous to people. People must be given a chance through training, job changes, etc, to find their competence. But the company after a while must be able to discard non-performers. Many of the new information technology companies and particularly Infosys, talk of their "middle class" values. That is not to say that they are against profit, high incomes or wealth. What it stands for is a strong work ethic, lack of flamboyance, giving respect, honesty and integrity.

Two good examples of innovative managers and companies that have weak value systems are Drexel Burnham Lambert and Enron. Michael Milken, the hotshot creator of "junk bonds" in the first company, enabled medium, small and little known companies to access the debt markets easily. In the process, Milken and his company earned fortunes. But Milken was not averse to using his 'inside' knowledge of companies to make extra and illegal profits. He said once: "Greed is good". He ended up for a few years in jail and was kept out of the bond markets.

Similarly Enron had innovative ideas that led to transforming infrastructure services (electricity, oil and gas pipelines, band width, credit risk, advertising space, weather derivatives, etc) that were treated as commodities into products that could be moved to the best markets. But Enron's top management began to overstate their sales, profits and assets and ultimately were found out. Many are in jail and others on trial. But their ideas were sound and are helping to transform infrastructure services markets.

7. Focus on Manufacturing

For a poor country with millions still to climb the ladder of consumption, there is unlimited scope for manufactured products. Yet, manufacturing in India has been static at 15% of GDP. We have to give more emphasis and status to manufacturing. In doing so we must remember that information technology is an enabler and can improve efficiencies, raise productivity and lower costs. But the consumer needs more goods and services. Manufacture of these must grow.

For that to happen we must give much higher status to manufacturing personnel in the organization. This would not merely be in compensation but in participation in all key business strategy development.

Some rules that we need to follow are:

1. Develop highly flexible manufacturing systems so that capacity utilization does not rule in order to keep costs down and customization becomes possible without adding to cost.
2. A constant search to enhance value for the consumer at the same if not lower costs.
3. Every business must benchmark itself with the best in the world, not merely the best in the state or the country.
4. Response time between operations must be a constant target for improvement.
5. There must be zero tolerance for poor performance and sub-standard production.
6. At the same time, there must be different types of incentives for rewarding good performance.

It is in this effort that the 'new' economy of information technology, telecommunications and video can help accelerate change. It can help improve efficiencies in manufacturing because of better monitoring, catching defects before they arise, mentoring at the work place, etc. It can help customized production at no additional costs, thus making products more unique to the consumer. It can enable speedier innovation by cutting the time from getting an idea to getting it converted into a product in the market. By making it possible for each individual to update his learning it improves the quality of the workforce continuously.

8. Marketing for Competitiveness

Marketing must be constantly looking at the macro economy for new opportunities in the fast changing scenario and the threats to existing products. For example, Lever was not ready for the erosion of margins and the loss of brand values as nimble local manufacturers in India found new ways of cutting costs and improving quality. Marketing must constantly look for the ways in which the consumer is changing. The plight of dominant multinational companies like Lever in personal care products was made worse when the availability of easy consumer credit led to a boom in durable consumer products. Since instalments had to be paid as they became due, consumers began to shift to cheaper fast moving consumer goods to improve their cash availability each month. This also badly hit sales of personal care products.

It is necessary that we understand that the idea must be to improve cost-benefit for the consumer, not just for the company. There must be a constant effort to reduce costs in use and benefits to customers.

Market segmentation must be customer centred and not product centred so that we are looking at customer segments that are relatively homogenous in various characteristics and tackle each separately with product attributes, advertising, pricing, etc.

It is not necessary to compete in all segments and a decision must be made to choose the battlefields for maximum return. At the same time, the attempt must be to change the product form so that the consumer moves away from traditional forms. Gillette has been a master of this approach, moving from cut throat razors to double edged blades, then single edged, 2 track razors, then 3 and now 5 tracks. At the same time, the shaving cream is in different forms. This makes it more difficult for the competitors to keep pace.

9. Sumantra Ghoshal said that companies cannot manage third generation strategies with second generation organizations and first generation leadership. This was a flamboyant way of saying that everything must be in consonance. Organizations today are more respectful of talent at all levels and have become flatter as well, with the use of information technology. But if the strategy calls for product innovation and requires the creation of entrepreneurial groups, the organization structure must conform. If there is a patriarch sitting at the top the different elements are not in consonance.

Ghoshal also said that the old terminologies must now be discarded. He preferred to replace strategy with purpose, structure with process, systems with people. Organizations have a purpose that is common to all but different parts of the organization might take different routes. Don't stifle innovation by putting people in hierarchies. Give them a method of doing things and leave them to do it. Do not impose systems on people and let them develop their own ways of achieving organizational purpose.

Conclusion

Becoming competitive on a global scale is not just about good management. It is about Leadership and People. Leaders have to build organizations that share a common purpose and a set of core values. Ultimately, competing globally demands people who have been selected carefully, oriented to the organization and then sent off to work in any part of the globe for those common purposes and values. Today's technologies enable unobtrusive monitoring, without managers being actually there to peer over the employee's shoulder. I.T. has made it possible to empower a person in a way that has not been done before. We need to use it for that purpose. (3902)

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[i] Jagdish Bhagwati, "In Defense of Globalization", Oxford University Press (2004), Page 3

[ii] Joel Ruet, "Winners and Losers of the SEB Reforms", French Research Institutes in India (2001); "Privatising Power Cuts?" , Academic Foundation (2005).

[iii] S L Rao, "The Role of the health care provider in rural India, IDE India, (2004).

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ENHANCING THE COMPETITIVENESS (AND MARKETING) OF BUSINESS SCHOOLS[1]

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Summary

This is a time of tremendous opportunity for business schools in Asia as the center of gravity of the business world shifts towards this region, and North America declines in popularity as an education destination. However we can expect unprecedented competition, from schools within the region, from the entrance of established schools from the mature markets of North America and Europe (assisted by FTAs), and from the disruptive substitutes of electronic-aided distance education. As a result, competitiveness, and marketing, will become more important than ever. The key to successful marketing is to focus on different stake-holder groups in turn, build reputation as the root of a virtuous circle, realize that reputation must be supported by reality, and that reputation is built by excellence in key areas (differentiation). Reputation then needs to be embodied in the school's brand, requiring consistency across all we do. External yardsticks of rankings and accreditation are likely to be the key to building reputation. It remains to be seen whether Asian schools can develop distinctive rankings and accreditation approaches. The next marketing challenge is to develop Customer Relationship Management process for business schools that will allow life-time-learning to become a reality.

Traditionally there has been a marked reluctance to associate *competition* and most definitely *marketing* with post-graduate education, even in the case of business education. The concept of competition between educational institutions has been approached with great circumspection, as something of a rather dubious nature. The traditional approach has been that although potential *students* might compete with each other for the privilege of entering the hallowed halls of academe—and perhaps in the crass commercial world of North America, universities might compete for academic research talent—education institutions themselves did not overtly *compete* for students

[1] This article is based on a working paper presented at the XIME International Week, Conference of Management Education, August 18-19, 2005.

*Dr. Fenwick is on extended leave from the Schulich School of Business in Toronto, Canada. The opinions expressed in this article are the author's own and do not necessarily reflect those of either of the schools with which he is associated.

(except in the case of the exceptionally brilliant, or athletically endowed, to whom we could offer scholarships).

As a result, although marketing might be a cornerstone of the business curriculum, it was an activity better talked about in b-schools than practiced by them. Even in the business context, marketing carried—and in many circles still carries—a slightly suspect connotation: to market centres of higher learning it was definitely beyond the pale. Yet as the core North American market for business education shows distinct signs of over-supply, as what is now termed the 'disruptive innovation' of distance education lurches over the horizon, competitiveness has entered the vocabulary of business school deans and directors around the globe.

This paper discusses some of the elements involved in enhancing the competitiveness (and marketing) of business schools. In the title, marketing is enclosed within parentheses—and placed second—to avoid undue alarm, but it is in fact the focus of the paper.

There is no doubt that business education is big business, Friga et al (2003), citing a Merrill Lynch research report from year 2000, claim that "corporations and educational institutions spend a combined $2.2 trillion on management education and training worldwide, with nearly $885 billion invested in the United States alone."

This paper looks first at what competitiveness (and marketing) mean for business schools, the key elements involved, and how a business school can start to develop a competitive (and market-oriented) stance. To motivate this discussion let us look very briefly at some of the opportunities and challenges for Asian business education in particular.

1. The Asian Opportunity

1.1. Demand for Asian Business Education *from* Asia

This year, the World Economic Forum *Strategic Insight: The Agenda Review for Global Leaders* (2005), opened with the statement that:

> 'The world's economic centre of gravity is shifting towards Asia…The rapid growth of China and India is redefining trade patterns, altering the regional geopolitical order and forcing business and government to adopt new strategies.'

The Agenda Review went on to identify the search for qualified management talent as:

> 'one of the most pressing challenges for business leaders in Asia... Many employees require additional training, as their formal education rarely meets business demands.'

Management recruitment agencies (head-hunters) active in China report a critical shortage of qualified Chinese managers, and a resulting rapidly growing shortage of *all* qualified managers in the region.

1.2. Demand for Asian Business Education from *outside of* Asia

The AACSB in Management Education at Risk, points out that of the top 50 schools ranked by Financial Times, an average 44% of full-time students were not from the home country of that business school (AACSB 2002). Almost 75% of full-time MBAs in Britain come from abroad, paying 'perhaps twice as much as their British peers' Tiratsoo (2004).

Business education—from both the faculty and the student sides—is very definitely a global business. But one which is dominated by North America, which continues to award in excess of 100,000 MBA degrees each year, and is estimated to award about 85% of the world's business degrees (The Economist, 2004). The exact statistics may be debatable as Tiratsoo (2004) claims that the UK produces 'nearly 11,000 MBAs a year.' Taken together these statistics don't leave much room for any non-North American/non-European programs!

Yet there is evidence of a decline in the relative attractiveness of North America as a destination for business education. In part this is derived from the shift of the business world towards Asia: business education *in* Asia starts to be seen as more relevant for success in a career which is increasingly likely to focus in some way *on* (and probably *in*) Asia. In part the decline is the result of more stringent visa conditions, perceived hassles in North America, and even safety concerns. There may be cyclical elements also.

In any event, North American MBA programs report declines of 15-30% in 2004 applications over 2003, with some of the largest declines recorded by the most prestigious programs (The Economist, 2004)—this is perhaps the result of the greater choice facing their applicants and is not to suggest that quality is endangered; the best schools are in a situation of considerable excess demand.

In short, those currently involved in management education in Asia, seem for once to be in the right place at the right time.

2. The Asian Challenge: Unprecedented Competition

In addition to the traditional, familiar competitors in the local environment, many Asian countries are seeing an 'up-grading' of what were previously lower caliber institutions to become degree-granting universities (or university equivalents)—sometimes this upgrading is accompanied by genuine improvements in the institutions' capabilities; unfortunately it is sometimes also simply a cosmetic re-labeling. In any event, most Asian countries are seeing a rapid growth in domestic competition: but it is probably none the worse for it.

2.1. Established New Entrants

The decline in attractiveness of North America as a management education destination, simply adds to the excess capacity problems of what many see as an industry entering maturity.

Gaddis (2000) quotes Robert Hamada (then Dean of Chicago Graduate School of Business) as saying that: 'The [MBA] industry is overbuilt,' and that 'new approaches to corporate training— both e-learning and expansion of in-house programs— could 'wipe out' many of the 700 programs [in the USA].'

Maturity of the core North American (and European) markets, provides a knock-on competitive effect to Asia, as the dominant management education providers seek refuge in the younger, growth markets of Asia.

There has always been some direct entry by North American schools in Asia; indeed one of the schools with which this author is affiliated—the Sasin Graduate Institute of Business Administration of Chulalongkorn University—came into being by leveraging the desire of what were to become the top two North American MBA programs—Wharton and Kellogg—to enter Asia. Sasin was established in 1983 by Chulalongkorn University (Thailand's pre-eminent university), with the support and collaboration of Wharton and Kellogg. At least for Kellogg this was their first non-US program. Sasin's curriculum was adapted from that of Kellogg, and its courses were taught entirely by visiting professors using an intensive 5-week (33 class-hours per course) curriculum.

Sasin has since evolved to the stage where it has 23 full-time faculty members, teaches 1/3 of its courses with Kellogg/Wharton professors, 1/3 with visiting professors from other world-leading schools, and 1/3 by its own full-time faculty. Kellogg School of Management continues to review and endorse the MBA and EMBA curricula and all faculty appointments. It is noteworthy that Kellogg seems to have found its Thai market entry process salutary—expanding to similarly structured programs in Hong Kong (with HKUST), Israel (with Tel Aviv), Germany (with WHU) and Canada (with Schulich).

There can be no doubt, however, that the pace of new entrants is increasing; recent years have seen University of Chicago enter Singapore; a Kellogg/Wharton alliance enter India; INSEAD enter Singapore (and subsequently ally itself with Wharton)—now claiming 370 MBA students at the Singapore campus, of whom only 20% are Asian (Woo 2005); ESSEC has also entered Singapore (initially as an executive education provider, but with the professed objective of soon offering MBA programs). The Hong Kong MBA market some years ago evidenced about 26 MBA programs involving a North American or European partner.

At the same time, free trade agreements are being negotiated across the region. These typically remove many of the regulatory barriers to entry by North American providers. The role of established North American and European providers of management education as competitors in Asia, can only be expected to increase.

2.2. Disruptive Substitutes

And there's more! In the long term, the most dramatic change in the management education's competitive environment is likely to come not from new entrants—in the sense of other management educators doing roughly the same thing in roughly the same way, but from what have now become known as disruptive innovations.

> 'Disrupters don't always take the form of new technologies. They're any product, service, process, or business model that creeps up from below an existing business and threatens to displace it. Most disrupters initially offer relatively basic performance and functionality, and much lower prices…'
> (Discerning Disruptive Innovations: Collection Overview, 2002).

Distance education—now re-born via the internet—shows all the hallmarks of a disruptive innovation. It offers a very different package of features from the historical mainstream, probably performs worse along some of the dimensions most important to mainstream customers, but has the potential to open up entire new markets, and create radically different benefit-cost trade-offs.

As Gary Hamel (200) put it:

> 'The top 10 business schools in North America turn out fewer than 7,500 MBA graduates a year. In a world of 6 billion people, what is the size of the unfulfilled demand for high-quality business education? As market economies take root in Eastern Europe, Asia, Latin America, and the Indian subcontinent, the demand for management education will soar…Is there room for a new business model in business education? Yeah, acres of room'

Hamel goes on to describe a fixed (relatively low) price per annum program, featuring a small number of equity-owning, minimum million dollars - a - year-earning, star faculty, addressing students via satellite broadcasting and web-casting (Pod-casting wasn't invented when he wrote), with face-to-face local tutoring support.

The most remarkable warning that traditional business schools may be an endangered species, is the reaction—or lack of it—from Deans of currently established MBAs, to these disruptive innovations. In my experience, deans' eyes glaze over, they shake their heads, and point out the manifest weaknesses of the current products. Yet these very same people, when in the pulpit before their strategy class can pin-point the lack of vision of IBM, Xerox, and even the RIAA.

To quote Peter Drucker, 'thirty years from now the big university campuses will be relics. Universities won't survive.' (Drucker 1997). In fact, Drucker himself signed with Corpedia Inc. to create and feature in a series of interactive web-based courses, *Drucker's Disciple*. Against this radical change in the extent and the nature of competition, business schools have desperate and pressing need to improve their competitiveness: which is the role of marketing in its broadest sense.

3. Focus

Marketing as a subject is deceptively simple. It has been said that marketing can be taught in a week-end, but takes a life-time to learn (which perhaps explains why in the students' view, so many marketing courses are somewhat repetitive). As many of you know Marketing 101 starts with the marketing concept which states 'A successful organization satisfies its customers and thereby satisfies itself'. The whole point is that real marketing—the concept of marketing—is not just what happens in the marketing department, rather it is the sum of all the actions of the organization.

As Drucker (1954) put it: 'Because its purpose is to find and keep customers, any...enterprise has only two—and only two—basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs.' I would argue that innovation is also marketing and thereby reduce the enterprise to a single action.

Also, my definition of the marketing concept clarifies that it is equally pertinent to for-profit and not-for-profit entities, for public and private enterprises, for social/political causes—in short for all organizations. All that differs is the definition of what constitutes the organization's 'satisfaction.' Whether that satisfaction is derived from profit, from membership, from adoption of a set of beliefs, or actions, or whatever.

Of course the hardest part of the marketing concept, is the definition of the customer. It should be immediately apparent that the marketing concept calls for focus: as individuals differ, in the long-term it is unlikely that we can satisfy all customers equally well. In a competitive context, competition will target the customers who are least well-satisfied—and who are able to best satisfy the competitors' objectives. Unfocussed offerings will be squeezed out first.

3.1. Multiple Constituencies

Who is the customer? Going back to Marketing 101, there is usually a discussion of pet-food (who is the customer?), of perfume/colognes, and children's breakfast cereal.

In each case it rapidly emerges that there are multiple *customers*, *stakeholders*, or *constituencies*—or different *roles* in buying process. And that these multiple customers/stakeholders/constituencies/roles differ in their importance according to their influence on the final outcome: the child is usually much more persuasive than the dog in the choice of food, and thus tends to carry more weight in the competitiveness of breakfast cereals than does the dog in the competitiveness of pet food. Notice also that although the child may be persuasive, the parent (as the buyer, who hands over the cash) plays a pivotal role. Competitiveness (and marketing) cannot afford to ignore the parent. Hence different product claims, and marketing themes, directed at different *customers*.

What about management education? Clearly there are multiple customers and each b-school must ask itself who are those customers, which carry what weight in which circumstances, and how best to address them.

One of the reasons that competitiveness (and marketing) is approached so warily by educational institutions, is that they tend to have leapt to the conclusion that the *only* customer is the student. And they suspect that *increasing competitiveness* is a back-door way to reduce standards, inflate grades, and generally make programs less demanding. Of course, the current student is but one of many stakeholders.

For most management education institutions, in addition to **students** involved constituencies include: **alumni** (who have a clear stake in raising standards, to protect their prior investment), **employers** (a key benefit-driver for students is employability, if schools fail to maintain/raise standards employers become dis-satisfied with our output), **faculty** (as mentioned above for some schools this has become the most crucial group of stakeholders—no doubt associated in part with the fact that the vast majority of b-school administrators most recently belonged to this group!), **university** (most b-schools are located, no matter how uncomfortably within a wider educational structure, and like all paying guests are somewhat uncertain of their reception), **actual** and **potential donors** (most—certainly all the leading—b-schools generate considerable proportions of their finances independently of the educational institution within which they are embedded), **staff** (I will argue that this is a vital, and often over-looked, group in ensuring competitiveness), **parents**, **influencers**, **accreditors**, **rankers**, etc. etc.

4. Reputation

Ideally, development of competitiveness will focus on each of the key stakeholders separately. We will design activities that target each of what we judge as the most influential groups, while being aware of the impacts of those activities on all other groups. This is easier than it sounds as activities that affect one group positively typically have at least a neutral, and often a demonstrably positive impact on all groups. The thread that links our customer groups is *reputation*.

The worst that we can do is to attempt to satisfy all these groups simultaneously, *by the same actions*. As Gaddis (2000) points out:

> 'America's graduate management programs are trying to be all things to all constituencies. Which means they're serving nobody well — least of all American business.'

Good reputation with one constituency can build reputation amongst all constituencies. There is definitely a virtuous circle: successful satisfied students create appreciative alumni, appreciative alumni become effective employees (and entrepreneurs), effective employees/entrepreneurs develop the b-school's buzz, the b-school's buzz ensures a steady stream of high achieving-applicants, high achieving-applicants become successful satisfied students. In fact the dirty little secret of the leading business schools, may be that reputation owes far more to the quality of their *inputs* than to the quality of their *processes*. Although as far as I am aware there is no empirical study to support this.

It is worth dwelling in passing on the alternative vicious circle: dis-satisfied students create de-motivated alumni which destroy the b-school's reputation and ensure a decline in applicant quality, which will inevitably be reflected in poorer alumni advancement. Once applicant quality slides, it is very hard to regain employer reputation.

I suspect it is only possible to start the virtuous circle with satisfied students. If the process of their education is flawed, in my experience this very quickly becomes all too apparent to students.

4.1 Primacy of Process

If we are to build a reputation—and I will argue this is the key to building a meaningful brand. There is one key word to keep in mind: consistency. Whatever claims a program seeks to make, whatever reputation it seeks to establish, it must deliver on that promise time after time.

Reputation is not created by clever marketing. Clever marketing may spread a reputation, may make it known. But if reality conflicts with reputation, it will be the reality that wins out. The b-school is only as good in the eyes of the student as their average class (although the positive outlook from a good reputation certainly helps), only as good in the eyes of the employer as the most recent hires, etc.

Competitiveness demands first that teaching is of excellent quality—relevant, absorbing and challenging—and that learning occurs and that *all* constituencies realize (feel) that is has occurred.

Recently there have been a number of challenges to the relevance of the b-school curriculum. Most of these have focused on the prevalence of hard theory focused technique in MBA programs. The theme usually is that business schools have chosen to measure their success by their academic excellence—demonstrated by rigor of scientific research—rather by the competence of their graduates. Two of the most recent contributors to this genre are Bennis and O'Toole (2005) and Andrews and Tyson (2004).

As Bennis and O'Toole (2005) point out, most business schools have chosen a focus on quantitative analysis rather than on 'complex, unquantifiable issues—in other words, the stuff of management'. The authors quote the tremendously apposite words of philosopher and mathematician Alfred North Whitehead in 1927:

> 'Imagination is not to be divorced from the facts: It is a way of illuminating the facts.... The tragedy of the world is that those who are imaginative have but slight experience, and those who are experienced have feeble imaginations.'

The solution according to Bennis and O'Toole is a rebalancing, quoting a phrase of Sumantra Ghoshal of 're-legitimizing pluralism.'

In a similar vein, Andrews and Tyson (2004) seek the opinions on management education of 100 'corporate leaders' (from the examples given these seem to be CEOs of major multinationals) around the world. Corporate leaders are presented as the 'ultimate consumer' of management education. The authors were 'surprised' to find that reports of the characteristics desired from future recruits, made almost no mention of functional or technical knowledge, but rather focused around:

> 'the need for more thoughtful, more aware, more sensitive, more flexible, more adaptive managers, capable of being molded and developed into global executives.'

Both these studies focus on the requirements a single stakeholder group—employers: a truly competitive business school must excel in the eyes of more than one group of stakeholders. Indeed, Andrews and Tyson (2004)really focus on only a *part* of a stakeholder group. The CEO's opinion may not be the most appropriate when setting the characteristics that a newly minted MBA should possess. The lack of mention of analytical skills may reflect their lack of salience in the mind of the CEO, rather than their lack of relevance to the job of the newly-hired MBA!

The employer stake-holder group is of course an important one. If graduates do not satisfy their employers' needs, the virtuous circle cannot be started, and no amount of peer-reviewed research (no matter how that might please other stake-holders, and perhaps improve our rankings[2]) will compensate *employers* for their dis-satisfaction. So let me first address competitiveness in the eyes of the employers.

4.2 Management Skills

When the author was MBA Program Director at Schulich School of Business—Canada's largest MBA program at the time (and not yet the country's top-rated, in about third place at the time)—we decided to solicit and address employer and alumni concerns about the perceived managerial relevance of our program. We quickly came to conclusions somewhat similar to those outlined above.

After focus groups, dinners, and general discussion with our alumni and our top recruiters, it became clear that although there was definitely an interest in analytical excellence and a need for graduates who had mastered quantitative techniques, by and large we were already meeting or exceeding employers needs in these dimensions. The key areas which kept emerging were unstructured problem-solving, creativity and idea generation, the ability to work well in groups, and the ability to present simply, factually and clearly. It was not that the 'hard' skills were less important, if anything the opposite, it was that we were already doing quite well enough in those areas.

Accordingly we developed a compulsory *Management Skills* course which became a foundation stone of the core curriculum. This course embodied the entire first week of classes for all new students: every day all day for full-time students, 4 evenings in the first week for part-time students. And continued with a weekly 3 hours class through the first semester.

Teaching was organized as a mix of plenary sessions—addressing about 120-150 students at a time—and small break-out groups of 7-10 students, facilitated by Schulich PhD students. This had the not inconsiderable additional incidental benefit of exposing doctoral students (who are typically the arch exponents of academic analysis) to qualitative issues and their importance to managers.

There was a long debate as to the relative merits of just-in-case and just-in-time teaching methods (i.e. should we follow the traditional b-school model of teaching techniques which would later be applied in case-driven courses, or should we first generate the student's perceived need for the

[2] But see below...research will probably do little to improve rankings. A point of which DeAngelo et al (2005) make much.

analytical method and then teach it.) Our first attempt at just-in-time was to create a very broad unstructured management problem, which students assigned to more-or-less random groups, would have just 5 days to prepare a presentation on.

The first such problem was *The Implications for Canadian Business of the Re-Unification of Germany*, the Berlin Wall having just been torn down. The idea was that this would motivate students to actually attend to the orientation sessions on using the library and search techniques; the fact that they had to analyze and present their conclusions would make basic Stats and Presentation Skills that much more relevant; and of course the Group Skills that were being taught concurrently in Management Skills would be immediately applied in wielding the disparate individuals into a functioning group.

Results were mixed, criticism by specialist faculty ('their regression models are multi-collinear') was vocal, and the model was refined for the next semester. Schulich admitted twice annually so the opportunity for swift revision was there.

4.3 Evolution

Gradually the course evolved to focus much more on management of diversity, group skills, and presentation skills in the first week. Managing diversity—including physically challenges, different nationalities, cultures, religions, thinking styles—is a tremendous management issue, especially in Canada. During their intensive week, students heard from speakers of vastly different backgrounds, experienced as best they could the perspectives of those speakers (spending 2 hours in a wheelchair become a tremendous talking point in the course).

The unstructured problem became a little more structured and the final presentation was deferred until the last week of the semester (some 13 weeks away), and became part of a negotiation exercise. When I gave up control of the program, the negotiation exercise had come to feature General Motors and the Association of Automobile Workers. This had the unintended but hugely beneficial effect of extending our reach into another stakeholder group. The AAW union leadership were thrilled to be asked to brief business school students—they claimed that no school had ever given them this opportunity before—and provided excellent materials and speakers, and real shop floor experience, all at absolutely no cost. The students, were exposed to a radically different perspective from that usually advanced in the MBA classroom. In the final negotiation pairs of groups faced off, playing the roles of either AAW or GM.

We also found it reassuring for students—and many faculty—to embed creativity and idea generation is a more systematized framework of alternative problem solving methods. This enabled students to step from the relative secure ground of logical problem-solving, through systems thinking, to the potentially threatening domain of creative problem solving. We presented the entire course as management tool-kit: you learn how to use, and *where* to use each tool, and to respect those who are more skilled in using a particular tool than you are!

We definitely found that just-in-time was a superior method and that skills are better taught and practiced over a period of time. However, when we tried to expand that period to 2 semesters (with the Management Skills class meeting only every other week), we found an understandable loss of interest and momentum. As in most MBA programs Accounting courses tend to hijack the students' time, and it was hard for students to focus on unstructured problems when accounting quizzes loomed.

4.4 Excellence

The key to forging reputation is to focus not only on one constituency at a time, but also on a manageable number of elements of excellence at a time. Most business programs simply do not have the resources to excel across the board—at least initially. What makes an impact on reputation, is to excel in some areas which while intriguing to a stakeholder group, are not yet *owned* by other schools.

When helping to recruit MBA students for Schulich School of Business (then known as the Faculty of Administrative Studies), it was noticeable that our MBA concentrations in Arts and Media Administration, and in Not-for-Profit, always kindled interest and questions from potential students. These were in fact amongst our smallest concentrations, but the most differentiating. Similarly, students who successfully completed the appropriate electives could—if they chose—receive an Master of *Public* Administration (M*P*A) degree rather than an M*B*A degree. The MPA never failed to raise discussion at student recruiting and information sessions, and the possibility of receiving an MPA often featured on applications form as a reason for applying to the school. In 10 years we probably never reached double digits in the number of MPAs awarded, while graduating some 650 or so MBAs each year. The point is not that students *will* pursue these specialties, the point is that they *could.* They are desirable points of difference, which enable potential applicants to distinguish between the (really quite similar) MBA programs open to them. The existence of the opportunities is what's important.

Schulich has now moved on to excel on the international dimension (offering first an MBA concentration, then an IMBA, and finally an IBBA), and on the Environmental and Social Responsibility dimensions (both offered as MBA concentrations and areas of research excellence). The point is to identify themes/issues that look to be of increasing importance, getting in early, and concentrating limited resources on these areas. The reward is a point of differentiation, and the potential to beat the global leaders not across the board but in the area of focus. Schulich's first real ranking break-through was in *Beyond Grey Pinstripes*—the survey of environmental and social impact management, sponsored by the Aspen Institute and the World Resources Institute: this placed Schulich as the only Canadian school to make the top 'cutting-edge' category. Schulich is now in 3rd place worldwide in this prestigious ranking.

So we have looked at the opportunities and the competitive threats facing Asian business programs, the need for focus on individual stakeholder groups in turn, the need for excellence in at least some specific areas, and the role of reputation as the unifying theme across stakeholder groups. Now I want to mention the importance of market research, branding, external validation, and finally the future possibilities of customer relationship management as realizing the potential for true lifetime learning.

5. Market Research

Market research is as vital to management and to marketing as measuring vital signs are to a doctor. The true test of how well we are succeeding in building the competitiveness—and the reputation—of our programs lies with the stakeholders.

At Schulich, once the Management Skills course was launched—in addition to the normal course evaluations—we embarked on a series of tracking studies of 1) graduating students, 2) alumni, 3) recruiters.

5.1 Exit Interviews

For graduating students we conducted exit interviews, focusing mainly on the program in its entirety and the 'experience' of being at the school, rather than individual courses, which were better assessed by the normal course evaluations (although as a catharsis graduating students nominated their best and worst course and why). Initial results were not always pleasant reading. The Schulich program had a high proportion of part-time students who had slogged through 3-6 years of coming to school, at least 2 evenings a week after a hard day at work. Not the easiest audience to impress.

Probably the most striking feature to emerge was the importance of customer service—not just in the classroom, not mostly by faculty, but rather customer service, or its lack, from the school's staff. Management education participants, especially those on EMBA courses, are relatively senior, relatively well-off and tend to be accustomed to rather good service—5 star rather than 2. Business school staff tend to have risen through the university and become accustomed to being able to treat students pretty much as they wish. Students are looked upon as unwarranted distractions from leisure activities, if only summer lasted all year.

This issue of customer service, even seeing students as customers—in the context of other stakeholder groups—is difficult to inculcate into an organization, especially when that organization is embedded in an institution that perhaps has little regard for students. The solution? Yet to be found. Training, measurement, feedback, motivation. Definitely a major challenge for business schools, and an area of weakness that new entrants such as University of Phoenix do their best to exploit. Incidentally this is probably an even greater problem for Asian schools, where many staff (and some faculty) carry the assumption that it is a privilege for the student to be there, and they deserve no better than they get!

5.2 Alumni and Recruiter Tracking Studies

In addition, we embarked on a series of Alumni interviews. These were mailed out to a sample of alumni, by an independent market research supplier. Mainly closed-ended questions a couple of open-ends to allow respondents to sound off. We surveyed samples after 1 year, 3 years, 5 years, and 10 years. This gave some valuable PR information on job titles and promotions, and provided a perspective on the program. Clearly results from the older cohorts did not reflect program changes, but it was interesting to see how the assessment of the program and even individual courses changed with time, and job seniority. One particular course taught by a very aggressive and demanding faculty member, probably the single-most complained about course from current students, actually started to show up as a 'course I most glad I took' (of course this could be simply a recall effect, it was the only course they could remember).

Also as suggested in Andrews and Tyson (2004), there was a definite increase in appreciation for the more qualitative courses as alumni attained more senior positions. Personally, I believe that had they not had the analytical skills they would never have got as far as the senior positions.

6. Building a Brand

Once the *process* is in place, and you are able to deliver a quality program, it is time to build the marketing part of branding. The crucial thing here is to realize that branding is simply teaching stakeholder groups to associate your program with your '*physical brand.*'

The physical brand can be a logo, slogan, color scheme, name—and all of these. It is the legally protected designator that will identify all your program's activities. The aim is for stakeholders to come to associate desirable features—and feelings—with your physical brand. These features and feelings become what a marketer calls the 'brand meanings' or 'brand connotations.'

In addition to making sure that we really deliver the desirable features and feelings (that's why we fixed the process *first*), we need to ensure that our physical brand is in front of the stakeholder whenever and wherever they encounter our products and services. The physical brand needs to be visible on all we do, and needs to have a consistency across all its manifestations.

Corporations seem to have a much easier time of ensuring this consistency than do business schools. At Sasin we have been battling for 3 years to get our logo and tagline (Sharpening Minds and Shaping Leaders since 1982), used consistently throughout all our programs. There seems to be a mindset that a logo is meant to be redesigned on at least an annual basis. It is not. If branding is to be successful; stakeholders need to be exposed to the *same* logo, and experience the *same* features and feelings.

6.1 Look and Feel across Media

Consistency applies not only to the physical brand, and to the features/feelings that we want to convey, but also across media. Business schools should be communicated in an attractive, *consistent* way across all media. In personal communications—face-to-face, by phone, by email, in open-houses and road shows (for programs like Sasin's delivered in non-native languages, there is constant challenge to monitor, and correct, English usage; particularly difficult where many employees believe their English language skills are better than they really are). In print: course calendars, catalogues, brochures, alumni magazines, advertisements, and advertorials; posters (still very useful in getting the attention of potential graduate students). In electronic media—website, interactive CDRom, emailings, e-zines, or whatever. The more communications have a clear family resemblance, the more we reinforce our message, and the more we get for our money.

6.2 A First-Class Ticket

Of course the key thing to remember is the old advertising saying: 'give your product a first-class ticket.' Management education is mainly intangible—it's hard to reach out and point to what has been bought; it has strong service elements—experienced not consumed; and is difficult to accurately assess before consumption. Even sampling is quite difficult, at Sasin we invite potential students to sit-in on classes. Those who do perhaps get some feel for teaching/learning but not for the overall immersive experience of management education.

As a result of all these hard to assess intangibles, it is vital that the tangibles that are there, are first-class. That includes the building, facilities...and our marketing communications. If the brochure is cheap, if the website is out-of-date and doesn't work properly, if the front-line staff are unhelpful and uninformed: what does that say about the program?

6.3 Customer Touch-points

Marketers like to talk about 'customer touch-points' as all the places where the customer is impacted by your products / services. Successful brands control *all* touch - points, taking to deliver a consistent experience at every intersection with the customer. Starbuck's has become the classic example, with control not only of the logo, and the coffee beans, and the brewing, and the store furnishings, and the management style, but even the music, supplied from Seattle on non-standard media to prevent store management from imposing his/her musical taste on the unified Starbuck's experience. As discussed above, the inability of most business schools to successfully control the service experience is a major weakness.

A key component of reputation is the endorsement provided by external bodies in validating management education programs and institutions. We will look at two types of external validation: rankings and accreditation.

7. External Yardsticks

7.1 Business School Rankings

There is probably no more divisive topic for b-school deans that 'the rankings!' *Business Week* started ranking MBA programs in 1988, and has continued to do so on a 2-yearly basis. Eventually followed by *Forbes*, *US News & World Report*, *The Wall Street Journal*, *The Financial Times*, and numerous local and regional publications including here in Asia, the erstwhile *Asian Business* and now *Asia Inc.*. As Corley and Gioia (2000) point out, quoting an un-named dean of a top-ranked school, 'The reality is that, independent of whether you believe that rankings accurately reflect quality, the perception of the outside world is [that they] do and consequently resources flow to schools which are highly ranked.'

At recent AACSB meetings in Korea, there was an attempt to lobby schools to withdraw from the Asia Inc rankings on the grounds that they were 'unnecessary' and 'unfair' and 'non-transparent.' It was suggested that b-schools should create their own ranking system: as one participant put it, 'if we don't hang together, we'll hang apart.' It was interesting to see the incipient coalition fold before it even became established!

It was agreed that the existing rankings focused on criteria that were unclear, and irrelevant; it was agreed that there were more relevant measurable criteria. But of course what those criteria were could scarcely be agreed! Participants debated whether rankings were even necessary; it was suggested that schools should simply be attested to as 'first class' or not (a classification, like accreditation). Those who were not quite sure that their school would make it into 'first class,' suggested maybe 2 or 3 categories. Indeed, most recently, DeAngelo et al (2005) advocate letter grades for programs, to eliminate spurious ranking changes caused by sampling errors.

DeAngelo et al actually blame MBA program rankings for 'destructive…cosmetic changes that enhance MBA program marketability at the expense of other educational programs, student learning, and knowledge creation' and a short-run decanal perspective which they see as being highly injurious to the long-term intellectual contribution of business schools.

In my early terminology I would suggest that this a consequence of rankings focusing almost exclusively on the full-time-MBA-student constituency. Forbes, US News and World Report, Wall St Journal (and Asia Inc) look only at MBA student related variables; *Business Week* and *Financial Times* make some attempt to blend the interests of multiple constituencies into a single ranking. *Business Week* relies for 45% on student ratings (½ of this is the opinion of the current graduating class, and ¼ each the two preceding graduating classes), 45% on current recruiters, and only 10% on faculty publications; *Financial Times* uses a wider range of criteria, but still is only 10% based on publications.

There is also anecdotal evidence of the lengths to which deans will go to ensure good rankings. The dean of one world-leading school changed all the course evaluations to match the same scales used by Business Week, so as to better accustom students to using that scale. Other deans recount how marginal MBA candidates are admitted 'on probation' or as 'special students' and so omitted from the intake averages. Corley and Gioia (2000) describe other such gaming. And it is little wonder as there is empirical evidence that the dean's own renewal may be at stake! (Fee et al 2005).

In practice, rankings are almost impossible to avoid. Wharton and Harvard both refused to provide input for the 2004 *Business Week* ranking…they were ranked anyway. In other rankings (eg *Asia Inc*, *Canadian Business*) leading schools have boycotted and simply been ignored, allowing their competitors to claim supremacy. And rankings certainly influence applicants: GMAC's Graduates Survey found that "published rankings" were the most often reported "source with a great deal of influence"—mentioned about twice as often as 'threaded discussions,' or 'email newsletters,' and almost 50% more than websites, online magazines, magazine/media coverage, or 'MBA related books/publications.'

The most remarkable evidence of the divisiveness of rankings, is the inability of business schools—or their professional associations—to agree on ranking criteria of their own. If the professional bodies could forge such an agreement—perhaps separating criteria relevant to different stakeholder groups—the objections to rankings could perhaps be met, and the undoubted need for information by stakeholders could be satisfied. Perhaps Asian schools, maybe under the auspices of the recently created Association of Asia Pacific Business Schools (AAPBS), will lead the way in this endeavor.

7.2 Accreditation

The second major source of external validation for a school is provided by external accreditation agencies. Again, the Asian region is a very competitive arena—this time featuring the major American based accreditor (AACSB) and the major European based accreditor (EQUIS). Accreditation is an interesting business in itself in that it is inherently self-limiting in any geographical area. Accreditation will (presumably) only be valued to the extent that some schools do not have it! Yet for the agencies themselves, their on-going revenue stream comes from accredited schools. If the accrediting agency is to grow, it must accredit more institutions: the inescapable fact is that geographic expansion is essential.

AACSB has gone so far as to change its name (that stands for Association for the Accreditation of Colleges and Schools of Business).

Accreditation by either (or as is increasingly common in Asia) both agencies is expensive—in accreditation fees, in on-going membership fees, and in the resources necessary to create the necessary reports—and time-consuming, 2-3 years seems to be the normal requirement. Of necessity the procedures are somewhat bureaucratic and in many case somewhat divorced from the Asian environment and its normal practices—although both agencies are frantically trying to make their procedures more Asian-friendly.

Accreditation does offer a relatively consistent external yardstick—perhaps useful to several constituencies—and forces institutions to take a close look at their current practices, often providing an impetus for change that was long over due. Of course, it continues to be asked why *Asian* schools need the reassurance of accreditation from a North American or European source.

8. Customer Relationship Management

Customer relationship management (CRM) has already acquired a bad name in many business circles. Over-sold, over-hyped, over-priced, so-called CRM systems have resulting in many companies spending huge amounts on software that enabled them to track their customers' every move…with no clear sense of what to do with this information! In the business sector, CRM tends to have bogged down as a result of customers failing to provide information about their current state and/or the company executing the CRM failing to be able to use that information effectively.

From a management education institution's perspective, CRM has some tremendous attractions. The aim of CRM is to understand one's current customer so well, that one can maintain their loyalty by anticipating their every need. Having the right products to present just as the customer realizes their need. For all the talk about 'life-time education,' there are very few educational institutions that make much attempt to track their customers over time, assess their changing needs, and target them with new educational offerings.

Typically the most that happens is that graduates end up on mailing lists for executive education offerings—and begging letters from the Alumni Association. Yet the potential is there. It is not too difficult to track alumni, the institution already has a lot of information about them, and of course life-time email addresses, which alumni tend to use with pride—and which offer the convenience of a prestigious, static address across a career of changing employers—allow us to maintain contact. Many institutions already compile data on alumni job positions, often this is reported in alumni magazines and newsletters. It would be but a small step to link this data to the profile of attendees at specific executive education seminars, or to the target of new electives/concentrations.

Schulich School of Business has made some advances in this respect. About 10 years ago we created a *Post-MBA Diploma in Management Education*. This allows holders of MBAs from recognized institutions to attend Schulich MBA elective courses, alongside regular MBA students. If the attendees successfully completed at least 5 courses, they would be awarded the Diploma; if those courses were in a single area or concentration, the Diploma would carry that designation.

The intent was to bring alumni back to the school, and update their existing skills—or perhaps teach skills in areas which the student had not pursued but which their career now caused them to value (e.g. the marketing major now working for a financial institution might want to get a Post-MBA Diploma in Finance). We did indeed reach this alumni target market, but also reached a bigger market of graduates from MBA programs outside of North America, who valued the endorsement of a leading North American institution—and endorsement that could be completed relatively quickly. Indeed some candidates went on to complete 3 or 4 Post-MBA Diplomas! From the school's point of view these are high margin students. They take seats in electives that otherwise would be undersubscribed; they imposed almost zero marginal teaching costs; used little in the way of admin resources; and brought diversity, and experience to the classroom.

CRM combined with targeted executive education offerings—and if we track alumni we have a ready-made source for focus groups etc.—have tremendous promise for building true life-time learning.

9. Conclusion

Marketing is no longer an option for management education. The programs that fail to market, that sit back and expect students to enroll, *will* go to the wall.

Successful marketing needs to address the needs of each stakeholder group in turn, and build the virtuous circle of *successful satisfied students➔appreciative alumni ➔ effective employees/entrepreneurs➔b-school buzz➔high achieving-applicants➔ successful satisfied students*.

Although in this article I have focused mainly on the student stakeholder group, they are not alone. Much of the current debate on management education –e.g. Andrews et al (2004); Bennis and O'Toole (2005); DeAngelo et al (2005)— results from different authors focusing on different stake-holder groups. Reputation is determined by *all* the stakeholders. In the last analysis, management education must satisfy them all.

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MARKETING MYOPIA ? MARKETING MANIA? MARKETING MISALIGNMENT?

Reflections on Marketing Theory and India

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Radhika Jha begins her short story, "The Elephant and the Maruti", like this:

> "Let's face the facts. The Maruti is a woman's car. You know why?"
> The listener would shake his head.
> "Because in a Maruti, a woman can honk all she wants and no one will take any notice."

This article is neither about Maruti nor women drivers. It is, though, about marketing theory and the challenges, assaults and reevaluations that marketing is currently undergoing. The article's intent is to "honk," that is, its purpose is to identify some of the challenges marketing theory and practice now face. But unlike the anonymous car drivers identified above who take *no* notice of the honking, this article's explicit goal is to make the reader "take notice" and think about these changes.

Marketing theory is undergoing a revolution. This paper uses the word "revolution" purposefully. Revolutions change things – sometimes radically, sometimes irrevocably. Examples of this revolution are the following:

> The October 2005 issue of the *Journal of Marketing* led with this prominent section, "Marketing Renaissance: Opportunities and Imperatives for Improving Marketing Thought, Practice and Infrastructure." Eleven thought-leaders in marketing were all asked how the discipline of marketing could be improved, not just incrementally but radically.
>
> Bentley College in Boston, Massachusetts, held a one-day symposium in 2004 with the provocative title, "Does Marketing Need Reform?" The symposium's rationale has veered significantly off course, and how to steer it in the right direction" (http://www.bentley.edu/events/markreform/theme.html Retrieved October 25, 2005). Sheth and Sisodia (2006) are editors of the symposium's papers. Cleary, as the symposium and resulting book suggest, something is wrong with marketing that needs fixing.

This article frames its discussion with the word "revolution" because "revolution" is also in the title of one of the 20^{th} century's most influential books on the philosophy of science, Thomas Kuhn's *The Structure of Scientific Revolutions*. Kuhn (1970), in this groundbreaking book, describes how both science and paradigms work. The need to change marketing's paradigm is at the center of this marketing revolution.

Paradigms and Marketing

Thomas Kuhn (1970), in *The Structure of Scientific Revolutions*, describes how scientific knowledge accumulates. He explains, at length, the idea of a paradigm. According to Kuhn, a paradigm is a way of literally seeing the world. It guides all scientific research. A paradigm establishes, at any given point in time, what are the valid scientific questions to investigate and what are the valid methods/tools for answering those questions. According to Kuhn, scientists always work within the prevailing scientific paradigm of their time. Science makes incremental progress as scientific researchers conduct experiments using the accepted paradigm.

However, Kuhn also notes, that there will be "anomalies" with every experiment; that is, scientific results that literally can't be explained by the existing scientific paradigm. For a time, scientific anomalies are held off to the side, as scientists try to work within the existing paradigm. There comes a point, though, when the anomalies become too numerous to be ignored. The failure to explain and reconcile these anomalies indicates that the current paradigm has significant explanatory flaws. At this point a scientific revolution occurs. A new paradigm incorporates the previous anomalies into a coherent framework, and the process starts again. Thus, for Kuhn, science is a progressive series of paradigm shifts.

The relevance of paradigms to marketing is apt. For a long time, the discipline of marketing has been guided by the prevailing paradigm of the four Ps: product, price, place and promotion. The current 4P paradigm guides many things in marketing. It guides market research questions. It guides marketing education. It guides practitioners who create and implement marketing programs. In short, the 4Ps are the dominant marketing paradigm of the last half of the twentieth century – and this has become a problem.

Mnemonic Nonsense: Origins and Limitations of the 4Ps

Gronroos (1994) gives the most complete explanation of how the mantra of the 4Ps came into existence. Gronroos notes that originally, the 4Ps were developed by Eugene McCarthy in the United States as a teaching tool for students and professors. McCarthy was a textbook writer and was searching for a simple method for helping students remember some key marketing elements. He, single handedly, created the mnemonic of the 4 Ps as product, price, place and promotion. The textbook that McCarthy wrote became a best seller in the United States. The McCarthy text is still published and is now in its 15th United States edition (Perreault & McCarthy, 2005). The simplicity of the formulation, coupled with the widespread use of the McCarthy text in introductory marketing courses, led to the pervasive use of this mnemonic device. The 4Ps have since become enshrined as the leading marketing paradigm.

The 4Ps have cast a long, a very long, shadow in marketing education. The need for a simple mnemonic to capture the complexity of marketing dominates many marketing textbooks. Just as scientists during the 15th and 16th centuries tried hard to maintain the geocentric view of the universe regardless of what their experimental data produced, marketing theorists and educators, it seems, have fallen into the same trap. A recent case in point is services marketing.

There is general agreement that services are conceptually different from tangible goods (Bateson, 1992). Marketing as a discipline has progressed, significantly, in understanding how services marketing is different from goods marketing. Yet in presenting these differences marketing theorists and educators are often trapped by the 4P paradigm. In Dickson's (1997) nice phrase, they suffer from "mental rigidity." Either they keep the letter P, yet expand the total number of items in the list, or they keep the number four, yet choose a letter other than P as their mnemonic. An example of the former is Booms and Bitner's 7P services marketing framework: the original four Ps (Product, Price, Place, and Promotion) plus Process, People and Physical evidence (Booms & Bitner, 1981). An example of the latter are the 4Is of services: Intangible, Inseparable, Inconsistent, Inventory (Berkowitz et al., 2000).

Marketing is replete with such conceptualizations. For example, there are the 4 As of marketing strategy: arena, advantage, activities, and access (Day, 1999); there are the 3Cs of the competitive environment: Company, Competitor, Collaborator (Park and Zaltman, 1987). There is Sheth's newly proposed 4A's as well: Acceptability, Affordability, Accessibility and Awareness (Banerjee, 2004). Even Kotler (2005) takes the mantra of the 4Ps and translates them into the 4Cs: Customer value, Customer cost, Customer convenience, Customer communication. Like medieval astronomers, marketing educators seem bent on preserving the existing marketing paradigm at all costs.

Gronroos (1994) quite eloquently notes that the 4Ps have a limited value. He says that many competing formulations for understanding marketing phenomenon have existed. He asserts that the 4Ps are a vast, oversimplification of marketing. Neil Borden, an early marketing theorist, identified 12 different, core marketing functions. McCarthy simplified Borden's formulation into four elements, all beginning with the letter P. Ironically, the very first edition of Philip Kotler's *Marketing Management* notes the same: "McCarthy's classification is especially useful from a pedagogical point of view. Nevertheless, the feeling remains that some *other* classification, *still to be born*, will develop *better* conceptual distinctions among the large variety of marketing decision variables" [emphasis added] (Kotler, 1967, p. 266). A list is never a good way of conceptualizing phenomenon. Not only is every list incomplete, it also becomes obsolete rather easily. Palmer & Ponsonby (2002) reach a similar conclusion.

Finally, Gronroos raises important questions as to whether the 4Ps really capture the underlying essence of marketing. What has happened over time is that the 4Ps have become a mechanical tool kit. Students learn the tool kit and believe that this constitutes marketing. As Gronroos (1994) rightly notes, "Marketing, in practice, has to a large extent been turned into managing this toolbox instead of truly exploring the nature of the firm's market relationships and genuinely catering to the real needs and desires of customers" (p. 348). What has become of marketing? Is marketing, as noted above, in need of reform?

Relationship Marketing

Gronroos asks a provocative question: What is the underlying essence of marketing? His answer is relationships. He says, "Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises" (p. 355). The implication of Gronroos's formulation is this: That customer relationships are at the center of every company, and marketing should be devoted to building and enhancing these relationships.

Evert Gummesson (2002) greatly expanded this notion. For Gummesson, marketing was fundamentally about managing a *series* of relationships, some of which are obvious and traditional, such as customer relationships and business to business relationships, while others are less so, such as those with organized crime (R17 in Gummesson's framework). Gummesson conceptualizes marketing as involving 30 relationships, all of which must be researched, understood and effectively managed.

Gummesson came to understand these relationships in an interesting fashion. He developed them inductively using grounded theory (p. 31). He drew on his real world business experience and asked himself: What is the basis of these marketing actions? As he says, "To my understanding, the real world of business and marketing has deployed an RM approach (although it has not been labeled as such) while the scholarly world has become stuck in a narrow and mechanical approach to marketing through the 4P's marketing management paradigm" (Gummesson, 1996). Thus, the thirty relationships that Gummesson postulates stand in direct opposition to the traditional 4P paradigm. Yet the gravitational pull of the 4P paradigm is very, very strong. Gummesson himself, while proposing an alternative paradigm, still acknowledges the prevailing paradigm's power:

> I would like to dissolve the 4Ps and just talk about Ps as symbols for supplier-controlled activities for managing customers and persuading them to buy…[T]he role of the Ps should be a supporting role instead of a leading role; a focus shift should take place…In practice, the Ps became too manipulative – even if this was not the original intention – and this has damaged the credibility and functionality of the marketing discipline. (p.312)

American Hegemony

Knowledge needs transmission. Knowledge can be transmitted through writing, speaking, listening, seeing, touching and smelling. Marketing knowledge is transmitted through a vast network of conferences, journals, magazines, articles, professional books, academic textbooks, white papers and, increasingly, blogs. Wilkie & Moore (2003) have done a breathtaking analysis of the "four eras" that define contemporary marketing thought. Significantly, they label Era III (1950-1980) as a "paradigm shift." In these thirty years, marketing became a scientific/research-driven discipline; market segmentation, positioning, the marketing mix, the hierarchy of effects model and marketing myopia all appeared; McCarthy's 4Ps was first presented; and Kotler's immensely influential *Marketing Management* textbook was first published. This was an era of great maturation and influence for the discipline. Indeed, marketing, as it is conceptualized around the world, finds its intellectual roots here.

Wilkie & Moore's (2003) article has already produced extensive comment and reaction. *The Journal of Public Policy & Marketing* (Spring 2005) devoted about half of that issue to critical reaction and commentary. Yet it is also clear that Wilkie & Moore's (2003) presentation is fused deeply, fundamentally and unconditionally with America. The inescapable fact is that marketing knowledge is *American* knowledge. One may argue that Wilkie & Moore

(2003) are merely presenting value neutral facts in much the same way one would say that the Chinese invented paper. True enough. Yet it is also very true that the American economy, the need for marketing PhDs to teach and the need for modern, up-to-date textbooks all coalesced to mutually support this great eruption of marketing knowledge. How marketing knowledge is transmitted is crucial here as well, and it is this topic to which the article turns next.

American textbooks play a crucial role in transmitting marketing knowledge. They dominate management education. Although there is no readily available data, it appears that management schools throughout the world, including south Asia and China, consistently turn to Kotler's *Marketing Management* as a preferred course text. Once an idea, like the 4Ps, becomes entrenched in an American marketing textbook, it gets propagated around the world as that American text moves quickly from domestic to international markets. Thus, an American view and conceptualization of marketing is being taught around the world. Increasingly, marketing educators outside the Untied States are questioning the value of this approach. It seems clear that the marketing issues, market mechanisms and market processes in Canada are very different from those in Costa Rica, Kuwait and Korea. Montgomery (2005) is just one of many marketing educators who advocates country-specific and country sensitive marketing cases and textbooks. In India, for example, Ramaswamy and Namakumari's (2002) marketing management text, Shanker's (2002) services marketing text and Srinivasan's (2005) all-India marketing case collection are all steps in the right direction; yet more needs to be done.

Steenkamp (2005) is relentless in asserting the same point. He notes that most of the world's market research is conducted in Western countries, most typically the United States and forcefully presents the limitations of such research. Emerging market consumers, who make up 80% of the world's population, are simply too different from Western consumers to support valid cross country application of the research findings. Research conducted with the latter groups (i.e., Western industrialized consumers) cannot be reliably generalized for the former (i.e., consumers from emerging markets). Country structural variables, methodology issues and culture all intervene to make such generalizations meaningless. Steenkamp (2005) concludes his plea for more market research with emerging market consumers by saying, "Let's move out of the U.S. silo. The world is beckoning us" (p. 8).

Is There an Indian Paradigm for Marketing?

Tom Friedman (2000) in, *The Lexus and the Olive Tree*, states that "locals" in a country always know more than "outsiders," be they bankers, large institutional investors, economists from The World Bank or International

Monetary Fund or even marketers. At the beginning of the Asian currency crisis, Thai businessman started withdrawing money from their local Thai banks. Friedman's point is that if one watches local behavior carefully and closely, one has an "early warning system" of things to come. India is well on its way to fulfilling its tryst with destiny. Yet the road ahead for marketers may not be so smooth. Local marketers will be the first to know.

The Marketing Whitebook 2003-2004 documents the familiar story: India, a nation of over one billion individuals, is becoming a consumer's market. Yet behind the euphoria of double-digit growth, there are signs of caution:

> Between 1993 and 1998, demand for consumer goods grew by over 15% across urban and rural India. Since 1999, however, growth rates have collapsed to single digits. Some mainstream FMCG categories are even shrinking in volume. And while consumer durables are doing better than that they are in trouble as well (Bijapurkar, n.d., p. 59).

A large market does not necessary translate into marketing success. Theodore Levitt (1960) emphatically stressed this point in his classic *Harvard Business Review* article, "Marketing Myopia." Levitt (1960) cited four self-deceiving fallacies that can doom any company to market failure. Prominently mentioned is the myth that an expanding population guarantees long-term survival and profitability. In Levitt's own, eloquent words:

> The belief that profits are assured by an expanding and more affluent population is dear to the heart of every industry. It takes the edge off the apprehensions everybody understandably feels about the future. If consumers are multiplying and also buying more of your product or service, you can face the future with considerably more comfort than if the market is shrinking. An expanding market keeps the manufacturer from having to think very hard or imaginatively. If thinking is an intellectual response to a problem, then the absence of a problem leads to the absence of thinking.

Marketing myopia can afflict (and doom) any manager, any marketer, in any country. Levitt's words are cautions against marketing euphoria in India. Marketing practitioners, marketing theorists and marketing educators need to develop an appropriate market understanding for India.

If Levitt (1960) is right that "thinking is an intellectual response to a problem," then one of the great thinkers in marketing is C.K.Prahalad. Prahalad (2005) has challenged all marketing educators, researchers and theorists with his idea of marketing to the bottom of the pyramid. Always a realist, Prahalad (2005) confronts the prevailing corporate and by extension marketing paradigm that limits one's understanding and interest in bottom of the pyramid consumers. "All of us are prisoners of our own socialization. The lenses through which we perceive the world are colored by our own ideology, experiences, and established management practices" (p.6). Yet, also in characteristic fashion, he rejects the common multinational "yes but" answers to why bottom of the pyramid consumers are overlooked.

Engaging bottom of the pyramid consumers is a revolutionary idea, not an evolutionary one. It calls for radical innovation, not incremental improvement. It is a bottom up, not a top down approach to wealth creation – and marketing. It demands that "best practices" be adapted sensitively to local conditions and culture, not standardized with callous abandon. It has its origins in Indian demographics, yet it applies all around the world. Prahalad outlines 12 principles for innovation for bottom of the pyramid consumers (pp. 25-27). All of them are marketing-focused and market-oriented, in the best sense.

Prahalad is a very, very strong advocate for "inclusive capitalism" (Prahalad and Hart, 2000, p.1). The challenge presented here is can Indian marketers, Indian market researchers, Indian marketing educators and Indian marketing theorists develop a parallel concept of "inclusive marketing"? In essence, can there be an *Indian* paradigm of marketing? Is this the moment for a paradigm shift a la Kuhn?

Colleagues in the field of international management are likewise struggling with the dominance of the American management paradigm and its mismatch with cultures and countries outside the United States. Alon (2003) has collected 15 essays that explore the underlying divergence of Chinese management practice from "accepted" Western practice. Routledge publishers has an ongoing series of books that explore different human resource practices around the world (Budhwar and Debrah, 2001; Elvira and Davila, 2005; Kamoche et al. 2003). And Dani Rodrik (2002), in his analysis of globalization, has noted that there can be many forms of capitalism. There is not just the American, capitalist model.

As the marketing conferences noted in this article's opening section suggest, marketing, as a discipline is itself undergoing its own self-reevaluation. Can there be more than one model of marketing? Certainly! Can the challenge of marketing to the world's poor be the incubator for changing our collective marketing paradigm? Certainly! Can inductive research methods such as grounded theory be used to create *new* theory? Certainly! Can India take the lead? Certainly! Can there be a concept called "inclusive marketing"?

Certainly! As Kuhn notes, when a paradigm changes, the research world also changes. The challenge now for marketers is to create a new paradigm for marketing theory and practice using India as the incubator for such ideas. It's time to stop honking at all the women in their collective Marutis. It is time, though, to move forward.

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The Theory Jungle

There is a recent book, which impressed me greatly, which also has an interesting title 'Witch Doctors,' written by John Micklethwait and Adrian Wooldridge. A chapter in the book with the title, 'The Management Theory Industry', highlights the large number of knights who came along the jungle trail and tried to make sense for all of us on what this jungle meant.

We did not want to go into a literature survey putting together all the theories and frameworks that sprang up in the last 50–60 years, but would rather pick up some data from some of the leading companies of Bangalore, the IT capital of India, and then arrive at some conclusions as to how they built up performance excellence in their organizations.

Objectives of the study

With technology being imitated or copied easily, 'people' are the only sustainable competitive advantage for the dynamic IT environment. Hence the study was limited to the 'Human side of the Enterprise' particularly -

(1) HR functioning, keeping in mind the unique requirements of the Knowledge IT industry.
(2) The way top-notch IT companies realize the full potential of their employees leading the way towards performance excellence.

We have included in this study 20 organizations, which are widely recognized in India as high performing organizations. The list includes a number of champions like TCS, Wipro, Infosys, SAP, HP, Philips, etc. The complete list is in the Annexure.

Some sub classifications of the 20 companies, which responded to our questionnaire, are in order.

i. Of the 20 companies 11 are MNCs, and others Indian.
ii. Even in the case of Indian Companies, most of them have international operations.
iii. Of the 11 MNCs, 3 are Europeans, and the rest American.
iv. 8 of the 20 have PCMM Level 4/5 certification.
v. The number of employees in these organizations ranged from 1250 to 30000+.

HR PRACTICES FOR BUILDING PERFORMANCE EXCELLENCE

A study of some of the best organizations in Bangalore

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The Continuing Search

All the Gurus who traversed the field of organization and management had an over-riding quest to find an explanation to organizational excellence. From Henry Fayol's 'Management Principles', to Max Weber's 'Bureaucracy' to Frederick Taylor's 'Scientific Management' to the 'Human Relations School', of Elton Mayo and company, to Alfred P. Sloan's principle of 'Divisionalization to Peter Drucker's 'Management by Objectives and Self-Control' to the latest fad on 're-engineering', the objective was to find a definitive answer for 'building performance excellence'.

Every time someone came up with a new theory or framework on organizational performance, the claim was that at last we found the answer to this elusive problem. Peters and Waterman were almost sure that they found the answer and they gave the 'Happy Atom' to systematically analyze and understand excellence, but later events proved that they were as human as others were and they slipped too on their path to discover the answer to corporate excellence. Hammer and Champy also did not have any better luck, but brought in the wake of 're-engineering', misery to a large number of the victims of 'down sized' or 'right sized' enterprises.

The latest white angel to appear on the horizon is Jim Collins who claims to have discovered the alchemy behind the 'built to last' companies. But one thing that will surprise the new converts to his theory of 'visionary companies' is how there could be 'visionary companies' without 'visionary leaders'? Collins is rather circumspect on this issue. Of course, he projects a new class of leaders whom he describes as 'Level-5' leaders having much humility in their psyche. He seems to be uncomfortable with the arch American organization builders like John D Rockefeller, Harold Geneen, Lee Iacocca, Jack Welsch and Bill Gates. It looks as though Peters and Waterman also had the same kind of allergy to these kinds of 'larger than life-size' leaders. I wonder whether Winston Churchill would have ever got into the 'Level-5' leadership of Jim Collins.

* Based on the study presented at the Annual Conference of the International Federation of Training and Development Organisations in New Delhi, November 2004.

The contribution of the HR students of the 2003-2005 batch of XIME to this study, and particularly that of Mr. Saurabh Joshi, is warmly acknowledged.

vi. 7 of our respondents fall in the list of top 20 IT companies identified by ***Dataquest***. And interestingly 5 of these are the top ones in the list.

vii. Two of the respondents (Infosys and WIPRO) also figure in the list of "India's Most Respected Companies" – as per the rankings published in Business World, November 2, 2004.

Coverage

The study looked at the following key parameters that contribute significantly to organizational performance:

- Recruitment System
- Selection Methodologies
- Communication within the Organization.
- Awards and Rewards
- Motivational Approaches
- Career Management System
- HR Processes
- Organizational Culture
- Creating a learning organization

In laying emphasis on 'the human side of the enterprise' and not a multifaceted or wide-angled study, we were influenced by the findings of a number of recent studies such as ***In Search of Excellence*** (1982) or the British study ***The Winning Streak*** (1984) where the central piece always was "productivity through people". Two other critical issues that influenced us are:

i. The uniqueness of the knowledge industry and the knowledge worker. It is relevant here to recall a very far-sighted statement of Peter Drucker. He said:

> ***The productivity of the knowledge worker is likely to become the centre of the management of people, just as the work on the productivity of the manual worker became the centre of managing people a hundred years ago, that is since Frederick W Taylor.***

ii. Our study was also influenced by a very provocative statement that appeared in one of the ***Fortune*** articles: ***Forget your old, tired ideas about leadership. The most successful corporation of the 1990s will be, something called a learning organization.***

We had a major section enquiring into this aspect with our respondents, and we were quite pleased to see the emphasis given to this aspect by many of the respondents. Today practically every IT major calls its office complex as the 'campus' and the ambience that is created is that of a 'university' kind.

This study is confined to Bangalore only. Time constraint was the real reason for it. But we also found some comfort in the fact that 40% of India's IT exports come from Bangalore, and this city in a way represents India's best in the west in terms of IT. The study was conducted through the administration of a questionnaire to a representative of the HR Department of the organization.

The nine aspects on which we had sought information from our responding organizations have already been indicated.

Let us present the findings of our study:

HR Practices of High Performance IT Companies: Percentage of Responses

Table 1(A)

Characteristics of the recruitment system:

Options	**Percentage**
Competencies well identified and defined	**95**
Hiring stars and making them stay	**80**
Stresses on Culture-fit	**80**
Proactive Entrance Interviews –focusing on Career Development	**65**
Hiring stayers and making them stars	**65**
Recruitment Scorecard	**50**
Six-Sigma initiatives	**25**
Psychometric Testing	**20**
"Online Expectation Management Initiative" during recruitment	**20**
Input from Assessment Center	**10**

Table 1 (B)

Job vacancies are filled using:

Options	**Percentage**
Employee Referrals	**100**
Using recruiting Agencies / Consultants	**100**
Job posting done internally	**90**
Lateral Recruitment	**90**
Campus Recruitment	**80**
Walk Ins	**60**
Formalized Succession Planning	**50**
Formalized Job Rotation	**45**
Recruitment Fairs	**10**

On the recruitment and selection issues, four points stand out.

i. 100% of the respondents have used employee referral system. This is indicative of the faith in their own employees and the reliability of job filling through the process. Every one of them is also using recruiting agencies / consultants. This indicates a trend in outsourcing recruitment activities.

ii. 95% of the respondents have indicated the importance given to identification and definition of competencies before the recruitment process.

iii. 80% have indicated that they target ***stars*** in the selection process and that efforts were made to make them stay. It is to be expected that these ***star*** companies can afford to go for ***star*** candidates.

iv. An equal number have indicated their emphasis on ***Culture fit***.

While the first two are quite common even in brick and mortar industries, the emphasis placed on 3,4, & 5 is noteworthy. The type of work force that these organizations have will not settle for anything less.

Only two companies have taken advantage of ***recruitment fairs.*** May be it is a reflection on the quality of these fairs!

Table – II

Effective communication ensured by:

Options	
Periodic Departmental Meetings	**90**
Newsletters and Circulars on the Intranet	**90**
Open Door policy	**85**
Open House	**80**
Online query handling	**80**
Social Functions and Employee Networking	**65**
Chat with the CEO and top management	**65**
Flat Organization Structure	**50**
Internal Customer Meetings	**40**
Workspace design facilitating Communication	**10**
Online chat sessions	**05**

The following aspects stand out:

Periodic departmental meetings	90
Newsletters and circulars on the intranet	90
Open door policy	85
Open house	80
Online query handling	65

Table III (A)

Motivating the employees:

Options	***Percentage***
Job Enrichment and Job Enlargement	**90**
Empowerment	**85**
Social interaction and Teamwork	**80**
Growth directed training programs	**80**
Responsibility and Leadership opportunities	**70**
Above Industry-Average Compensation	**60**
Periodic foreign postings	**55**
Specific, time bound, challenging yet attainable goals with effective monitoring system	**45**
Job Security	**45**
Inter-department and Inter-group contests encouraging competitive spirit	**35**
Eye-catching work-space design and surroundings and other hygiene factors	**25**
Self-motivation workshops	**15**

Table III (B)

Awards and rewards to recognize performance:

Options	**Percentage**
Planned awards and rewards	**100**
Performance based promotions	**90**
Performance linked incentives	**85**
Awards tied to year of service	**75**
Employee Stock Options	**70**
Unplanned spontaneous awards and rewards	**55**
Separate recognition and rewards for different levels	**35**
Holiday packages and other non-monetary rewards	**30**
Restricted Stock Award	**25**

The above two tables reveal, quite rightly, significant dependence on the following for motivating their employers.

Job Enrichment and Job Enlargement	90
Empowerment	85
Growth directed training programmes	80
Social Interaction and teamwork	80
Planned Awards and Rewards	100
Performance based promotions	90
Performance linked incentives	85

Perhaps there is nothing earth-shattering in these unless one understood the intensity of the efforts. ***Fortune*** magazine had a beautiful piece sometime ago with the title ***You hired EM, but can you keep EM?*** Looking at the huge opportunities available to the IT worker, the turnover is rather low in these organizations ranging from 5 – 15%. Practically all these champion organizations seem to be working on the premise:

"Today's knowledge worker carries his tool kit in his head; they don't have to be part of an assembly line, or need machinery or equipment. They can move wherever they choose to go," argues Frances Hesselbein, editor in chief of Leader-to-Leader, a quarterly magazine.

Therefore

> ***Your organization needs to have a 'demand pull,' something that attracts people who have the option of leaving and yet who choose to stay.***
>
> ***- Youovich, B.G., New Marketing Imperatives (1996)***

Table IV

Career Management System:

Options	**Percentage**
Training Programs to meet identified needs	**90**
MBO based KRAs and objectives	**70**
Formalized Career plans for each employee	**55**
Career Counseling and training	**50**
360 Degree Appraisal System	**40**
Stress Management workshops	**35**
Input from Assessment Center	**35**
Feed Forward System along with the Feed Back System	**35**
Careers offered to the employees	
1 Spiral (Combination of vertical and lateral moves)	**50**
2 Boundaryless/portfolio (series of interwoven career options unbounded by organization)	**20**
3 Protean (Adaptable career)	**05**
4 Hyphenated (offering sabbaticals and spiral career)	**20**
5 Internal (self-construction of career by employee within organization)	**20**

On this aspect, the four key responses are:

Training programmes offered to meet identified needs	90
MBO based objectives setting and reviews	70
Formalized career plan for each employee	55
Career Counseling	50

Only seven companies use assessment centers.

Only 8 companies use the much talked about 360 Degree appraisal systems.

Career planning and career counseling got only 55 and 50% of the responses respectively.

But our close interaction and observation of HR practices in IT industries of Bangalore indicate galloping interest and commitment in these areas. Of course, the reason is clear and simple. The organization has to make it known to the employee that he is wanted and respected.

It is interesting to make a comparison of the findings of this study with that of a European Study which was reported in the third issue of EFMD's 'Forum' 99.

> ***Whiteway Research International surveyed over 1,000 early career professionals from 73 countries with an average age of 29.***
>
> ***The respondents were selected using criteria such as level of education, schools attended, current and previous roles, and international experience – so these people are, in effect, the likely future business leaders of the more than 600 that came from Western Europe.***
>
> ***The survey result reported in*** **RIDING THE WAVE – THE NEW GLOBAL CULTURE,** ***confirmed much of what we already know: a short-term approach to jobs (40 percent said they intend to leave their employer within two years and only seven percent expect to stay more than five years); the desire for 'wide horizons' (defined as maximizing future options and having new and different experiences); and the importance of work-life balance (72 percent saying this was essential or very important).***
>
> ***However, there were some rude surprises for the employer: even those "high flyers" who feel their jobs are satisfying still intend to leave! Why? Because, they say, employers are:***
>
> - ***Not developing them.***
> - ***Not providing career guidance.***
> - ***Not exposing them to a wide enough range of tasks and responsibilities, and***
> - ***Not communicating honestly with them.***

Compare the above with our own study results. Such a complaint in all probability will not be heard in most of the 20 organizations that we have studied. In this connection, we put together a few of the interesting responses:

Soft skills training	-	95% of the respondents	
Training Programmes to meet identified training needs	-	90%	"
Empowerment	-	85%	"
Job Enrichment and Job Enlargement	-	90%	"
Periodic Departmental Meetings	-	90%	"
Open House	-	80%	"
Open Door Policy	-	85%	"
Responsibility and Leadership opportunities	-	70%	"

With these kinds of practices widely used, our study sample will not be accused of the failures indicated above.

Table V

HR Processes Effectiveness measured by:

Options	**Percentage**
Employee Turnover Analysis	**95**
Done informally through Exit Interviews	**90**
Joint Meetings with HR Customer Departments	**85**
Cost-benefit analysis	**45**
HR Scorecord	**45**
Balanced Scorecard	**35**
EVA analysis	**10**
NPV analysis	**05**

The Table highlights:

Employees Turnover Analysis
Exit Interviews
Joint meetings with internal customer department

While the first two are quite common in the industry, the third item, where internal customer feedback is sought by 85% of the companies is significant. This is a clear signal to a qualitative change that is seen in HR in Bangalore and most of the leading IT cities of India. HR understands that it has to be a strategic partner to the 'line' and this is only possible if they really practice ***internal customer sensing.***

Table VI

The Organizational Culture

Options	**Percentage**
Culture of Customer Service	**95**
Ensuring Employee Growth	**80**
Encouraging Work-life Balance	**75**
Culture of Innovation	**75**
Culture of Operational Excellence	**70**
People Participation	**65**
Ensuring Employee Satisfaction	**55**
Welcoming and Accepting change	**55**
Drives Collaboration	**50**
Zeroed on Employee Retention	**25**
Self-Organizing--Embracing Swarm Intelligence	**10**

Organizational Culture

The four most important themes seen in the responses were:

Emphasis on Customer Service
Ensuring Employee Growth
Culture of Innovation
Encouraging work life balance

Employee participation was emphasized by 13 of the respondents.

Many researchers and authors emphasized the importance of culture in promoting corporate excellence. Perhaps one of the most fascinating studies on this is that of Deal and Kennedy, **Corporate Cultures** (1985). They said:

Culture has a powerful influence throughout an organization; it affects practically everything from who gets promoted and what decisions are made, to how employees dress and what sports they play. Because of this impact, we think that culture also has a major effect on the success of Business.

The authors added that:

The early leaders of American Business such as Thomas Watson of IBM, Harley Procter of Procter and Gamble, and General Johnson of Johnson and Johnson believed that strong culture brought success".

Table VII

Creating a Learning Organization:

Options	**Percentage**
Soft-skills training	**95**
Employee Self-learning	**80**
Online Knowledge Management through a dedicated portal	**75**
MDPs	**70**
Leadership Development Center	**60**
Knowledge Transfers	**60**
Cross-platform training	**55**
Library	**45**
Mentoring Systems	**45**
Training to raise Employee Self-esteem	**25**
Eminent Speakers from outside	**25**
Separate Knowledge Management head	**20**
Considerable Small Groups Work	**20**
Encouraging Systemic Thinking among all departments	**10**

Some Recurring Themes

A closer look at the nine tables presented in the study would reveal that there are some recurring themes seen in these 20 companies which, based on published data and industry image, are perceived to be high performance organizations.

- Faith in the employees
- Soft Skills training
- Seeking ***stars*** and sustained retention efforts
- Multifaceted motivation strategies with pride of place given to Growth and Empowerment
- Customer Focus
- Respecting Internal Customers
- Strong Culture Building
- Sustained efforts in building learning organizations

And some of the discernible trends in HR practices are:

PCMM Certification for continuous HR and organizational improvement. It was also interesting to note that this was more of an Indian companies' phenomenon. Only 2 MNCs are PCMM certified out of 8.

Leadership Development Centers to meet the increasing need of leaders to achieve the "$87 billion Indian IT industry" target by 2008. This is very particular to the IT sector. No other sector has stressed so much the importance of creating leaders out of employees. 60% of companies feel that it is important for them.

Formalized Job Rotations to cut recruitment costs, build effective flexible teams and retain employees by providing learning opportunities.

Formalized Succession planning mainly to establish fair and just systems that are perceived by the employees as objective and equitable and to give the message ***that we care***.

HR Scorecard to measure HR processes effectiveness objectively to establish HR credibility in the organization.

Flat Organization Structure to enhance communication, reduce bureaucracy and its ill effects. The levels ranged from 4 to 7. An organization with 30,000 employees had only 4 levels, leaving the very top. This is indeed remarkable.

360 Performance Appraisals to induce objectivity in the system. This is slowly catching up.

Formalized Career plans to retain employees and help them grow.
Mentoring systems to make employees capable and to create a relational bond with the organization. This is becoming popular in the IT sector.

Some of the tentative conclusions of this study are:

- The knowledge industry that is almost boundaryless and seamless must be creating the same kind of perceptions, expectations and motivational needs among its 'knowledge workers' irrespective of geography or culture.
- Organizations are becoming flatter.
- Knowledge Management heads are making their appearance.
- As Stephen Covey said about ***sharpening the saw***, there is continuing attention ***to the HR edge*** in these organizations. Excellence has become a habit in these organizations.

Annexure

List of companies that participated in the survey (in alphabetical order)

1) Bosch
2) Cognizant Technologies
3) Delphi
4) HCL Technologies
5) HP
6) HTMT
7) Hughes software
8) IBM
9) Infosys
10) I2 Technologies
11) L & T Infotech
12) 3M
13) Microsoft
14) MindTree
15) M-Phasis BFL
16) Oracle
17) Philips
18) SAP Labs
19) Tata Consultancy Services
20) Wipro

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IT IN MANAGEMENT EDUCATION

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Abstract

This paper discusses the place and scope of Information Technology (I.T) in the present day Masters in Business Administration (M.B.A) education. It examines the relevance, the depth and the breadth of IT subjects in the M.B.A curriculum, to e-enable the new generation of managers. The author presents a plan for integration of IT in the general program structure of M.B.A education.

1. Place and scope

The scope of IT in Management Education encompasses, selection of subjects, depth of coverage, and how to impart such education to the MBA students. It also covers the IT infrastructure needed in B-Schools. IT enabled ambience conducive to producing global managers for the networked global enterprises as planners, managers and entrepreneurs also forms part of the scope of this endeavour.

Though it is a daunting task, let me venture to present some thoughts and details.

Let us first look at the different specializations like Marketing, Human Resources (HR), Manufacturing Management, Finance and Systems in the present day MBA curriculum. The origins of their introduction in MBA education lie in the 'post-industrial revolution' era. They emerged, as a consequence of the changes in the scale of business and economics of volumes. The need for a class of executives who have to motivate, acquire suitable skills and have a sound knowledge of the working of an industrial enterprise was the main driver. Thus manufacturing oriented knowledge and soft skills of business management became integrated into MBA education. Universities which had professors in various disciplines were the planners, knowledge base providers and enthusiasts of the early management curriculum as a step towards holistic management education.

Naturally the goal of training future managers of industrial enterprises has influenced the selection of subjects and pedagogy in MBA education. Thus we see a basic slant towards manufacturing industries in most of the disciplines like Operations, Marketing, H.R etc;

What is the objective of introducing IT subjects in Management Education? Is it to enable liberal arts graduates to become knowledgeable and apply IT in business problem solving? Or is it to encourage technical & science graduates to imbibe and apply IT to managerial problem solving? I think that it is both. So we have the jargon like techno-MBA and E_MBA which are only external manifestations of the real problem of how to integrate IT subjects, skills and applications into the curriculum in B-Schools.

When you think of solving this puzzle, on a closer look at figure 1 it becomes clear that we have too many subjects to be covered in addition to the core Management subjects. To evolve an MBA curriculum, which gives enough scope for students to select and pursue the relevant elective courses involved, we have to provide for teaching of elective courses right from the first term of the first year; in addition to core courses. So that by the end of the two year duration of the MBA Programme, understanding of IT, acquiring IT skills, application of IT in management and the management of IT are adequately served and assimilated. Further, acquisition of a certain level of IT skills is a prerequisite to the understanding of applying IT to management problems. If you look at successful top executives of IT empowered businesses, this fact becomes very clear.

In such a transformational era and when such a paradigm shift is taking place under our very nose, the need to look at I.T. in Management education demands immediate attention.

2. Coverage of IT in MBA curriculum

In the early days of Information Technology, the working definition that defined the field was :

IT = Computers + Communications

The adequacy of such a definition is always questioned. Information Technology is a grass roots response to the practical, everyday needs of business and organizations [2.]

Information Technology is an important contributor to operational efficiency, employee productivity and morale. Customer service and satisfaction depend on the interactivity and response, which are aided greatly by use of IT. It is a major source of information and support for decision making in many areas like Supply Chain Management, manufacturing logistics, and sales and distribution. It provides strategic advantage in

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Typical Curriculum for IT can be a judicious mix of theory, concepts, applications, deployment and use of tools and methodologies. Innovation of usage of IT and leveraging for business advantage is also important. The verticals of organizational issues & IT, application of technologies, system architecture and infrastructure, software methods and technologies and hardware and networking are the other dimensions in the matrix.

The present day MBAs, when they enter their careers, can be assumed to start at one of the categories listed below in figure 2. Some may have to play a role that combines different categories. Their exposure to IT and related skills while doing MBA need to be tailored to suit the typical demands of these roles. By no means is this exhaustive. It is an attempt to classify before attempting the identification of subjects for various courses.

Category	**IT strengths required**
Line executives	Use of IT tools, PCs/laptops, application software and packages. Planning/sale of IT products.
Staff executives	In depth understanding and application of IT tools & technologies. Analysis using software tools.
Business Analysts	Use and application of IT to customer's problems. Configuration and customization of software. Planning and managing IT solutions and projects. Planning Guiding and Development of software solutions.
IT marketing, E-HR, Systems Planning, infrastructure service providers and Entrepreneurs.	Tools and Technologies. Planning and managing IT projects. Development of solutions.

Fig 2. Typical roles of MBAs and IT strengths required

I envision the educational support needs of MBAs in the IT arena keeping in mind their future roles as summarized above by means of the figure 3 given below. The number of courses based on this coverage can become almost twenty, as some subjects can span more than one course. That is the reason why we should plan to offer electives right from the first term of first year. As some students come with adequate exposure to some of the subjects listed, it can be assumed that at the rate of one three credit course per term, they can cover six courses in all, in two years. This can help them evolve into good Techno_MBAs.

THE M.B.A STUDENT			
Domain Knowledge, I.T, E.R.P, Business Applications , E-commerce			
APPLICATION ENGG.	Internet & Web Technologies	KNOWLEDGE BASE	S/W Engineering. & S/W Project Management
			Data Mining
	Object Oriented Systems Analysis and Design		Business Intelligence
			Human Computer Interaction
	Relational Data Base Management Systems		Enterprise Application Integration
	J2EE, Dot Net		Industry Verticals
	Networking		IT Enterprise Management
	Advanced Topics in I.T.		Artificial Intelligence

Fig.3 The Techno_MBA and the Subjects other than Core business Courses

When we say that the different subjects that have to be included in the M.B.A curriculum are as per figure 3 above we also have to keep in mind the composition of a typical course as given below:

Relevance of IT to business needs:	20%
IT enabled business development:	20%
Planning & Team management in knowledge work:	10%
Technology, tools & software development:	50%

I hasten to add that some subjects tend to be more oriented towards concepts (Software Project Management) while some others will be based more on technology and coding (Java). The general philosophy and thumb rule in curriculum planning can be 50% soft or applied work and 50% hardcore IT work. When all the core courses and electives courses are taken together in an M.B.A program, the total credits can be planned as per guidelines provided by relevant academic regulatory bodies.

With the above approach and good academic guidance, there is no doubt that the MBAs produced will meet the demands of the industry to a large extent in this E-age.

Who should teach IT? An academic with good exposure to ICE tools & technologies can do as good a job as an IT industry professional with good aptitude for teaching and innovation. Courses taught by a teacher with appropriate background will be the key to success.

3. IT infrastructure

Successful implementation of a new technology often requires that users learn new ways of interacting and working [3]. What better place to experiment in and learn the use of IT, than the B-school?

Students need to learn concepts, assimilate ideas, use the tools and perceive the benefits that an organization achieves by use of IT. They must adopt new mental models that frame decision-making and behaviour. Over 888 million people use the internet as of March 2005 as per InternetWorldStats.com[4] . Organization and businesses reach out to customers and suppliers on 24 X 7 mode. Truly IT has become both mobile and pervasive.

Though it is tied up to the monetary resources, such an environment in the college needs to have the following:

3.1) A networked computer lab: A computer laboratory with networked nodes (often personal computers or PCs) and servers. The servers can be intranet network servers, Database servers and commercial business database servers. The number of servers and client nodes depend on the student strength and the guidelines of accrediting and governing bodies. A thumb rule can be that the number of client nodes equal to 70% of the number of students.

3.2) UPS: Adequate Uninterrupted Power Supply(UPS) sources must be available to reduce damage to hardware due to power supply aberrations and consequent data losses and glitches.

3.3) Digital Library and Data Bases: Based on availability, data bases which can be accessed on-line have to be available. Library should also have facilities for on-line access to books and research magazines and e-zines.

3.4) A dedicated high bandwidth internet connection: A high bandwidth internet connection with static IP address is needed to browse the World Wide Web and to do research based on knowledge sources on the internet. Web sites also can be hosted to aid learning. A thumb rule can be at least 10 kbps per concurrent user. A 20% increase has to be there, if internet mediated collaboration content is there in some of the courses. If remote sites are to be accessed for any specialized software for learning, either bandwidth has to be further increased or 'restricted access' policies have to be adopted during certain hours of working.

3.5) Software tools and products: General purpose office tools like Word processors, Spread sheets and Relational Data Base Management Systems (RDBMS), Statistical Analysis software and Project Management software are the basic building blocks in the IT software infrastructure. Language compilers, Sun technology tools like Java, J2EE and Microsoft tools like the .NET, C# as well as some of the off-the-shelf packages on ERP etc., are a must. Web Servers are also absolutely needed to make the learning more practice-oriented and for hosting the intranet based websites. Development of web-enabled student projects and applications requires web servers. Kits on C.D ROMs will make the interactive, self paced, discovery based learning enjoyable.

In addition, if on-line testing software is used, it will add to the variety of learning modes as well as help in the standardization and administration of evaluation and interactive, self paced learning. Acquisition, installation, usage and maintenance of the software require special attention.

3.6) Network protection: Web content filters and firewalls are to be in place. Physical access policies will have to be enforced, to make available the computing resources and internet based resources equitably to every one. The motto to be understood by all should be "Use but do not misuse".

4. The end product

With IT integrated MBA education as envisaged above, the management graduates who enter the work arena in the 21st century will be empowered to play meaningful and successful role in the new globalized economy.

I am often asked by students and others, whether MBAs should learn coding, develop and modify programs and applications. My answer has always been an unambiguous 'Yes'. In a way this is a specific example of the philosophical discussion of the point. 'Whether a manager should know what he has to manage or not'.

Management graduates should be able to hold the IT bull by the horns and lead organizations to ride the bull-runs. This strength of leadership to lead IT enabled and networked organizations and their IT resources can be achieved, among others, by true understanding of the present day complex business software applications. To that extent mere mouthing of IT jargon (of which there is no dearth) will not lead one anywhere. Businesses are increasingly becoming knowledge based and technology enabled. To succeed in such exacting environs, understanding using and managing of IT becomes highly important. It is the sacred duty of educationists, academicians and teachers to integrate IT in management education meaningfully.

Acknowledgements

I thank Prof. J. Philip, Director of XIME, who recognized the need of IT in Management Education long back and initiated steps in that direction at IIM-Bangalore and later at XIME which he has built into a premier B-school. I thank my students and colleagues for their thoughtful discussions at different times.

The ideas expressed in this paper are of the author and need not necessarily reflect the views of XIME.

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PETER DRUCKER

Passing of a savant

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The story is told of Peter Drucker on a visit to Bangalore in the early 70s being told at great length about HMT's growth into a robust enterprise under government ownership and management. He surprised the interlocutor with the response, "Now that it has been raised to this status, the government should turn it over to private ownership".

That was Drucker. Years before Mrs. Thatcher flagged off privatization he had not only the prescience to see the wave of the future, but the casual certitude to propose that counter-intuitive course to one of India's then best-run public enterprises. In later years, when the country's vast public sector was all but defying well-meaning efforts to revamp it, people would quote Drucker that there was nothing so useless as doing efficiently something which should not be done at all.

In 1989 he boldly predicted that within twenty five years, if not sooner, the Russian empire would have disappeared. While that may have been said by many others, Drucker could discern something deeper in the unfolding historical process in which President Reagan and Prime Minister Thatcher had also figured : the end of the belief in "salvation by society" and the trend of government and leadership viewing their function in specifics. "We are seeing in politics", he wrote in his lapidary style "what happened when 'modern' medicine first began around 1700 : a turning away from panaceas to specific diagnosis and the search for specific remedies against specific ills". He would add that the death of the belief in salvation by society which had been the most dynamic force in the politics of the west and increasingly worldwide created a void. The emergence of fundamentalist Islam was an attempt to fill this void. But he foresaw that by far the most important change, surpassing those in politics, government or economics, was the shift to knowledge society.

Drucker had a powerful mind. He deployed it confidently over a wide range of its concerns, from the métier of management to economics and history. His mind was brilliant enough to illuminate a whole landscape, as when he generalized about historical phenomena, but it had also the sharpness to cast a laser-like beam on a picayune issue, as when he addressed the topic of executive time management.

A prolific writer, Drucker's prose was a marvelous expository instrument. He could summarize an epoch in a sentence. He had a flair for formulating concepts and coining phrases. He called himself a 'social ecologist'. And quite rightly. It fell to him to expand the contours of management as an intellectual discipline with the tocsin intimation that in less than 150 years management had transformed the social and economic fabric of the world's developed countries. In the words of John Micklethwait and Adrian Wooldridge, the co-authors of "the Witch Doctors", Drucker was one of the few thinkers from any discipline who could reasonably claim to have changed the world, as the inventor of privatization, the apostle of a new class of knowledge workers and the champion of management as a serious intellectual discipline. Yet with all that, he did not allow himself to be diminished by the parochial claims of his academic discipline in which he was "the Guru's Guru". His world view went far beyond the penumbra of management. That was the measure of his greatness.

* * *

IMPROVEMENT IN THE INDUSTRIAL CLIMATE IN INDIA - NEED OF THE HOUR!

By Daraius P. Mehta

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Introduction

It was a dream of the father of our nation, Mahatma Gandhi, that free India become a strong nation economically. Industry would grow side-by-side with agriculture which would remain the main activity of our large population. He dreamt of the eradication of illiteracy so that with education there would be a better and well-informed society. He longed for financial stability for all persons so that poverty would be done away with.

Industry was to be built with both public and private participation. With this, employment was to be generated and an abundance of white and blue collar jobs created. This would offer alternative avenues for persons who wanted to join industry rather than continue in agriculture. The heartening fact is that, to some extent, these objectives have been met. Yet the economic gap between the rich and the poor, the farmer and the industrial worker, has remained and grown over the years.

What has been created is a workforce of 27 million in the organized sector of the economy with more than two times that number in the unorganized sector. Here, again, we have let a great rift be created. The disparity, in earnings and security between the two groups of the workforce, is stark. The rights, in large measure, vest mostly with the unionized manpower in the organized sector. Many laws have been enacted over time to help protect their rights. With collective bargaining, unions were formed, almost all with strong political affiliations. The blue collar workforce became so powerful that they succeeded in coercing managements to give in to their demands. Most often, these demands defied financial logic. Given the backing of the labour laws, either the managements gave in or a strike was declared. Eventually, whatever the outcome, it ended in hurting the economic viability of the organization.

The most notable instance of the destructive power of unions in India was the dismantling of the entire textile industry in Mumbai with both managements and unions unrelenting in their stands. The net effect was that national assets had to be closed down and new textile units were set up at high cost in different places. Large mill lands in the heart of Mumbai city fell idle. The most debilitating outcome of the agitation was on the poor textile mill workers. They lost their jobs with no hope of getting another. Most were in debt having planned the repayments from their regular monthly incomes. Suddenly, life for them and their families turned desperate.

Unions were formed in the service sector as well, in utilities, telephone departments etc. With these, the scale of the agitation increased several fold. It started affecting not just the lives of a small number working in a particular industry but the population at large. To make a harsh impact, public property is targeted and destroyed. The population is held at ransom. Beside personal inconvenience the whole nation suffers hugely from the sheer loss in terms of man-hours wasted. Prices of essential products suddenly jump and a few profit from the shortage that gets created.

The factual position

The complex set of labour laws that have been framed protect the rights of just a tiny percentage of our population! Yet, the damage that is inflicted on the nation is enormous. These laws were enacted in different times and under different circumstances. Times have changed. From an insular economy, India has entered the global arena where the whole world is its market. Severe competition has been unleashed for the indigenous industry with the opening up of the economy in 1991. This was forced upon the country when the economy was in shambles after 44 years of our independence. The blame for this pathetic state of affairs could not be put on the shoulders of any outside ruler. We ourselves were to blame. Amongst the complex myriad of reasons, one important cause was the nature of our labour laws. Over time, these laws were exploited in a manner that caused the nation a huge loss.

A majority of Indian industry was producing outdated products. In many cases, the technology being utilized was outmoded. Yet, these companies were profitable. The consumer had little option but to buy the technically inferior products being sold at disproportionately high prices. In some products, it was the case of a large demand chasing few products. When competition hit, the impact was tremendous. Suddenly, global giants entered the Indian market with their technically superior products at affordable prices giving the consumer a range of options to choose from. Local industry suffered resulting in a severe shake out. Companies that could quickly modernize survived. Other units, many of them small or medium sized, shut down.

A classic example of this was the automobile industry. There were basically only two makes of cars – the Ambassador and the Premier Padmini. Both models were technically obsolete, highly inefficient, environmentally unfriendly and priced disproportionately high. They enjoyed long delivery periods and orders necessarily were taken only against large interest free deposits from customers. The same models, with some cosmetic changes, were on offer year in and out. For the customer it was a take-it-or-leave-it option. With international companies starting manufacture in India, the cars on the roads are technologically superior with price tags to suit different consumer incomes. Now, customer is king. Companies have to do extensive pre-launch studies and research and tailor their products to suit customer expectations. Service has taken prominence. Effectively, given the large options available, the customer goes for good quality with efficient after sales service at the right price. The Ambassador and Premier cars, surprisingly, still sell but only in limited quantities. The former is the designated mode of transportation for government employees. The latter model is predominantly in use by the taxi trade in Mumbai city. Mostly these are old models still in service. Replacements are mainly from newer more fuel efficient models.

Indian companies have geared their operations and strategies to compete effectively. They are now offering the consumer products at internationally comparable standards. The issue really is whether their products are world class. While Indian exports have increased substantially, competing with well established international brands is still difficult. This is true both in terms of quality and price.

One of the important elements is labour cost per unit which is comparatively very high. Labour productivity in domestic industry is poor. By and large, workers have yet to be made quality conscious. Global players having volumes far in excess of local brands, are constantly innovating with new technologies and investing large sums into product research and development.

The Indian organization

The attitude of labour unions needs significant change. One of the most compelling reasons for this slow pace of change is the continuance of old and irrelevant labour legislation. While world over, companies are moving towards outsourcing activities, the Contract Labour Abolition Act is still in operation.

There are some important truths which need to be reinforced in the minds of unions and their members. These are important if we are to make the much needed change in working attitudes in indigenous industry.

- The organization comes first – there can be no place for partisan attitudes. If the organization is hurt and performs poorly, then none of the stakeholders benefit. Labour conflicts are often motivated by external influences. Strong managements no longer succumb to such pressure tactics. In the end, it is the labour and their families that are put to untold hardship from the loss of income. The company ends the year in a loss and is unable to pay a dividend to its shareholders. Suppliers are faced with cancellation of orders and their companies get adversely impacted.

- Managements do not pay salaries. The ability to give increments, bonuses and other staff benefits is directly decided by the ability of the business to take on a higher financial burden. If profitability is on the decline, expectation of higher packages with larger bonuses is unfeasible. Under the Payment of Bonus Act, workers are still entitled to a minimum bonus of 8.33%. Normally, bonus payout would imply sharing of profits with the employees. But, by the aforesaid legislation, employees covered under a settlement must get paid a bonus even when the company makes a loss.

- There can be no divide between management and workmen. These two categories of employees are not on opposite sides of the table any longer. If the two do not work in harmony as a well-functioning team, the company in which the divide continues is doomed to fail. Their competitors will ensure this.

- Each employee must add value. There can be no free loading passengers on the corporate bus any longer. There can be no place for an employee without him adding value. Under the Nikkerian model followed by Japanese companies, the value addition is shared with employees in a pre-defined manner. There is no need for annual negotiations to decide this. Companies should move towards this system of earning where every employee shares both in good times and bad. Profitability is a collective responsibility; not that of the management alone.

- In a crisis, the entire team must collectively manage it. The belief that it is management's responsibility is old and archaic.

- To remain globally competitive and to have sustainable profits, cost reduction must become a "mantra" in the organization. This is not to be implemented top- down or vice versa. Nor is it to be an enforced policy. It must be remembered that global players have the advantage of far larger volumes. Every employee must find ways to save costs in whatever is done. This must become a way of life.

- There can be no cost centers in an organization. Every department must contribute as a profit center. Every employee must think like an entrepreneur figuring out how to add value and profitability. Profits are there waiting to be made. How to uncover these is the challenge for every employee.

- Eye for detail and achieving the highest standards of quality in everything done is important. If you are not doing this your competition is. The organization, whose team is lagging behind in this aspect, will soon become irrelevant. There are proven and widely used techniques which help improve quality. These must be adopted and internalized. Its criticality cannot be overemphasized.

- Benchmarking is good. Why benchmark? Be the benchmark!
  Dhirubhai Ambani set up world class businesses that competed with the best in the world. The strategy of maximum control over the entire supply chain made Reliance a juggernaut in all its activities. He dreamt big, he thought outside the box and, most important of all, he thought profits. Company managements think conventionally and usually grow their businesses incrementally – for example, existing capacity is increased by a certain percentage. Dhirubhai thought very differently. He believed very strongly in the ability of Indians to be global players. He led by example and made sure that every venture his group entered was on a global scale. He built the single largest state-of-the-art refinery in the world at Jamnagar with a capacity of 27 million tonnes per annum, which challenged the technologies offered by the best global companies.

- Customer is King! The whole organization works to serve customer needs. Every employee is directly or indirectly involved in marketing. Finally, whatever is done in a company is done to meet and, if possible, to surpass customer expectations.

Expectations from management

In any family there is only one Karta. In an organization the role of the Karta falls on the management – people in charge of running a business. There are clear expectations from the management which, if fulfilled, increase the probability of success of the business.

It is incumbent on management to pronounce a statement of intent which is widely known to each employee within the company. This must clearly spell out the direction and plans for growth of the organization, giving milestones and targets to be achieved.

Innovation and strategic thought are essential if progress through growth is to be achieved. Dynamic managers learn to think "outside the box".

Rules apply uniformly within the organization. They are to be defined and implemented with a humane touch. There needs to be an atmosphere of trust and understanding. A collaborative approach is essential if growth is to be achieved as charted out in the statement of intent.

Managements fail to measure up to the expectations of their people when the communication is poor. Involvement of every employee in meeting the goals is becoming more and more critical as competition intensifies. The whole organization necessarily needs to function as a well oiled machine in sync with its parts. Organizational goals are not a secret to be kept close to the chest of only the top managers. These must be freely shared. Cost reduction programs, too, should be widely announced. If manpower is to be right-sized, that too should be informed to all employees. After all, they are entitled to know as they and their families are adversely affected. The reasons for the reduction in numbers should be laid down so that uncertainty and second guessing gets reduced. Let the matter be openly discussed and the importance of the move be well understood. It has been the experience in some forward looking companies that the traditional resistance to such a move, surprisingly, gets buffered.

Jack Welch was criticized by many for having laid off nearly 100,000 GE employees, or a fourth of the total strength, in a short span of time. This was necessary at the time if GE had to remain profitable. At an interview soon thereafter, he was asked if he slept peacefully at night given that the curse of 100,000 employees and their families was on him. He responded with an emphatic "yes". He explained that, had he not taken such a drastic measure, the future livelihood of the remaining 300,000 GE employees would have been jeopardized!

Communication throughout the organization should be factual, direct, informative and easy to comprehend. It is not to be considered an exercise in futility and written in a way that would make it so.

Expectations from employees

It is now time to redefine Industrial Relations. There needs to be a partnership between the management and the workmen. Thus IR should be renamed IP

(Industrial Partnership). The prime goal of both is the same – partnership in a profitable and enduring business. This implies that all employees, not just the management, need to understand the needs of the organization and work to ensure sustained growth.

For better operations and improved bottom line, new concepts need to be adopted. Retraining, multi-tasking and multi-skilling have become imperative.

If this is implemented, then there will be no need for negotiation between the management and workmen. Benefits will accrue to all sections of the workforce based on performance. It must be remembered that it is the ability of the business to bear higher costs that decides the payouts to labour.

In all decisions the expectations of the major stakeholders, who have reposed trust in the management, must be factored in. They expect a fair return on their investment. They do not interfere in the running of the company and, in turn, do not expect to be let down.

Conclusion

Indian industry is globalizing in the true sense by acquiring international companies. Businesses have transcended national boundaries and are increasing their international presence. They have started thinking global and rapid changes are taking place in the work culture of domestic industries. Manufacturing is moving to India from high cost countries to take advantage of lower costs and international quality deliverables. As growth explodes, opportunities for employment are opening up.

To enable the industrial climate to match the demands of globalization, there are certain pre-requisites. Indian businesses must enjoy total flexibility in operations to quickly adapt to changing consumer preferences. Internal systems must be such as can respond on real-time basis and reflect shifting trends. Infrastructure, in general, must keep pace with international standards. An important part of the flexibility paradigm is that the archaic labour laws need to be revised. Protection under the various statutes serves as a shackle and needs to go. The fear of losing jobs is unfounded as more global businesses are turning to India to gain competitive advantage.

The industrial climate at home has to match global standards. China and other countries in the far-east are gearing up rapidly. It should not happen that India gets left behind because of the lack of political will and the strong arm of the bureaucracy. Future generations will never forgive us if this were to happen.

* * *

BOOK REVIEW : 'WINNING'

By Jack Welch and Suzy Welch

Whenever we have an experienced and successful manager writing about the lessons he has learnt in management, they are sure to be valuable and interesting to all of us. And when that person happens to be Jack Welch as he has done in his recent book "Winning" along with Suzy Welch, you have a cracker of a book which is worth every one of its 372 pages. The book not only has wonderful lessons gained out of a forty year career at GE but is written in a very racy readable style. Jack Welch led GE to consistent growth in profits and drove it relentlessly to become the best known corporation the world over. Having left GE in 2001 as Chairman and CEO, he has since addressed thousands of executives around the world in various areas of management. This book is an accumulation of all those sessions that he addressed and is based on the variety of experiences he had while at GE.

The book itself is divided into four parts. In the first part called "Underneath it All" Jack Welch explains in simple terms the concept of a Mission for a Company as being its ability to differentiate itself in whatever businesses it is in, the importance of having and communicating a clear set of values in achieving that Mission, the importance of what he calls 'Candour' in every organization and the power of differentiation through meritocracy in every organization. The second part of the book is extremely valuable and interesting as it deals with people, processes and organizational culture. Jack Welch offers some valuable tips on leadership, hiring the best quality people, letting people go, managing change and crisis management. Coming from his experience of over four decades in a company like GE, you can imagine the value of these inputs.

The third part of the book is titled "Your Competition". Here he talks about how one can develop a strategy to compete against competition, drawing up of a meaningful budget for the organization; grow both organically and inorganically through mergers and acquisitions and the importance of the Quality Initiative or the GE popularized Six Sigma program. The last part of the book deals with "Your Career" and provides some insights into managing one's own career, how to identify and what to look for as an ideal job and how to keep your career moving. It does have an interesting section on working for a "Bad Boss', and concludes with the inevitable that if nothing works, then change your job. Jack Welch concludes with a section called "Typing up Loose Ends" where he tries to answer a multitude of miscellaneous questions thrown at him over the years. Personally I found the first three section most relevant and rewarding to read.

Since they are not linked in any way, you could choose to read each section independently.

Defining the Mission for the organization is all about answering a simple question "How do we intend to win in this Business". While the mission has to be simple, and communicated as often and as widely as possible to all the employees, it has to be formed by the top management which is responsible to carry it ahead. In the creation of Values, the book advocates the process of widespread debate amongst all levels of the organization, an iterative process to arrive at a set of actionable simple to understand Values that the organization must follow consistently. "It is all in the natty gritty details" as Jack Welch puts it.

True to his well known style, Jack Welch talks of the need for candour and honesty in communication across the organization. Candour generates interest in people to participate, gets speed in decisions and cuts down costs, time and inefficiencies. Jack Welch also talks of the need to differentiate in every organization – hardware differentiation covering infrastructure, businesses and products and software differentiation covering people. Here is where he talks of the need to differentiate people in every organization as the top 20% who are the stars, the bottom 10% who should be dealt with firmly but with dignity and respect and the vast majority of the middle 70% who are the work horses of the company and need to be motivated and pushed to becoming stars. This practice of people differentiation is debated as to whether it is good, doable, fair and whether it is possible across several cultures especially oriental cultures and Jack Welch comes up with examples and points to support the practice under every circumstance.

Jack Welch's definition of Leaders and what they are expected to do is invaluable and insightful. To him, leaders must be all of the following.

1. Leaders ceaselessly upgrade their teams using every opportunity to evaluate, coach and build.
2. Leaders make people not only see the Vision – they live and breathe it
3. Leaders exude Positive Energy and Drive.
4. Leaders establish Trust with Transparency, Candour and Credit.
5. Leaders have the guts to make unpopular decisions that suit the Business.
6. Leaders encourage Risk Taking and Learning by support and setting an example.
7. Leaders probe and push – "Why cannot / Why Not" etc.
8. Leaders celebrate.

He follows this up with an excellent framework for selecting the right people as your leaders. Start with the three parameters of Integrity, Intelligence and Maturity, he says, because if you do not have them, then it is a shop stopper. Follow this up with his famous 4E and a P framework which covers **Energy** – the ability to drive actions and initiatives forward, **Energise Others** – the ability to sell and get others committed to and deliver on one's ideas, **Execute** – the ability to get things done and **completed and Edge** – the ability to take difficult Yes or No decisions. At the center of this is the **Passion** or the hunger in the belly driving the individual forward. To complete your search for the Leader, Jack Welch recommends that you further consider the following:

1. Does the person have a sense of authenticity about him to carry out the task at hand?
2. Is the person willing and able to surround himself with good people?
3. Is the person able to see around corners or anticipate what is in store for the organization?
4. Is the person resilient enough to recover from the Ups and Downs of any situation?

Jack Welch goes on to give some invaluable insights to manage such good people and leaders. Drive HR as a key role in the organization, provide a clear non bureaucratic objective evaluation system, create effective mechanisms to reward employees in salary, training and career growth and design a clear organization structure with blindingly clear relationships for reporting relationships and responsibilities – these are all key factors for success. Ways and means to deal with that hated task of laying off employees either for reasons of performance or an economic downturn are explained along with sensible inputs. Clearly reasons of integrity for a layoff are a no-brainer for the employer. Crisis Management, another critical area for leaders, is dealt with by laying stress on several methods for damage control including fearing and preparing for the worst from the crisis, withholding no information on the crisis and being prepared for changes in people and processes that would have to be made after the crisis.

In the third part of the book, Jack Welch lays out his methodology for developing the competitive strategy for a company. Lay out your own situation and environment, advises Jack Welch, and then follow it up with a summary of what your competitors and you have been doing over the last year. Analyze changes in the environment during this period and then come up with a competitive positioning to go forward. It is here that the technical brilliance of the books falters and it slips into routine pedagogy.

But the book returns to its own when Jack Welch talks of the way of implementing budgeting in an organization. The past master of overachievement, he lays out how conventional budgeting, whether the Negotiated Settlement way or the Phoney Smile way, has no place in the future and must instead be replaced by a focused aligned discussion between the various stakeholders in a business to arrive at a mutually agreed stretched figure. One now tends to understand some of the reasons for the success GE enjoyed for many years. To bring this section to an end, Jack Welch gives inputs for the masterly handling of Mergers and Acquisitions and goes on to say that the major reasons for M&As to fail are.

1. Soft pedaling decisive decision making as there is no such thing as a successful Merger of Equals.
2. Failing to see the Cultural Fit and only relying on Strategic Fit.
3. Not being careful as to who is the Acquirer - being careful with what you give into.
4. Timidity – unwilling to take bold decision.
5. The Conqueror syndrome – all good ideas in the acquired entity are lost.
6. Paying too much – too much to make up.
7. Resistance from the Acquired Entity.

In the last major section of the book he delves into the organization as perceived from an individual's point of view. He starts by considering how one ascertains whether a certain job is suitable for oneself and advocates a wholesome look at the job covering job content, position, people and organization. He then goes on to explain how one can work under a perceived terrible boss and how does one go about doing that seemingly impossible task of balancing Work and Life as you proceed to climb the corporate ladder.

All in all, a very readable book written in typical Jack Welch style, no holds barred, simple, direct and practical. Not all of it maybe applicable to organizations of all sizes and types in various countries but surely a lot of those gems in those 372 pages can be used to deliver more to one's organization and to oneself. Happy Reading.

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THE LOGISTICS STRENGTHS OF MODERN CHINA

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[The impressive strengths that China has developed in infrastructure and logistics are an important part of her dynamic economy and indeed explain her phenomenal rise as a trading power. In this article, based on a study made as part of a summer project in Hong Kong and mainland China, an XIME student highlights China's achievements]

The Logistics Strength of Modern China

Whether it is the Great Silk Road, the extensive network of caravan routes across Asia and Europe in 500 B.C., or the ships laden with containers moving on the trans Pacific or Asia Europe routes in the highly competitive global market of 2005, there is something in common. The caravans that used to move through the Great Silk Road were laden with silk from China; the containers that transit through shipping routes today might also largely carry Chinese merchandise consisting of the most modern electronic gadgets to be sold in New York streets or the apparels to be displayed in boutiques in Milan. Even after centuries China commands an undisputed position in the trade map of the world.

Even though there are nearly 3120 ports scattered among the 31 provinces and along the 14500 km of coastal line and 4,20,000 km of rivers of China the two internationally acclaimed ports are Shanghai and Hong Kong. The ports in the Guangdong Province are also upcoming ones owing to the presence of the richest Special Economic Zone (SEZ) : Shenzen. Through her ports China has imported goods worth US$ 2800 billion during the last 15 years, becoming the third largest import market in the world.

Hong Kong though a Special Administrative Region of China, plays a key role in the international trade of the mainland. 95% of the export of Hong

Kong originates from the mainland. Being the only fully developed modern port between Singapore and Shangahai it is the focal point of all the maritime activities in Southern China.

Developing Inter-modal Transportation

Developing road transportation

The development of the logistics network of a country turns on efficient road transport facilities. Having recognized the imperative need for extensive road links China commenced the development process in late 1980's. The expressways in the Chinese mainland totalled only 271 kilometers in1989. In 2003 alone four arterial expressways, linking northeast Tongjiang City in Heilongjiang Province to the southernmost Sanya City in Hainan, the capital city of Beijing to the southern port Zhuhai, the eastern coastal city of Lianyungang to the western land port Horgos in Xinjiang and the metropolis Shanghai to the southwestern inland city of Chengdu were completed. Ranking first in the country, East China's Shandong Province has over 3,000 kilometers of expressways; Jiangsu and Guangdong provinces take second place with over 2,000 kilometers each.

The impressive strides made by China in road construction are evidenced by the fact that the total length of expressways in China amounted to over 10,000 kilometers by 1999 and rose to 30,000 kilometers by the end of 2005.

In order to facilitate exports from rural production units, China plans to launch a total of 5,300 road projects in its vast rural areas this year, covering 78,000 kilometers, linking the northeast, north, east and south of the country.

On an average, the Chinese trucks cover 600 km per day compared to the 250 km per day done by those in India. The fleets consists of tractor trailors and other multi axle carriers with tonnage of 40 tonnes and more. Their capability to meet long haul requirements substantially reduces the transit and turn around time, compared to what obtains in India.

The railway network

Total line length of China Railways exceeds 70.000 km. Out of this 23.000 km are double track and 17.000 km electrified. Chinese Railways is the third largest railway in the world, and in double tracked and electrified lines is No.1 in Asia. Planned railway construction in China from 2001 to 2005 involved $45 billion in investments. China has a special fast freight network among 30 major cities that is designed to cater to the needs of container trains and other high level freight. Container cars with a speed of 120 km/h are being manufactured for an efficient delivery system. However there are problems with freight capacity, partly aggravated by the increase in speed of passenger trains. These have led to plans to introduce 25 tons axle load and 6000 tons freight trains on main lines. Such 25 ton axle load is possible on the existing main lines and their bridges. With the existing track length of 1050 meters in most main line stations, trains cannot be enlarged beyond 5000 tons without increasing axle loads. New software systems to track trains, cars, goods and containers online, new systems for ticketing and passenger management, monitoring systems for trunk lines and new systems for online traffic supervision on the busiest trunk lines, are all being implemented, safety being a particular concern.

Developing the river and backwater transportation

Mekong River Project

The Mekong River is the heart and soul of mainland Southeast Asia. The twelth longest river in the world, the Mekong runs 4,800 kilometers from its headwaters on the Tibetan Plateau through Yunnan Province of China, Burma, Thailand, Cambodia, Laos and Vietnam.

Over 60 million people depend on the Mekong and its tributaries for food, water, transport and many other needs of their daily lives. It has 14 ports which move 200000 tonnes per annum. 109 Chinese vessels pass through Mekong River, apart from 100 vessels from Laos, Burma and Thailand. Currently 36 shipping companies are registered for operations on the Mekong River.

Pearl River Delta (PRD) HongKong and China

The PRD covers eight prefectures of the Guangdong Province, namely Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Huizhou, and Jiangmen, and the SARs of Hong Kong and Macau.

Geographically and geologically speaking, however, Shenzhen and Hong Kong are not part of the PRD. But economically and culturally they are considered part of the PRD.

Until around 1985, the PRD had been largely dominated by farms and small rural villages, but after the economy was reformed and opened up, a flood of investment has turned it into the mainland's economic powerhouse. The PRD's startling growth was fuelled by foreign investment coming largely from Hong Kong manufacturers who moved their operations into the PRD. In 2003, Hong Kong companies employed 11 million workers in their PRD operations.

The eastern side of the PRD (Shenzhen, Dongguan, Guangzhou) is the most developed economically. The western areas (Zhuhai, Zhongshan, Jiangmen) are also opened up for development. New transport links between Hong Kong, Macau and Zhuhai in the PRD are expected to open up new areas for development and facilitate trade within the region. A major transportation development within the region, the Pearl River Bridge Project is targeted for completion in 2006. The 29-kilometre Y-shaped bridge will be among the longest in the world.

PRD region has become the most economically dynamic region of the People's Republic of China since the launch of China's reform programme in 1979. The region's Gross Domestic Product (GDP) grew from just over US$8 billion in 1980 to more than US$89 billion in the year 2000. During this period, the average rate of GDP growth in the Pearl River Delta Economic Zone exceeded 16 percent, well above the People's Republic of China's national figure of about 10 percent. In 1991, almost 50% of foreign investment in China was in Guangdong, and 40% in the PRD. By 2001 its GDP rose to just over US$100 billion and in recent years it has been experiencing an annual growth rate of more than three percentage points above the national growth rate. Abundance of employment opportunities has created a pool of wealthy, middle-income, professional consumers with an annual per capita income that puts them among China's wealthiest. Since the onset of China's reform program, the Pearl River Delta Economic Zone has been the fastest growing portion of the fastest growing province in the fastest growing large economy in the world.

According to the 2000 national Census, the Zone had a population of 40.8 million people. Per capita income has been growing substantially in recent years, as have consumer expenditures.

Although the Pearl River Delta Economic Zone encompasses only 0.4 percent of the land area and only 3.2 percent of the 2000 census population of mainland China, it accounted for 8.7 percent of GDP, 32.8 percent of total trade, and 29.2 percent of utilised foreign capital in 2001. These figures show the remarkable level of economic development that the Pearl River Delta Economic Zone has achieved as well as the international orientation of the region's economy. This orientation has attracted numerous investors from all over the world who use the Greater Pearl River Delta region as a platform for serving Chinese and global markets.

Significance of Manufacturing

The Pearl River Delta has become the world's workshop and is a major manufacturing base for products like electronics (such as watches and clocks), toys, garments and textiles, plastic products, and a range of other goods. Much of this output is from investement by foreign entities and is geared for the export market. The Pearl River Delta Economic Zone accounts for approximately one third of China's trade in terms of value.

Private-owned enterprises have developed quickly in the Pearl River Delta Economic Zone and are playing an ever-growing role in the regions economy, particularly since 2000 when the development environment for private-owned enterprises improved greatly.

Nearly five percent of the world's goods were produced in the Greater Pearl River Delta in 2001, with a total export value of US$ 289 billion. Over 50,000 Hong Kong companies have plants there.

Ties with Hong Kong

Prefectures in the Pearl River Delta have benefited from proximity to Hong Kong. Hong Kong has been the source of over 70 percent of the cumulative foreign direct investment in the region since 1979, or roughly eight times the investment of North America, Japan, and Europe combined. The importance of Hong Kong's role owes to the fact that it links the region with the rest of the world, handling 70 to 80 percent of its seaborne exports and an even greater percentage of its airborne exports.

Hong Kong plays a distinct role as a place for firms to access the strength of the Greater Pearl River Delta region. Many western firms also use Hong Kong as a base for their activities centered on the Greater Pearl River Delta region, with senior managers often residing in Hong Kong. Hong Kong also serves as the principal location for the buying offices of companies doing business with the Greater Pearl River Delta region. Increasingly, savvy companies are developing Hong Kong/Greater Pearl River Delta strategies with their management, finance, communication, and coordination activities based in Hong Kong and their manufacturing activities in one or more of the jurisdictions in Pearl River Delta.

While occupying an important position in the nation's economy, the PRD has also been a pioneer in reform and openness. Two of the original four Special Economic Zones (Shenzhen and Zhuhai) are located in the PRD, enabling it to lead the way for the country from a planned economy to a market economy. Having this "first mover advantage" in developing private enterprise, manufacturing capabilities and foreign trade, the PRD has drawn on its proximity to Hong Kong to become the manufacturing powerhouse of China. While the PRD offers a competitive market for companies to source or manufacture goods, Hong Kong provides logistic, financial, legal, design and marketing services that allow companies to export their products to the rest of the world.

Port Development in modern China

Development of ports is the most notable feature of the progress being made in the logistics network in China. In the earlier stage of present day China, port construction began from almost nothing. There were only 61 deep-water berths at coastal ports, and most inland ports stayed in a virtual natural state.

By 1985, deep-water berths at major coastal ports increased to 198 which along with 156 medium-class berths accounted for a combined annual handling capacity of 310 million tons, registering a 20-fold growth from the earlier stage. Along China's 14500-km coastline and 420,000 km of rivers, there are 3,120 ports with 4,840 berths, of which more than 60 are open to the outside world.

In the 1990s, construction of ports was a focus of infrastructure development, drawing on a series of government initiatives and priority projects. Capital diversification has resulted in funds now coming from state investment, local governments, as well as some cargo owners and foreign firms. Besides, China allows foreign businesses to build and operate berths in the form of joint ventures; and to engage in loading and unloading business, cargo storage, disassembling and packaging services, as also passenger and cargo transport services by land and water. Foreign businesses are allowed to join their Chinese counterparts to carry out loading and unloading business by leasing, or to build special harbors and waterways for cargo owners with exclusive foreign funds. This priority state treatment has had the effect of vigorously promoting port construction. By the end of 1997, China had come to have more than 2,000 ports each with an annual handling capacity of more than 10,000 tons. Among them, 130 are now open to foreign trade, accommodating some 36,000 vessels annually from more than 100 countries.

China's major coastal and river ports have built more than 490 deep water ports of 10,000-ton capacity handling more than 1.3 billion tons of cargo in 1997.

By the end of the century, the number will reach 1,100, of which 665 are deep-water berths. By that time, China will have 10 ports, including Dalian, Qinhuangdao, Nanjing, Ningbo, and Guangzhou, each with an annual handling capacity of 100 million tons and above, bringing them into the ranks of the largest international ports.

Increasing the *Reefer Capacity

According to the Chinese Refrigeration Association the country produces 30 million tonnes of domestic fowl products, 20 million tonnes of eggs, 6 million tonnes of milk products, 61 million tonnes fruits and 35000 million tonnes of vegetables that require refrigeration. More than 100 million tonnes of fruits and vegetables valued at US$9.06 billion however, perish each year due to non refrigeration. Hence the acute need of reefers projected for in railways is 75 million tonnes (from 19 million tonnes at present) and the road transport capacity is going to increase from 12.58 million 17.67 million tonnes. The reefer market in China is estimated to be 40,000 **TEU's in 2005.

Making Use of the Legal Loop Holes

The Special Administrative Region Hong Kong plays a vital role in the trade of mainland China. Hardly any market in the world enjoys the freedom, accessibility and the liberal import rules that Hong Kong has. The constitution of Hong Kong rests on the Basic Law approved in March 1990 by China's National People's Congress.

Free trade is the lifeblood of Hong Kong. As a result it is one of the most open externally oriented economies in the world. The corner stone of the economy is free enterprise, free trade and free market open to all. No barriers to trade, no tariffs, no quotas, no exceptions, no foreign exchange controls and no nationality restrictions on corporate ownership.

Mainland China is making use of this privileged position of Hong Kong. The most recent arrangement made with Hong Kong that is worth mentioning is The Closer Economic Partnership Arrangement(CEPA). Signed in 2003 the agreement provides preferential access to the Mainland China market and reduced tariff's for certain enterprises in Hong Kong, local or

* Reefer :- A refrigerated container used to transport food, milk, vegetable, flowers and other perishable goods.
**TEU :- Twenty feet equivalent unit - unit for ship container carrying capacity.

foreign-owned. The record of its implementation as of 1st January 2005 is evidence of the success of the arrangement with the addition of wider options and services. CEPA opens a new chapter in cross-border trade and investment ties between Hong Kong and mainland China. In essence CEPA is a World Trade Organization (WTO) - compliant, Free Trade Agreement. Special arrangements with the mainland allow Hong Kong based investors to avoid costly double taxation in a wide area including shipping, aviation, land transport and personal taxation.

Thinking out of the Box

Container Rail service to Frankfurt

The recent expansion in trade between mid and west China and Northern Europe has made China think of innovative ways for improving effective delivery systems. Foreign trade in the city of Huhehaote was valued at US$76 million last year. But the economic growth was restrained due to lack of transport access. This has prompted China to think of better ways of transportation. Six rail companies in China, Russia, Belarus and Germany have signed a pact to jointly provide a container rail service that begins in Huhehaote, China and ends in Frankfurt, Germany. It is due to start functioning before next spring. The 9,814 kilometer journey will take 15 days and the container rail service is expected to handle 50,000 tonnes annually, and will make stops in cities in China, Mongolia, Russia, Belarus, Poland and Germany.

Developing business to sell ; Exploiting the Acquisition spree

After the acquisition of P&O Nedllyod by Maersk the competition in the logistics sector has become more and more evident. The companies are struggling to be market leaders and an oligopolistic market is expected in the near future. The chances of hostile acquisition of small and medium sized companies by the major players have persuaded the former to do some lateral thinking about protection of their business. A rather pragmatic way of tackling the impending threat is to develop a business so as to sell it at a higher price in future to a major company. The core concept is to consider the business as a product by foreseeing its demand in the market. Hiring experts in the industry for the top posts, giving high dividends and pursuing an aggressive marketing strategy to improve the share values, all this is being done to improve the market image of the company with a view to assure an eventually better price from the prospective bidder.

Overall Assessment

The benefits resulting from China's world-class infrastructure and logistics have gone mainly to the big cities and the Special Economic Zones. On the other hand, the interior parts of the country are yet to experience significant improvement in basic amenities, transportation or communications. The technology and network in China's telecommunication system are on par with what exist in the most developed countries but in the downstream, unfamiliarity of the Chinese work force with any of the major foreign languages affects business development and entry into newer markets. The banking system, which is essential for the smooth functioning of trade, also needs a lot of refinement and modernization. Though the Chinese banking establishments have premises, equipments and even ambience comparable to those in advanced countries, when it comes to banking policies and operating procedures they lag behind and in a sense act as a constraint on growth of international business. In spite of these flaws in the setup, however, China continues to have an undisputed position in the trading map of the world with US$850 billion as foreign trade and a share of 3% in world trade. In fact, the country is today heading towards the number one position with its bigger ports figuring among the top four ports of the world (Hong Kong, Shnaghai, Shenzen) and poised for further enhancement of quality through continued all-round investment.

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XIME

XIME in certain ways is a unique institution. It was started in June 1991 by a group of academics under the leadership of Prof. J. Philip, Former Director of IIM-B. The founding group included:

- Dr. E Abraham, S.J., the then Director of XLRI
- Prof. J.D. Cherayil, a Former Senior Professor of IISc and
- Dr. Fr. Percy Fernandez, Director of St. John's Medical College

From its very beginning, it was decided that it would have no quota, no reservation and no management seats. All admissions to the Institute were to be based solely on merit. In another noteworthy feature, XIME is one of the leading B-Schools where the percentage of women students in each batch ranges from 40 to 48 every year.

XIME received AICTE approval to start its full-time PGDBM programme in May 1995. From its very first batch of graduates in 1997, it enjoyed full placement featuring some of the best companies of India. Considering its consistent good performance and market standing, AICTE permitted XIME to double its intake capacity to 120 in May 2002.

XIME's beginning in June 1991 was rather modest, and in a leased building. But in January 2002 it moved into its new campus in the heart of Electronics City having practically all modern facilities. In architecture, facilities and landscaping, it is a beautiful campus. It is located in a 4.30 acre plot of land. In terms of achievements, XIME:

- Has had 100 percent placement every year
- Has organized a number of path breaking national seminars and workshops, some of which with the sponsorship of AICTE
- Organized on behalf of AICTE the first ever Workshop on Accreditation of Management Schools in November 1995
- In September 2004, XIME received the highest level of 5-year accreditation from the National Board of Accreditation
- In August 2005, XIME organized a 'Conference on Management Education - an International Comparison', as part of its International Week.

The 'E' in XIME stands for Entrepreneurship. It is one of its goals to facilitate Entrepreneurship among its graduates / alumni. In line with its strong belief in networking, XIME offers most of its Seminars/Workshops in collaboration with industry or professional associations. Its campus itself is an excellent example of industry-institute collaboration:

i. Its four main classrooms are donated by industry or by philanthropic individuals

ii. Its library is funded by the Tata Trust

iii. Its well-appointed auditorium with 300 seating capacity is donated by the Oberoi Group

iv. Its Executive Conference Hall is donated by Biocon

XIME tries to be innovative in many ways. It is perhaps the first B-school in the country to offer a one-year Diploma Programme in Construction Management to contribute to the ever-growing need of professional manpower in the construction industry.

XIME

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