Gray Matters
Quarterly

gray matters
People Solutions. Accelerated.

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GMQ Last Issue Cover

If you have missed the last issue of Gray Matters Quarterly, please write to us, we will mail it to you.

For Private Circulation only

Cover painting – Kevin Pearsh

SPECIAL FEATURES

GENERAL FEATURES

REGULAR FEATURES

From MD's Desk

A McKinsey survey, conducted in February this year, found executives seeing improvement in business prospects--a third saw increase in profits--but their hopes for continued economic recovery had dampened compared to December last year. Fewer respondents (59 percent compared to 69 percent earlier) said they expect their national economies to be better in six months. Executives in emerging economies had a different and optimistic story to tell.

Text books say when the economy shrinks in two consecutive quarters, you have recession. By this measure, the recession is very much behind us. But, that is only in text books, reality is waiting to be discovered. Let's hope for the best and keep walking.

Gray Matters started in 2007 and we can say that it has '*seen the worst of times and the best of efforts'.* In our journey, we have stepped into the 3rd year of our existence this year.

Published in conjunction with our anniversary, every annual issue of the Gray Matters Quarterly marks a special occasion for us. This is the time we welcome change in the way we communicate with our readers; we try and add a bit more to the publication and above all we renew our bonding with our readers.

What is this publication all about? This is a leisure reading for anyone interested in the world of business, in its wildest definition possible. We try to provide a wide variety of articles, to cater to the tastes of all and sundry.

The quarterly also reflects our growth and aspirations as an HR advisory organization. We aspire to be at the cutting edge of HR and have endeavoured to explore its outermost reaches.

We constantly remind ourselves, it is all about people. This has resulted in our exploration of human behaviour to develop better training material; our observation of children's games to develop employee engagement programmes; our study of cowboy business styles to usher in innovation in internal HR through our HR on Site service. As we learn more we see an ocean of possibilities ahead like the boy staring at River Ganga who appears on the cover of this issue.

We are really happy to include in this issue, a clutch of articles from eminent academicians and professionals on **Doing Business in India**. We are indeed indebted to Dr Arup Varma, one of the editors of *Doing Business in India* a book being published by Routledge an imprint of Taylor and Francis, for putting together these thought-provoking articles.

Let's raise a toast to progress and happiness.

Au Revoir

Sanjay Roy Chowdhury
Managing Director
Gray Matters Consulting Pvt. Ltd.

changing the way

There are no rules here ...

A Leader is the person who has the ability to lead others in order to realize definite goals. Nowadays, leadership is the most important subject around the world. This in fact not just because the success of any company depends on the level of its leader and his talent in leading the employees, but also because people need a leader in their life everywhere and at all times. For instance, people in any country need a leader, any family needs a leader, any successful sports team require a good leader, also any gang requires a leader, and so on. 'Leadership is the process of motivating other people to act in particular ways in order to achieve specific goals' (Hannagan, T : 2002, Management: Concepts and Practices, pg.37).

Semco's story refers to a series of changes that occurred in the organization. A Brazilian manufacturing company, initiated by the founder's entrepreneur son, Ricardo Semler, turning it into one of the worlds most unusual and admired workplaces. Semco, a successful Brazilian industry in Sao Paolo which specialises in marine and food-service equipment was established in 1952 by Antonio Curt Semler. In 1980 Ricardo Semler, the current CEO, took over the company and since that year Semco is considered one of the most successful firms around the world. What did Ricardo Semler do? What was his Leadership Style? How did Semco become what it is today? Read on :

First, treating and dealing with employees as responsible adults. Ricardo Semler believed that the situation in companies is not similar to the situation in schools. His opinion is based on the idea of self-control and small hierarchies in the company. For example he removed the security checks and the rules of dress as a consequence of self control. In the interview with Ricardo Semler in CNN (Jun 2004) he said: ' the point is that if we do not let people do things the way they want to do them, we will never know what they are really capable of and they will just follow our boarding school rules'.

"Out of Your Mind!" Committee

From time to time, members of the "Out of Your Mind!" committee meet to present crazy ideas, which are not appropriate for formal meetings at Semco or any other company. The intention is to set aside conventional solutions and present ideas based on liberty, respect for others, the power of sharing and the sacred right of indolence. However, if, when espousing an idea, the other people don't say "You're Out of Your Mind!", this is not the correct place to deal with this new idea.

In addition, he believes that less hours work with good final results is better than so many hours without any useful result for the company.

Second, profit sharing. Ricardo thinks that employees should receive a share of the net profits of the company. This will impel them as well as encourage them to work earnestly for the benefit of Semco. 'I do not govern Semco - I own the capital, not the company - but on taking over from my father, I did try to reconstruct the company so that Semco could govern itself...' (Ricardo Semler 1994).

Third, democratic decision. In Semco all subordinates participate in the decision-making process. Ricardo Semler believes that Semco is a big family for every worker, and thus all workers should take part in making the vast majority of company decisions. For that all employees in Semco do their best to realize the decision and its objectives. 'As I tell our people constantly: we have learned to answer email on Sundays, but none of us has learned to go to the movies on Monday afternoon. Until we learn that, we are email slaves harnessed to the wicked ways of the profit and loss master' (Ricardo Semler 1993).

Fourth, open information system. One of the most important principles in Semco is that information is available to all people who work for Semco. Yes, it is a grave situation. However, Ricardo Semler believes that the system is very significant not only because it saves time, money and effort, but it also teaches employees to take responsibility and how to use and to keep it. 'Here at Semco we are doing something else, we are saying everyone is a responsible adult...we have no control whatsoever' (Ricardo Semler 2004).

Fifth, regular meeting. Weekly meetings happen at Semco, and these meetings are open to all employees, which means that any one of Semco employees can take a part in, it it also

Retire a little bit

At Semco you don't need to wait until you're old to enjoy your retirement. The idea is that you can take advantage of it once a week, from any age. The "Retire a little bit" project was created based on a life-cycle analysis. In any analysis that we undertake, we will see that we have money when we don't have time to enjoy it, time when we no longer have financial certainty and the ability to enjoy nature and sports when we no longer have the health to do so. Thinking along these lines, the program allows the person to do what they plan to do when they retire, once a week, like an art course, play sports in the afternoon or simply spend the day with their kids. When this project is implemented, the person will haveÊthe option to not work one day a week, replacing this day in the future, after they retire, with a proportional salary.

not compulsory, and thus the employees have the choice to attend it or not. According to Ricardo Semler (1994), there is a big room in the company where everyone from the firm has a place for discussion and to exhibit his opinion to solve any problem as well as to put the new plans.

Furthermore, instead of the annual budgeting process which is followed by most of the firms around the world, Semco has six monthly budget. This in fact will motivate the managers of Semco to work earnestly as well as makes them on continual contact. '...because an annual budget tempts managers to postpone unpleasant decision to the third and fourth quarters' (Ibid).

The success of Semco Company started from the leader. However, it is very difficult to evaluate Ricardo's style in leadership, but in all cases Semco is one of the most successful companies around the world.

According to Velasquez (1998), when employees feel that their company's decision-making processes are just, they will show high levels of loyalty, confidence, obedience, honesty, trust, respect and they will do the work earnestly for the benefit of their company. 'We are all one big happy family' (Ricardo Semler 1993).

A high profile committee appointed by CIO Magazine featuring Tom Peters, Jim Champy and Michael Hammer selected Semco as one of the most successfully re-engineered companies in the world. The BBC included Semco in its series on Re-Engineering the Business for creating one of the most successful management structures in business. g

Date Semco

Semco believes that it is important to meet people interested in working with Semco, even if this interest is not immediate or there are no current opportunities. So they created the program – Date Semco

did you know?

On the occasion of the 3rd Anniversary of Gray Matters Consulting, we decided to search for the various facets of the number '3'. Interestingly enough, we came across a plethora of facts from all walks of life. We could not but share some of them with our readers

[Arts] The number of primary colors (pigments) in painting: blue, red and yellow. The number of secondary colors in painting: green (mixing of yellow and blue with equal amount), orange (red and yellow) and violet (red and blue).

[Biology] The number of tiny bones in each human ear: incus (anvil), malleus (hammer) and staples (stirrup).

[Biology] The number of genders: masculine, feminine and neuter.

[Education] Three R's mean 3 basic learning skills for elementary students: Reading, writing and arithmetic.

[Game] The size of a tic-tac-toe game board is: 3´3. A player wins by connect 3 alike symbols (X's or O's) in a straight line, either horizontal, vertical or diagonal.

[Game] Sudoku is played on a 9×9 grid, which is divided into nine 3×3 boxes. The object is to fill it so that every row, column and 3×3 box contains each of 9 digits 1-9 once.

[Language] The number of English words with the double letter "uu": continuum, residuum and vacuum.

[Language] The number of English words with all 5 vowels in alphabetical order: facetious, abstemious and arsenious.

[Language] The number of degrees of comparison: positive, comparative and superlative.

[Money] The number of letters in the standard currency code of each country in the world. The currency codes are maintained by the International Organization for Standardization (ISO) in the Standard 4217. Examples: MNT for Mongolia, THB for Thailand, USD for U.S., ZAR for South Africa.

[Music] The number of main music clefs: C-clef (Do), F-clef (Fa) and G-Clef (Sol).

[Theology] Three represents a perfect harmony: the union of unity (one) and diversity (two).

[Tirvia] 3.141526... (pi), The "Pi Day" is celebrated on 03/14 at 1:59:26PM.

[Tirvia] The number of pillars (or pegs) used in the Tower of Hanoi puzzle, invented by the French mathematician Edouard Lucas in 1883.

[Mathematics] Three is the smallest odd prime number.

[Mathematics] The first and only Fibonacci number that is a prime number but its subscript is composite.

news
you can use

Why Companies should insist that employees take naps?

Good luck, right? But here's the reality: naps are a powerful source of competitive advantage. The recent evidence is overwhelming: naps are not just physically restorative, but also improve perceptual skills, motor skills, reaction time and alertness.

I experienced the power of naps myself when I was writing my new book, the Way We're Working Isn't Working. I wrote at home, in the mornings, in three separate, highly focused 90 minute sessions. By the time I finished the last one, I was usually exhausted — physically and mentally. I ate lunch and then took a 20 to 30 minute nap on a Barcalounger chair, which I bought just for that purpose. When I awoke, I felt incredibly rejuvenated. Where I might otherwise have dragged myself through the afternoon, I was able to focus effectively on work other than writing until 7 pm or so, without feeling fatigued.

When Sara Mednick, a former Harvard researcher, gave her subjects a memory challenge, she allowed half of them to lake a 60 to 90 minute nap, the nappers dramatically out-performed the non-nappers In another study. Mednick had subjects practice a visual task at four intervals over the course of a day. Those who took a 30-minute nap after the second session sustained their performance all daylong. Those who didn't nap performed increasingly poorly as the day wore on.

When pilots are given a nap of just 30 minutes on king haul flights, they experience a 16% increase in their reaction time. Non-napping pilots experience a 34% decrease over the course of the flight.

The conclusion is inescapable: the more hours we work continuously, the greater the toll on our performance. To get a sense of how valuable it may be for you to nap, take our brief energy audit.

The best time for a nap is between 1 and 3 pm, when the body most craves a period of sleep. The ideal length for a workplace nap is 30 minutes or less, which assures that you won't fall into the deeper stages of sleep, and awake with that loopy feeling scientists call "sleep inertia".

"A nap," argues Mathew Walker, a sleep researcher at Berkeley, "not only rights the wrong of prolonged wakefulness, but at a neurocognitive level, it moves you beyond where you were before you took a nap."

For all this evidence, I've yet to come across a single company that actively and enthusiastically encourages employees to nap. A growing number, including Google, provide napping pods and renewal rooms. That's a great first step, but it's scarcely the norm to use them.

Napping won't begin to take hold in companies until leaders recognise that it's not the number of hours people work that determines the value they create, but rather the energy they're capable of bringing to whatever hours they work. It's a win-win and a great investment.

News item from – The Economic Times, September, 2010

Thinking through the Socratic Method

Adhir Ghosh

Principal Coach, Gray Matters

I recently saw the movie DVD of "Ek Ruka Hua Faisla" directed by Basu Chatterjee and wondered why this film is never included, when names of classics are mentioned!

The synopsis – A young man has been charged for killing his father and court has appointed a jury of 12 members to decide whether this person is guilty and hence deserves a capital punishment or not? Members of Jury are not lawyers but they belong to different sections of society. All the members of Jury are gathered in a closed room. As soon as meeting started, few of them are eager to seal the fate of the man and 11 people decide that decision to give capital punishment to the accused is perfectly right. He killed his father and he deserves this and he should be hanged.

It was the 12th Juror, who did not agree to this decision – he asserted that he did not imply that the accused was innocent. His only contention was that one cannot simply jump to any conclusion without examining all the data and assess the truth. He justified that a person's life was at stake and jurors should discuss all the factors associated with the case. He was interrupted by most of the jurors as some of them were in a hurry. Almost everybody had some excuse or other for going home or elsewhere. How the jurors arrived at the final decision after volatile interactions is what the movie is about.

Generally films of this kind featuring crime and courtroom, belong to the 'thriller' genre where the focus is on the 'outcome' – through some ingenious trick the protagonist springs a surprise and the real culprit is unmasked at the end.

In "Ek Ruka Hua Faisla", the focus is on the 'process' – it is not what happens but how it happens. As the scenario unfolds, the antagonists and protagonists keep on changing and evolving.

While seeing the gradual progress of the plot, some interesting conceptual frameworks were discovered to be influencing the jurors' interaction process while examining the background and evidences of the case in question. Let us see what conceptual frameworks can be identified!

The main aspect that is highlighted is how our mental models influence our data selection, understanding and actions. Although we assert that our perspectives and decisions should be based on data / information, even the data or information we select and what meanings we give them also depends on how we have grown up and our past experiences. Chris Argyris and Donald Schon of Harvard had told about "leaps of abstraction", i.e. "jumping" to conclusions or generalizations based on our past experiences – values, beliefs and assumptions.

How do we surface these mental models and learn to look at reality and interpret data through deeper examination. By asking "Questions"! Our thinking is not driven by answers but by questions. In fact, every discovery in the intellectual field is born out of a cluster of questions to which answers are either needed or highly desirable. Furthermore, every field stays alive only to the extent that fresh questions are generated and taken seriously as the driving force in a process of thinking. To think through or rethink anything, one must ask questions that stimulate thought. Questions define tasks, express problems and delineate issues.

Moreover, the quality of the questions determines the quality of the thinking.

"Socratic Method" provides the appropriate framework to ask the right questions and debate on all available data and their interpretation. The Socratic method (or Method of Elenchus), named after the Classical Greek philosopher Socrates, is a form of inquiry and debate between individuals with opposing viewpoints based on asking and answering questions to stimulate critical thinking and to illuminate ideas. The basic form is a series of questions formulated as tests of logic and fact intended to help a person or group discover their beliefs about some topic, exploring the definitions, seeking to characterize the general characteristics shared by various particular instances. It is a dialectical method, often involving an oppositional discussion in which the defence of one point of view is pitted against the defence of another; one participant may lead another to contradict him in some way, strengthening the inquirer's own point.

The 12th Juror (K.K. Raina) began the whole process of re-examination of available evidences in the case using the Socratic Method. He kept giving his arguments and tried to re-consider all the facts related to the case and many jurors started taking interest in his arguments. One-by-one he brought up each evidence and through questioning the veracity of the observations, he established that most of the conclusions were based on assumptions and beliefs and thereafter the conclusions themselves were corrected.

Even how observation of facts can be faulty due to our superficial way of seeing things is also highlighted when an old juror (Annu Kapoor) pointed out the lines on the nose of one witness to establish that she must be used to wearing spectacles but did not do so normally in everyday life to maintain her "looks" and therefore, could not have seen clearly the scene of murder without the glasses to testify truthfully about her witnessing the crime.

One of the jurors (S.M.Zaheer) acted as a person who always spoke based on observation of facts. But his observations and interpretations were established to be guided by his assumptions. How mental models influence decisions were best established in the case of 2 jurors. One juror (Subbiraj) was highly biased against people belonging to certain castes, living in slums etc.

– he felt all of them were criminals and pests to society and therefore, needed to be exterminated. He was also vain and thought of himself as superior to everyone around him – most of the time he kept shouting and abusing others, till he himself was threatened by Zaheer. Another juror (Pankaj Kapur), who was still opposing any kind of argument in the favour of accused, broke down and cried – he narrated that his own son slapped and insulted him, did not take care for him, the accused must also have been doing the same with his old father and therefore, it is certain that he had killed his father. He saw the image of his cruel son in the accused person and thus wished him to be hanged.

Little details of communalism and regionalism was also brought out in the movie when one juror(M.K. Raina) threatened one of the jurors, that people like him from different region who have settled in that city, would be driven away if they dared to oppose the established norms. This was a unique point made by the director of the film, that such issues like regionalism and provincialism were addressed even at that time – something that has become such a menace to our society now.

Thus even now the movie stirs you with its treatment of topics because the issues of caste, class, materialism, loopholes in judicial process and of course human prejudices and judgement still plague us.

There is also an underlying theme of how we tend to cling to our perceptions and any effort by others to change our mental models and understanding of the world is opposed by us with the greatest of efforts!

However, the film ends with a positive note when we find that there is realization among the jurors about their own vulnerabilities and how it influenced their thinking and actions and thus they agreed to change their verdict.

To my mind, this movie needs to be viewed from time-to-time to help us reflect and examine how we perceive and deal with our issues and learn to keep the spirit of 'Inquiry' always alive within us to question our perceptions and get to the truth. g

Creating Strategic Directions

Introduction

In order to grow, a business needs to develop competitive advantage. This means that it is different or does things better than its rivals. This is known as differentiation. Differentiation helps an organisation to develop a unique business strategy. Managers need to make strategic decisions that create the right direction for their businesses. Decisions by senior managers at the top of a business influence decisions by other managers and employees.

Mott MacDonald is a large global management, engineering and development consultancy. A consultancy contains experts who provide advisory services in a variety of fields. The Mott MacDonald Group was formed in 1989 when two consultancy businesses merged. Since then, the business has grown both organically by recruiting more staff in different fields and also by acquisition, that is taking over existing businesses in markets important to Mott MacDonald's development strategy. For example, in 2007 Mott MacDonald bought an educational consultancy in Romania, an environmental firm in the Netherlands and a power engineering company in the USA to help strengthen its core market sectors in these countries.

Today Mott MacDonald's business spans 120 countries and employs more than 13,000 staff. Its experts work on thousands of projects across the world in many areas. These include transport, energy, buildings, water, the environment, health, education and communications. Every project requires a different set of skills from Mott MacDonald's experts. Its projects address the challenges of environmental issues, such as flood protection or management of waste. It plans, manages and delivers projects to help its customers find more sustainable solutions.

Mott MacDonald's customers are in both the public sector and the private sector. In the public sector, it works with organisations to provide services for central and local government. In the private sector, Mott MacDonald provides consultancy for private businesses. For example, in China the company is project managing the building of what will be the world's largest observation wheel – much bigger than the London Eye. Mott MacDonald has also been involved in over half the new wind farms in the UK developed by privately-owned energy companies. These include one of the world's largest offshore wind farms off the coast of south-east England.

At any one time Mott MacDonald works on thousands of projects around the world. These range from transport systems in Taiwan, healthcare initiatives in Africa or education planning in the USA. Mott MacDonald consultants advise on many aspects. For example, planning and design, quantity surveying, procurement advice and project management. This case study focuses on how Mott MacDonald stands out in its competitive environment by using the skills and knowledge of its people to achieve its business purpose.

Mission

All organisations need to have a purpose for the business. This is called the mission. A mission is a broad statement that identifies the long-term direction of a business. The mission helps to emphasise how different the business is from its competitors. The mission informs a company's business objectives. It becomes a focus for the whole organisation and helps to ensure long-term profitability.

This mission shows that Mott MacDonald's employees directly support business growth. To achieve customer satisfaction Mott MacDonald employs the best experts across the market sectors it works in around the globe. These highly skilled consultants work in engineering, environmental science, economics, project management, health and safety, risk management, IT and education. Mott MacDonald values the contribution its employees make in satisfying

Customers and achieving its business objectives

To help its staff achieve professional excellence, Mott MacDonald promotes learning and development. It encourages its experts to help other staff develop their skills. It recognises employee achievements, for example, through the Chairman's Award which acknowledges outstanding achievement in building customer relationships, and the Milne Award, which recognises innovation.

Mott MacDonald is an employee-owned company. This means employees can have a say in how the business is run and what its future plans are. They feel they can make a difference. This gives employees a clear link between meeting the customer needs and personal job satisfaction. In addition, they take part in a Performance Pay Scheme (PPS) based on the company's performance. Therefore the more employees contribute to the firm's success the more they benefit. These commitments helped Mott MacDonald to be recognised as the top consultant company of its kind in The Sunday Times list of the UK's Top 20 Best Big Companies work for in both 2007 and 2008.

Employees need to know whether the business is achieving its mission. Therefore, Mott MacDonald measures its progress towards meeting its customer satisfaction target through customer satisfaction surveys. Customers recently rated the company at or above 8 out of 10 for every aspect of the service. These include how well Mott MacDonald responds to the customer's needs and the overall quality of service. The feedback helps Mott MacDonald to improve by focusing on customer satisfaction. This benefited the business, as shown by the 20% increase in revenue in both 2006 and 2007.

A Mission → employees business purpose → creates direction for business strategy

Oil & gas | Buildings | Energy | Water | Urban development | Industry | Health | Environment

Vision

A mission sets out the purpose of the organisation. A vision describes what the business wants to become and seeks to inspire its staff. Mott MacDonald's vision is 'To be the consultant of choice in our global marketplace'. For Mott MacDonald to become the consultant of choice, it has to set high standards that are achievable. In setting high standards, Mott MacDonald aims to be better than its competitors.

Mott MacDonald's vision has two key elements – consultant of choice and operating globally:

• **Consultant of choice:** Mott MacDonald has four key stakeholder groups – existing customers, future customers, existing employees and future employees. Mott MacDonald wants to be 'consultant of choice' for both customers and employees.

• For customers, it needs to offer a unique mix of skill, expertise and customer focus. This helps to attract new customers and retain existing ones. Mott MacDonald operates in

many market sectors and offers expertise in two that set it apart from many of its competitors – health and education.

• For employees, Mott MacDonald needs 20% more technical staff every year. It must compete to recruit the most able people. It seeks to achieve this by showing existing and potential employees that it offers a more attractive career path than other consultancies.

• **Global marketplace:** Mott MacDonald has its headquarters in the UK but operates across the world. For example, local managers run the businesses in India and North America.

This means that local experts can meet local needs, and are also able to call on global skills and experiences. A project may need the experience of different consultants from around the world. For example, UK based consultants set up the first phase of the metro system in New Delhi. They supported and transferred knowledge to local managers. The local managers then ran the second phase of the project.

To achieve its vision Mott MacDonald constantly develops its people to create the business capability its customers need.

Values

An organisation's values are the guiding principles that influence its activities. Values show how the organisation expects everyone within the business to behave.

PRIDE demonstrates the culture of the business. Mott MacDonald relies on its employees to fulfil its business objectives. Its culture helps employees to be responsible for their own development. This leads to growth of the people and the organisation.

Mott MacDonald's values follow the acronym PRIDE:

• **Progress:** Mott MacDonald's activities create progress as its projects seek to improve the living standards of local communities and the well-being of the planet. It aims to promote sustainable development in its projects and to lead the development of the various professions in which it works. For example, Mott MacDonald's energy team helped a chemical factory in China drastically reduce its carbon footprint by treating its HFC-23 emissions to cut the equivalent of a colossal 4million tonnes of CO_2 every year.

• **Respect:** Mott MacDonald recruits staff from markets around the world. It respects the local customs and cultures of the countries it works in and encourages all staff to respect each other regardless of background or origin. It encourages diversity in its workforce, benefiting from its employees' range of skills. For example, the specialist expertise of pharmaceuticals staff in India and Ireland is used to help on similar projects in the Middle East – this is a vital part of the company's global strategy.

• **Integrity:** Mott MacDonald promotes ethical behaviour. This means it only promises its customers what it knows it can deliver. Consequently, its customers are satisfied and not disappointed. It seeks to ensure that its communications are accurate and takes full responsibility for all aspects of its work, including promoting health and safety and sustainability.

• **Drive:** 'Drive' involves exceeding expectations. Mott Mac Donald aims for continuous improvement. It benchmarks its performance against competitors. This helps it to exceed the targets it has set for customer satisfaction. For example, in 2006 it achieved a rating of 8.2 out of 10 for Responding to Customer Needs, compared to 8.1 in 2005 and 7.8 in 2004

• **Excellence:** Mott MacDonald wants its activities to be associated with excellence and innovation. In 2007 Mott MacDonald won over 50 awards for its roles on projects demonstrating innovation or excellence. One of its projects, the Manchester Civil Justice centre, has won 10 awards for its contribution towards sustainable building design including the Major Project of the Year at the inaugural Green Construction Awards.

As part of its culture, Mott MacDonald also seeks to be a corporately responsible company. Part of this includes supporting sustainable business practice, such as reducing its carbon footprint. Employees of Mott MacDonald take the lead on many sustainability issues in projects they work on and as a company Mott MacDonald:

• Recently published its first Corporate Responsibility Review (CSR) which highlights initiatives to be worked on in the future and how the group seeks to achieve its corporate aims in a responsible way

• Is setting targets to use less energy and paper in all of its offices

• Is reducing business travel by using video and telephone conferencing

• Is reviewing its energy supply contracts to find suppliers who support good environmental practice.

Strategy and objectives

Mott MacDonald operates a rolling strategic plan that looks ahead over a five-year period and is updated every year. The five-year plan is an example of 'top down' planning – it sets targets and the direction for the company's business units. At the same time, the business units contribute to the planning process from the bottom-up through their annual business plans. As Mott MacDonald is an employee owned company, employees help to decide what areas they would like the business to focus on. This might mean the business takes on projects that do not provide a return on investment in the short term, but which help to position the business in the market in the longer term. For example, projects in China are likely to show bigger rewards as its economy grows.

The five-year plan covers all areas of importance to the business. These include financial growth, markets, services, customers, partners, sustainability and staff development. For each of these areas Mott MacDonald has specific business objectives.

By taking into account the mission, vision and values, business managers set SMART objectives.

These help ensure that the business can measure its performance accurately.

SMART objectives apply to projects too. For example, Mott MacDonald's engineering consultants supported a project in Malaysia where floods and traffic congestion have caused problems in the central business district of Kuala Lumpur, the capital. The solution is the Stormwater Management And Road Tunnel – by coincidence, also called SMART.

This project is a world-first. The tunnel is 9.7 kilometres long and diverts the floodwaters away from the city centre. The 3 kilometre middle section of the tunnel also acts as a two-deck motorway to help relieve traffic congestion. When the tunnel is full with water, the road section closes.

Mott MacDonald designed the dual-purpose section of the tunnel and helped solve the technical solutions to challenges linked with excavating out the entire tunnel. By providing expertise from across the Mott MacDonald Group, the consultants worked with the local teams to share knowledge and solve a local problem with a sustainable and innovative solution.

In considering the project, Mott MacDonald's experts needed to ask themselves key questions to ensure their objectives were SMART. The results of the project showed whether they had achieved them:
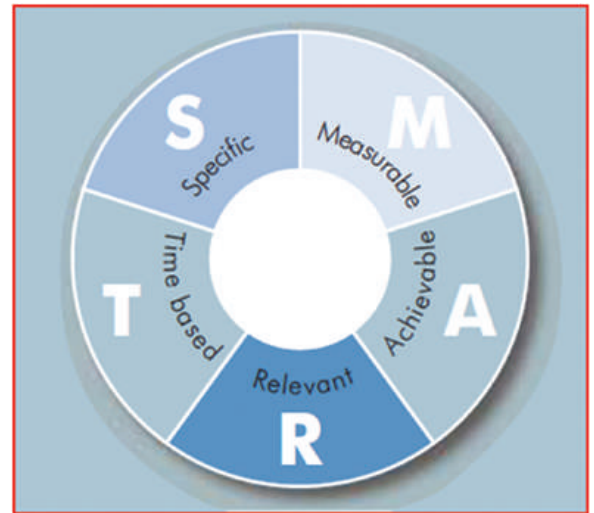
- S - what do we want to achieve? Kuala Lumpur needed continuous access to its business district.

- M - how will we know if it has achieved the right result? The traffic congestion and flooding will not happen again.

- A - do we have the right resources to carry this out? Mott MacDonald helped to procure the specialised equipment for the excavation.

- R - does it address the problem? The proposed solution solved both the flooding and congestion problems.

- T - what is the deadline? The first phase was to be completed in 2005 and the second in 2007.

Stopping the flooding problems will massively reduce financial losses for the city. Using SMART objectives to create the SMART solution helped to ensure that the project was completed on time and within budget when it was finished in 2007.

Conclusion

Mott MacDonald's mission, vision, values and business objectives influence how it carries out projects. Mott MacDonald has positioned itself as consultant of choice for both customers and employees. It promotes investment in and development of its people to achieve its business objectives. Because it is an employee-owned business, everybody within the company is free to contribute their views upon its future. This has helped the business to become distinctive and achieve competitive advantage over its rivals.

Case study from : www.thetimes100.co.uk

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- ☐ *Global Footprints: Indian Multinational overseas*

- ☐ *Indian Market and Consumers*

The book "Doing Business in India" has been edited by Pawan S. Budhwar and Arup Varma and has been published by Routledge. We are presenting the excerpts of all the Chapters here in Gray Matters Quarterly, as a special section, for the benefit of our readers. The book can be ordered at: *http://www.routledge.com/book/details/9780415777551/.*

doing business in India

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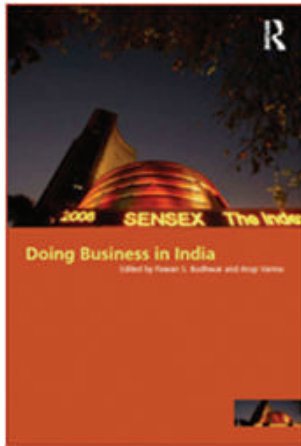
introduction

At present, India is the 2nd most important emerging market in the world. This position has been possible due to a consistent high growth rate of the past two decades, which is mainly due to the liberalisation of the Indian economy that was initiated in 1991. The World Bank predicts that over the next decade, India is likely to be among the top 2 or 3 leading economies of the world. As a result of such developments, India is attracting substantial foreign investors. Given that relevant support systems to guide investors are still evolving, this special issue focuses on a number of key themes which provide useful information for investors to better enter and operate in India.

Perhaps one of the most important aspects of successfully operating in India is to carefully understand the Indian business environment, which is changing rapidly on most fronts and different from any other country in the world. A thorough analysis of the Indian business context will help foreign investors to better understand the key challenges/bottlenecks they might face in doing business in India, and how to successfully navigate via them. Some of the key challenges one will face while operating in India include stiff competition, increasing pressures to attract and retain talent, deficiencies in infrastructure, poorly run public sector, corruption, and bureaucratic delays in the approval of proposals of foreign direct investments, union policies and practices that are sometimes counter to progressive business, poor implementation of dated legislation, unemployable graduates, and so on. Also, India's ranking on the International Finance Corporation's 'doing business in 2009' are depressing (e.g., out of 181 economies, India stands 121st on starting a business, 136th on dealing with construction permits, 169th on paying taxes, 180th on enforcing contracts and 140th on closing a business). In spite of these shortcomings, India offers massive opportunities for foreign investors.

The key to success in India then depends on understanding the Indian business context, and identifying ways to successfully navigate the potential roadblocks. We should point out that in spite of the above-mentioned challenges, the Indian markets offer many opportunities in the form of cheap resources, reasonable skilled talent, a massive national market (population 1.16 billion), a rapidly growing middle class (over 350 million) with increasingly stronger purchasing power, and one of the youngest and most diverse populations in the world. In addition, India offers a democratic political set-up, a free press, a reasonably reliable judicial system, locals with entrepreneurial abilities and the willingness to learn, adapt and integrate into the global business systems, and the presence of massive local and national markets. Finally, India boasts an economy which has shown the capacity to absorb global economic/financial crisis related ripples and increasing global leadership in specific sectors (such as the information technology, software, business process outsourcing, knowledge process outsourcing, pharmaceuticals, research and development, amongst many others).

Apart from becoming aware of, and addressing the above-mentioned opportunities and challenges, investors also need to analyse the unique socio-cultural, political, legal and economic milieu, in order to successfully operate in India.. In response to this need, we are pleased to present Routledge's new publication, 'Doing Business in India,' edited by us.

This volume is designed to address questions pertaining to the 'what', 'why', 'how' and 'when' of doing business in India. It contains 15 chapters and is divided into three parts – the Indian business context, conducting business in India, and India and the world.

The individual chapters have been written by scholars who have been conducting research in their respective fields for a number of years. All the contributors have developed their respective chapters along a given framework which includes key developments in the topic, a critical analysis of the existing literature, core opportunities, key challenges for foreign investors and a list of 'key issues', which managers could use while operating in India, and provide a list of useful websites. The key themes covered in the volume include: the Indian business context, the economic environment, employment law, socio-cultural and institutional context, corruption and cronyism, infrastructure, entry modes, markets and consumers, project management, management of human resource, conflict management and negotiation, outsourcing and off-shoring, lessons from Indian success stories, living in India, and following the footprints of Indian multinationals.

For this special issue of Gray Matters quarterly, we are pleased to present several mini-articles, based on some of the key issues covered in the volume. We are confident that the reader(s) will find the materials timely, and thought-provoking. g

The book can be ordered at:
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Employment
Laws in India

Debi S. Saini

The Factories Act, 1948

The main provisions of the Factories Act are those related to health, welfare, and safety of workers; conditions under which women work; working hours for adults and children; leave with wages for workers; protection against hazardous operations; payment of overtime; inspection of the work in factories by inspectors; and the role of other authorities under this law. A factory worker can be asked to work for a maximum of nine hours per day, and 48 hours per week. In addition, a rest interval of ½ hour after every five hours of work has to be provided. Employers wanting the workers to work overtime must pay double the normal rate. Every employer must provide a weekly off to all workers. After the 1987 amendment to the act, very stringent punishment is provided for violations, especially for violating the provisions related to hazardous processes of factories.

The Legislation Related to Shops and Establishments

The shops and establishments legislation in India is not a central legislation. Rather, each state legislature has the power to enact a law in this regard. As such, these legislations cover shops and establishments of all sizes. Most establishments not covered by the Factories Act get covered under the respective legislation of the state concerned. Its provisions are on the same lines as in the Factories Act.

The Mines Act, 1952, the Plantations Act, 1951, and the Motor Transport Workers Act of 1961 also contain similar provisions related to health, welfare and other working conditions for their respective target groups.

The Contract Labour (Regulation & Abolition) Act, 1970 and related legislation

The Contract Labour (Regulation and Abolition) Act 1970 (CLA) seeks to regulate the employment conditions of workers employed through contractors. All employers employing contract labour as per the Act are required to register themselves with the registrar appointed by the appropriate government concerned. Further, the contractor working for the principal employers must obtain a license from the appropriate licensing authorities. The Act provides for certain health and welfare measures for contract labour as provided in chapter V of the CLA. The Act provides that if any of these facilities is not provided by the contractor, it is the duty of the principal employer to provide them.

The Trade Unions Act, 1926

The Trade Unions Act 1926 (TUA) seeks to provide for registration of trade unions. It is provided that any seven or more employees can register a trade union, subject to a minimum of 10 per cent of the workers who are employed in the industry, or 100, whichever is less. Perhaps, the most important right of a registered trade union is the immunities it enjoys from prosecution for certain civil and criminal acts that amount to conspiracy under the Indian Penal Code, and are committed in furtherance of a trade dispute. The Act also provides that certain number of outsiders called 'special members' can become members of a trade union.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 (IESOA) seeks to define with sufficient precision the conditions of work for different categories of workers and to make them known to them so that they develop some amount of consciousness about their employment rights. This Act applies to industrial establishments that employ 100 or more workers. This legislation envisages a certifying officer appointed by the appropriate government whose job is to receive draft standing orders from the employers, making them known to the union concerned, or to workers if there is no union, hear both the sides, and eventually certify the standing orders that s/he considers just and fair for both sides.

The Industrial Disputes Act, 1947

The hallmark of the Industrial Disputes Act, 1947 (IDA) is statutory machinery for dispute processing and resolution. The IDA provides for seven forums for dealing with disputes or matters related to them. These include the following dispute prevention bodies: works committees; conciliation officer (CO); boards of conciliation (BOC).

In case a dispute is not resolved through the mediation of the above bodies, it can be sent for adjudication. Three adjudicatory bodies have been envisaged in the IDA; these are: labour courts, industrial tribunals, and national tribunals. An industrial dispute can be processed and decided by an adjudicatory body only if it has been referred to it by the appropriate government at its discretion. The IDA also makes provision for arbitration of industrial disputes by a mutually agreed upon arbitrator. However, in reality, the practice of labour arbitration in India is almost extinct.

employment laws

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (MWA) aims to fix minimum wages for workers employed in the employments listed in the two schedules attached to this act. The minimum wages under the act can be fixed in the form of a time rate or a piece rate (with a guaranteed time rate) and an overtime rate.

The Payment of Wages Act, 1936

The Payment of Wages Act, 1936 (PDWA) contains detailed provisions listing permissible deductions that the employer can make from the worker's wages. The Act envisages a quasi-judicial body to hear and decide claims of workers related to non-payment or delayed payment of wages, or undue deductions.

The Payment of Bonus Act, 1965

The Payment of Bonus Act 1965 (POBA) envisages a scheme of sharing the gains of industry between the employer and the employee in a specified way. POBA covers the issue of payment of minimum annual bonus by all employers covered by the act, even in situations of losses. It is for this reason that minimum bonus in India is treated as a deferred wage. The Act also provides a maximum bonus payable, which is 20 per cent of the annual wages.

The Workmen's Compensation Act 1923

The Workmen's Compensation Act 1923 (WCA) fixes unilateral liability on an employer for any injury or death to an employee, resulting from an accident that takes place in the course of employment and arises out of his/her employment duties. Apart from injuries resulting from accidents, protection has also been provided for, in cases of occupational disease occurring in certain circumstances.

The employer's liability under the WCA towards employees depends on the interpretation of a much wider term i.e. "arising out of and in the course of employment." Compensation is determined with reference to worker's wages and relevant factors appropriate to the worker concerned.

The Employees' State Insurance Act 1948

The Employees' State Insurance Act 1948 (ESIA) envisages an employees' state insurance scheme (ESIS) that is administered by the Employees State Insurance Corporation (ESIC). The contributions are payable to this scheme by the employer as well as the worker. Presently, the rates of contribution made by the employer for each employee are 4.75 per cent of the employee's monthly wages.

The employee has to contribute 1.75 per cent of her/his monthly wages.

The Act covers employees receiving a salary up to Rs. 15,000 per month. The benefits provided under the ESIS are sickness and extended sickness benefit, maternity benefit, disablement benefit, dependents' benefit, reimbursement of funeral expenses, and medical benefit.

The Employees' Provident Fund (and Miscellaneous Provisions) Act, 1952

The Employees' Provident Fund and Miscellaneous Provisions Act 1952 (EPF Act) applies to factories connected with any of the industries that are specified in Schedule I of this Act, provided 20 or more persons are employed in it; and to other specified establishments. The Act covers employees whose salaries do not exceed Rs. 6,500 per month.

Three important schemes are envisaged under this EPF Act. The rate of contribution for most employers is 12 per cent of the employee's wages. Besides the EPF scheme, there is provision of employee pension, subject to a minimum number of years of service, and contribution. There is also provision of an insurance linked to deposits of the employee in his/her EPF account.

The Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961 (MBA regulates women workers' employment in certain establishments for a specified period before and after child birth. The benefits under this Act are payable under three situations: child birth, miscarriage or sickness arising out of pregnancy. The Act applies to those factories, mines, circuses, plantations, and shops and establishments which employ 10 or more persons. However, a female employee who is covered under the ESIA will not be entitled to benefits under the MBA.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act 1972 (PGA) envisages payment of money in a lump sum, to individuals who have worked with an employer for at least 5 years, continuously. Though mostly it is paid at the time of termination of service of the employee due to superannuation, or retirement, it is also payable in situations of resignation, death or disablement caused by any accident or disease. The rate of gratuity is 15 days' wages for every completed year of service or part thereof, in excess of seven months. Interestingly, under the PGA, there is no wage ceiling for coverage. As per the latest amendment, the maximum amount of gratuity payable under the Act is. *g*

India : History
Society and Culture

Pawan Budhwar and Arup Varma

Without a doubt, understanding the culture and social norms of any nation, is critical to doing business there. Clearly, for companies intending to do business in India, not having a good understanding of the Indian context can not only be misleading but can also prove disastrous. In the sections below, we summarize the scenario related to the socio-cultural, political and institutional context of India, covering the historical developments in India, its political and legal structures, societal values, and corporate culture and management behaviour.

India, one of the most ancient civilizations with a documented history for over 2000 BC, drives her name from 'Sindhu' (Indus), the great river of the north-west. Having borders with Bangladesh, Bhutan and Burma in the east, China in the north and northeast, Pakistan in the west and northwest and the island of Sri Lanka to the south, India occupies a strategic location in south Asia for international trade. The Indian peninsula is surrounded by the Bay of Bengal in the southeast, the Indian Ocean in the south and the Arabian Sea in the southwest and by the great Himalayas in the north and northeast.

India is the birthplace of three of the world's major religions, namely, Hinduism (about 7000 years BC), Buddhism (487 BC) and Sikhism (1699 AD), which significantly influence the social, political and economic landscape of the country. Over the centuries, India has been invaded by numerous groups, with the British being the last such group, having entered India in 1603 with the establishment of the East India Company. India achieved independence from the British in 1947, and on 26 January 1950, India unveiled her new constitution, declaring itself a Republic. As per the constitution, India is a sovereign, socialist, secular and democratic republic with twenty-eight states and seven union territories. Having about 1.14 billion population (as per 2008), India is the second most populous country in the world, and the world's largest democracy. The six main religious groups include - Hindus (83 percent), Muslims (12 percent), Sikhs (2 percent), Christians (2 percent), Jains, Buddhists, and others less than 1 percent. Indians speak over 179 different languages (out of which 17 are denoted as major languages) and 844 different dialects; the constitution recognises 'Hindi' and English as the two official languages. India's literacy rate for over fifteen years of age is around 53 percent, but literacy is unevenly distributed with the southern states like Kerala having rates higher than 90 percent, and states like Bihar and Rajasthan having an overall literacy rate of around 39 percent(with a female literacy rate around 22 percent). India follows the British Westminster model with parliament being the supreme body consisting of two houses - Rajya Sabha (the upper house) and Lok Sabha (the lower house). The President is the constitutional head, while the Prime Minister is the executive head of the government. Both are elected for a period of five years.

In terms of the legal framework, India follows English common law with a three-tier legal system - the Supreme Court being the apex body, followed by the state High Courts and Subordinate (or District) Courts. India's judicial and legal systems are strong and have often brought even top public officials to justice.

The origins of the Indian national culture go back about 5-6 thousand years ago when the holy books of the 'Vedas' were written, giving birth to the 'Vedic culture'. This was followed by a period when Indian national culture inherited a strong influence of the doctrine of Buddhism, which was subsequently replaced by the 'Hindu culture' (termed as the 'Puranic culture'). After the establishment of the Delhi Sultanate (around the 10th century AD), a composite Hindu-Muslim culture emerged, and came to be known as 'Hindustani culture'. The current form of Indian culture has been strongly influenced by British culture (which also introduced red-tapism, bureaucracy, and several critical pieces of legislation).

As an outcome of such macro-level transformations, Indian society consists of various ethnic, religious, linguistic, caste and regional differences, while still operating as one culture. This incredible diversity is reflected in life styles, land tenure systems, occupational pursuits, and inheritance and succession rules. As a result of this unique mix, India stands relatively high on uncertainty avoidance and power distance and relatively low on the individualism and masculinity dimensions of national culture developed by Geert Hofstede. Indians are known for their obedience to seniors, dependence on others, a strong belief in fate, a low ability to cope with uncertainties, and at times reluctance to accept responsibilities. At the negotiating table, Indians are slow starters, unlike Westerners, yet very similar to other Asians. Indeed, Indians grow up bargaining for everything, thus learning patience, and the ability to hold out for better terms. In general, Indians are very hospitable and are highly tolerant of individuals of other nationalities, and social relations are very important in the business

world. Such aspects of the Indian national culture have significant impact on most management functions such as staffing, communication, leadership, motivation and control.

Given that most Indians are socialized in an environment that values strong family ties and extended family relationships, they tend to develop stronger affiliations, and greater dependence on others. Therefore, in the work context, interpersonal relations are likely to be more important to them and as a result, their job-related decisions might be influenced more by interpersonal considerations than by task demands. Ironically, such behavior often leads to nepotism at all levels of work.

Although the above analysis presents an overview of socio-cultural and managerial behaviour in India, it is important to remember that the work processes and work dynamics are changing very rapidly in India, especially in the professionally run organisations, which primarily consist of foreign firms. However, the number of Indian firms attempting to professionalize is rapidly increasing due to increased competition and a desire and need to improve, in order to survive and thrive. In such organisations, many aspects of the above-presented scenario are changing fast, whereby constructs such as empowerment, delegation/decentralisation, team work, two-way communication (downwards and upwards), active employee involvement, 360-degree feedback, participative management style, and performance based systems, are strongly emerging. It seems that management systems in India are at a crossroad of traditional and modern/western principles. This also confirms that India is able to accommodate and adapt to west based management principles, albeit with appropriate modifications. These assertions are clearly supported by recent research findings from the BPO and IT sectors and from multinational companies operating in India.

Due to the diversity of religion, and the importance of spiritualism/beliefs in Indian society, many religious holidays and celebrations are observed throughout the year, in one part of the country or other. The religious holidays are typically based on lunar calendars; therefore their occurrence varies from year to year. In addition to New Year's Day, Republic Day (26 January), Independence Day (15 August), Mahatma Gandhi's birthday (2 October) and Christmas day, there are around fifty other national, religious and regional holidays. In most institutions and at work, the English calendar is followed.

Next, India is 4.5 hours ahead of GMT during the summer time and 5.5 hours during the winter, and the country's international telephone code is +91. The standard electricity supply is 220v, AC, 50 Hz. In order to do business in the country, businesspersons need visas and letters of invitations from local sponsors, which are very easily obtainable. The official system of measurement is metric, although numbers are frequently written in lakhs (100,000) and crores (10 million).

To summarize, India is perhaps the most diverse country in the world. Given the significant regional variations, it is difficult to say if there is one coherent national culture of India, and if there is one clear set of institutional factors that can help determine management systems suitable for the Indian context. Depending on where an organization is operating, one needs to understand the socio-cultural context of that area and accordingly develop their management systems. Also, the impact of factors shaping management policies and practices tend to vary significantly within India (e.g., impact of unions, specific legislation, business customs and norms, availability of skills, competition, benefits available to foreign investors, etc). Therefore, investors need to understand such subtle variations in order to initiate operations at a relevant place and also to better manage different operations in India. g

Corruption
The Pitfalls

Naresh Khatri

corruption pitfalls

The purpose of this article is to paint a broad picture of corruption and cronyism in India. Although common Indians face, and talk about, corruption every day, systematic research and writing on the topic is limited. Yet, it is said that corruption and cronyism have affected the Indian economic growth and well-being of its large populace. Thus, it is fitting to examine the major factors that underlie cronyism and corruption in India. The article is divided into three parts: the distinction between corruption and cronyism, the dynamics of corruption and cronyism in India, and implications for managers and policy makers.

Corruption can be defined as bribery, or similar dishonest dealings, and involves an explicit, reciprocal, short-term, and date-bound transaction. A corrupt exchange is basically a 'commodity' and is devoid of any relationship between the agents. Cronyism usually gets lumped with corruption but has its own dynamic and patterns. The fundamental distinction between cronyism and corruption is that cronyism is based on a tie or a connection or a relationship between the actors and involves implicit, unspecified, and reciprocal transactions with no stipulation of a time period during which favors must be returned.

Unlike corrupt exchanges, cronyism, more often than not, are based on trust, loyalty, and long-standing friendship. Corruption is by far the more commonly used term than cronyism in the Indian parlance, although cronyism appears to be for more pervasive in India and often underlies even acts of corruption.

Typically, cronyism is preferential treatment shown to old friends and associates, without regard to their qualifications and it occurs in two basic forms: instrumental and relational. Instrumental cronyism is motivated primarily by task, utilitarian, and self-interest considerations. Relational cronyism, on the other hand, has relationship, affection, and loyalty at its core, and is long-term in its orientation.

There are a number of issues that need to be understood in order to have a better understanding of the dynamics of corruption and cronyism in the Indian context. First, corruption in Asia comes in four basic varieties: influence market corruption, elite cartel corruption, oligarch and clan corruption, and official mogul corruption. The basic nature of corruption in India falls under the oligarchs and clans type, although it seems that India is evolving into the elite cartel corruption, the type of corruption currently prevalent in Hong Kong, Singapore, and South Korea, which is less detrimental to economic growth.

One unique feature of corruption in India is the existence of elite and petty corruption. In elite exchange, India is notorious for its influence-peddling politicians, money-seeking bureaucrats, and bribe-dispensing entrepreneurs. Petty corruption is endemic at the lower, clerical levels of administration – precisely the point at which the ordinary citizen comes into daily contact with officialdom. People are forced to pay bribes for securing virtually any service connected with the government, even that which is theirs by right and law. Petty corruption does not cost as much in terms of money, but it extracts very high costs in terms of inefficiencies, delays, and frustration in common people.

An interesting question that puzzles scholars is whether corruption and cronyism can coexist with fast economic growth. There are several examples that suggest that it is possible to grow rapidly despite pervasive corruption and cronyism in the system, although it depends on whether a system is following a liberal economic strategy or a statist-nationalist strategy. China and India both suffered from stagnant economies when they pursued the statist-nationalist economic strategy. However, since liberalization, both countries have experienced explosive growth, despite the fact that the level of corruption might have increased rather than decreased. Another great example is that of Indian and Indonesian economies. During the period from 1960 to 1990, Indonesia pursued a liberal economic strategy, whereas India mostly followed a statist-nationalist strategy. It was this difference in strategy that led to Indonesia's spectacular economic success over the three decades and a very dismal economic performance of India over the same period. Ironically, during this period, Indonesia was as corrupt as India, perhaps even more so.

So, one might ask -- is there any positive or negative connection between democracy and corruption? Democracy and elections in the absence of an informed and educated citizenry seem no better than dictatorship since elections fail to overthrow the corrupt politicians who keep blinding citizenry with populous economic policies. Public welfare is enhanced when leaders depend on a large coalition to keep them in office. Under such conditions, those motivated to stay in power have no choice but to promote the public's welfare. To do otherwise is to risk being ousted from the office. The emergence of many strong coalitions has resulted in political checks and balances. Indeed, it appears that India's democracy is its main competitive advantage over its arch rival China. Next, is Indian culture inherently more prone to corruption and cronyism? Cultures can be classified

according to their levels of cronyism and corruption along the two major dimensions of verticalness-horizontalness and individualism-collectivism. Indian culture is high on verticalness and collectivism, thus making it susceptible to the highest levels of cronyism since vertical collectivist cultures are suggested to have the highest level of cronyism, followed by vertical individualist, horizontal collectivist, and horizontal individualist cultures, respectively.

The Indian political culture has had a significant impact on the extent of cronyism and corruption that exists in India. Further, India has long practiced economic planning or command capitalism through extensive state regulative controls of industry and cumbersome licensing schemes, partly due to political and bureaucratic corruption. Netas (politicians) and babus (bureaucrats) have run the show and strangulated tremendous human potential, creativity, and entrepreneurship of Indians. In general, Indian politicians do not take kindly to administrative reforms that separate policy making from policy implementation because doing so takes away from them their ability to shower favoritism on their cronies. Similarly, the elite civil services have been the vanguard of resistance to any attempt to change the status quo and have been largely successful because of the political leadership's undue dependence on them.

Oligarchic family control is more prevalent in the large corporate sectors of countries like India whose bureaucracies are less efficient, whose governments direct more economic activities, whose political rent-seeking opportunities are more lucrative, and whose financial markets are less functional. India has the second-largest number of billionaires per trillion dollars of GDP, after Russia. Three factors – land, natural resources, and government contracts are the predominant resources of the wealth of Indian billionaires and all of these factors come from the government. The countries with more extensive family control over their large corporate sectors tend to have worse socio-economic outcomes. Highly concentrated economic power that has existed in India perpetuates poor institutions, which are bad for growth.

At the time of independence, India inherited a fairly corruption-free, robust administrative system. Individuals heading various central government bodies (for example, the chief of the army staff, the judges to the supreme-court and high-courts, vice-chancellors of universities, etc.) were chosen based on merit.

Nehru, the first Prime Minister of India from 1947 to 1964, did not interfere in important appointments and the Indian administrative system remained professional and effective. Since then, because of the interference of government in appointments, the Indian administrative system and other such institutions have unraveled. Indeed, most central government departments and institutions and state government departments have become politicized and corrupt. Almost the entire nation seems to be gradually becoming more and more disorderly and lawless.

The lack of economic freedom has been suggested to account for 71% of corruption in a society. However, there are numerous examples of Asian countries that have prospered economically despite ubiquitous cronyism and corruption. But there is none that has grown rapidly using the statist-nationalist economy.

The good news is that there are many strong forces propelling India forward: the liberal economy, matured and resilient democracy, India's free and vigorous press, and Indian people and professionals. However, there are historical forces that should not be underestimated that may resist the forces of change and once more put India off-track: Indian politicians (netas) and bureaucrats (babus), the concentration of wealth in the hands of a few families, and the caste-based social system.

In conclusion, managers of MNCs interested in doing business in India, need to take note of the following points. First, they must understand the particular state where they want to do business and explore the relationship between the state government and the central government. Second, Indian society is very hierarchic and elitist. As a result, elites including international managers and companies are not affected by day-to-day corruption that common Indians face. International managers and companies often get into trouble due to their arrogance and lack of cultural sensitivities -- not because they are strangers or outsiders.

Overall, the experience of other countries and societies suggests that the way to ensure better behavior is not to introduce more regulations, but to do as much as possible to promote transparency. Indeed, transparency is the most powerful weapon against corruption and cronyism. Corruption feeds on control. A free and vibrant press and the gradual evolution of simple laws that strengthen transparency will be the key to reducing corruption and cronyism. Lastly, it goes without saying that more education and a more civil society lead to improved laws and institutions.

Infrastructure
Drawbacks & Opportunities

Debendra Kodwani

The Indian population is expected to touch 1.5 billion by 2050. This presents enormous opportunities to meet the demand of the people across a range of goods and services. The government of India and the governments at the state level are aware of the fact that the opportunities created by opening up of Indian economy can not be converted into reality in the absence of high quality infrastructure services such as transportation, communication networks, energy and water. On the one hand, there are opportunities to meet demand for goods and services which requires high quality infrastructure support. On the other hand, there is a strong need to develop road networks, generate and distribute electricity, utilise gas and petroleum resources, develop and connect ports, airports, and railways for seamless transportation of goods. Thus, infrastructure services present an enormous scope for business over the next few decades. The Indian government's recent recognition of the need to bring these facilities to world class standards is supported by putting the demonstrated emphasis on development of infrastructure. Indeed, a very good beginning has been made in the development of road networks. The exploration of natural gas has also expanded, and been opened to private sector partnership. The communications access has improved many fold and the costs have been reduced. All these are good signs for doing business in India. But a lot needs to be done at the policy level and in terms of ensuring that private domestic and foreign businesses have access to infrastructure services to participate in, and contribute to, India's economic development.

It is important from a business perspective to understand what are considered as infrastructure services, as the public policy framework and fiscal regulations are governed by what is included in infrastructure sectors. The following three groups of industries are classified as infrastructure services by government agencies (a) energy industries comprising electricity (conventional and renewable sources included) and oil and gas (exploration, refinery and distribution included), telecommunications, and transportation comprising roads, ports, airports and railways -- in addition to water supply and irrigation. The estimated investment required up to 2012 is about $320 billion. However, the opportunity to invest is likely to continue beyond 2012, as the demand supply gap is unlikely to be filled in few years.

Next, an affordable and secure energy supply is absolutely necessary if India is to achieve and maintain its high economic growth rate. Indeed, low per capita energy consumption in India means rapid and significant investment is required in energy industries to add capacity to support the economic development and meet the domestic energy demand. The energy industries such as coal, gas, petroleum and power have predominantly owned and managed by state owned entities. In the last 15 years, the energy markets have moved slowly but surely towards competitive market structure.

Next, the power generation strategy focuses on cost of generation and capacity addition. The entry of private and foreign direct investment is permitted and up to 100% foreign ownership is permissible. There are also fiscal incentives such as income tax holidays and waiver of import duties on equipments for large power plants. All this would make power generation business a highly attractive proposition. The Central Electricity Regulatory Commission has put in place regulatory framework to facilitate competition in the use of transmission networks and supply in India. To facilitate development of trading in electricity, the Indian Energy Exchange (IEX) and Power Exchange India Ltd. (PXIL) have been set up in 2008.

Further, the heavy dependence on fossil fuels as the main source of primary fuels with coal, gas and diesel account for 63% total electricity generation. To increase the supply of clean energy, the government's policy to provide incentives to non-fossil fuel based technologies has attracted a fair amount of investment from foreign and domestic companies in the wind power projects in many parts of India.

Investment Required for Indian Infrastructure from 2007-12	
Industry	(US $ Billion)
Power	130
Railways	66
Highways	49
Ports	11
Civil Aviation	9
Others	55
Total	320

Source: The Report of the Committee on Infrastructure Financing, Ministry of Finance, Government of India, New Delhi, 2007

Similarly, the oil and gas industries are undergoing policy changes with a view to attracting private investment in the exploration, refining and distribution segments of the oil and gas supply chain. Next, India's fastest growing industry and most talked about industry for last the last 15-20 years has been the "IT enabled services" including the outsourcing of services. This development in the IT industry has been made possible by corresponding rapid development in the Indian telecommunication services.

Indeed, India is the fifth largest telecom services market in the world with US$ 23 billion in revenues in 2007. Much of India's success in the export of IT enabled services has been made possible by the telecommunication revolution that has taken place in India over the last decade. As of March 2009, there were 37.96 million wire-lines connections and 391.76 million had access to cellular (wireless) phones (TRAI, 2009). Nearly 75% of connections are provided by private sector companies which include multinational companies such as Vodafone and Hutchison. Although in absolute numbers this look big, the Indian telephone demand is still a long way off from capacity, and is likely to grow substantially over coming decades.

The tele-density (number of landline phones for every 100 people) in urban areas in India grew from less than 10% in urban areas to more than 80% over the 10- year period from 1990-99. The difference between the urban and rural tele-density offers huge opportunity to extend basic telephone services. Combined with basic telephone services, there is going to be a large demand for network expansion, and modernisation as the demand for broadband increases. Further, the convergence of voice-video communication and broadcasting is likely to increase and create demand for supporting technologies and services.

While telecommunications support the flow of information and knowledge, the equivalent of optical fibre optics in real economy are the roadways, railways, waterways and airways. These networks are required to support transport of goods from, into and within India's vast lands and present the opportunities to invest in long-term projects of developing roads, ports and airports. Bringing down the costs, improving efficiency and quality of transport infrastructure is a key policy objective that the government of India is pursuing vigorously.

In conclusion, from the investors' perspective, doing business in India means the same thing as doing business anywhere i.e., dealing with people and organisations in a given institutional environment. But since institutional environments vary among countries, and within countries, environments among states, it is critical to have a thorough understanding of the relevant institutions, legislations and market structure. Given below are some of the key features of the Indian economic and institutional environment:

- ❖ The market structure in the energy supply chain is dominated by public sector.
- ❖ There are policy intentions and instruments in place to create competitive markets in the generation and supply of electricity.
- ❖ There has been significant liberalisation of the petroleum exploration and refining markets
- ❖ The petrol and diesel retail markets for private sector will remain a challenge till the issue of subsidies on petrol and diesel is resolved at the political level.
- ❖ In telecommunications, the institutional structure, regulation and markets seem to be working well and the scene is set for increasing competition.
- ❖ Regulatory framework has been set up to facilitate competition, rationalisation of tariffs and to provide consumer protection in most of the infrastructure industries

Overview of the nature of business opportunities :

- ✓ Substantial opportunities exist in the infrastructure sector
- ✓ Opportunities are in long term projects, typically with projects lasting for 20-30 years
- ✓ Most opportunities require large capitals costs
- ✓ Public Private Partnerships are going to be the preferred mode of joint ventures between government and the private sector
- ✓ Significant long term tax benefits and other incentives on offer
- ✓ Although the reach of telecommunications has now covered most urban parts of India, there still remain opportunities in expanding the access and tele-density.
- ✓ In addition, there are opportunities to upgrade telecommunication networks so that they can handle increasing traffic on the internet, and also create capacity to manage convergence of telecommunication, media and entertainment industries.
- ✓ The strategic challenges in telecommunications are more conventional business challenges such as offering value for money to customers, quality of services and differentiation to achieve economies of scope and scale that this sector offers. g

human resource

Research evidence suggests that the human resource management (HRM) function helps in improving organizational performance, and also in achieving competitive advantage, though such empirical evidence is mainly restricted to the West. Having said that, the nature of the human resource (HR) function in India is now evolving fast and it is fast attaining the status of a "professional" function. In this connection, it is well known that multinational companies (MNCs) have rather well-developed HRM systems, and tend to mix and match between their global and local HR policies. To a great extent, the successful adoption of either globally standardized or localized HR policies depends on the key factors influencing the HRM policies and practices in a given local context, which also determines the nature of HRM systems prevalent for that set-up. In this write-up, we initially present an overview of the developments in the Indian HRM function, then highlight the main factors determining HRM in India, and finally discuss the key challenges that international HRM managers might face while operating in India.

The origins of the Indian personnel function can be traced back to the 1920s, when the Tata group began expressing concern for the welfare of its employees. The Trade Union Act of 1926 gave formal recognition to workers' unions, and the Factories Act of 1948 laid down the duties and qualifications of labour welfare officers. Indeed, the industrial relations role of personnel managers formed such an important part of their work that they came to be known as children of the Industrial Disputes Act 1947. Such developments can be termed as forming the foundations of the personnel function in India.

After India's independence, two professional bodies for the personnel function emerged - the Indian Institute of Personnel Management (IIPM) formed at Calcutta, and the National Institute of Labour Management (NILM) at Bombay. In the 1960s, the personnel function began to expand beyond the welfare aspect, with the three areas of Labour Welfare, Industrial Relations and Personnel Administration developing as the constituent roles for the emerging profession. In the 1970s, the thrust of the personnel function shifted towards greater organisational 'efficiency,' and by the 1980s, it began to use and focus on terms and issues such as HRM and human resource development (HRD). The two professional bodies (i.e. IIPM and NILM) merged in 1980 to form the National Institute of Personnel Management (NIPM), based in Bombay.

The above summary highlights how the Indian personnel function has evolved over the years. In this connection, one of the major factors contributing towards improving the status of the HR function has been the competition being created due to the liberalisation of economic policies in 1991 in India. As a result, Indian firms came under great pressure to change from indigenous, costly and probably less effective technology to a better, more effective and costly technology. The policies of that time required (to some extent they still do) a switch from labour intensive to more capital-intensive methods of production, and therefore required organisations to remove surplus labour and generate new sustainable employment. There was also a need to identify ways to increase productivity, reduce costs and over-manning, whilst generating employment, improving quality, and reducing voluntary and involuntary absenteeism. Such challenges demanded changes in the Indian personnel function. This has certainly taken place in many organisations where we now have an HR representation at the board level, a written HR strategy, established HR departments and HR playing an active role in the creation and delivery of the corporate strategy.

An understanding of the key determinants of HRM policies and practices helps to better understand the context-specific nature of HRM. Indeed, evidence suggests the existence of both 'culture-bound' (such as national culture and national institutions) and 'culture-free' (such as age, size and nature of the firm) determinants of HRM. These can be classified into three levels - the national factors (i.e. national culture, national institutions, business sectors and dynamic business environment), the contingent variables (such as age, size, nature, ownership, life cycle stage of organization, presence of trade unions and HR strategies and interests of different stakeholders) and organizational strategies (such as the ones proposed by Miles and Snow, and Porter) and policies (related to primary HR functions, internal labour markets, levels of strategic integration and devolvement of HRM, and the nature of work). Policy makers need to have a good understanding of the various aspects and measures of such factors and variables in order to better understand how these impact their HRM functions.

In order to meaningfully analyse the key determinants of HRM in India, it is important to identify the core aspects of each factor and variable influencing HRM in India. In this regard, the main aspects of *national culture* include: the socialisation process through which managers are 'made';

the basic assumptions which shape managers' behaviour; their common values, norms of behaviour and customs; the influence of pressure groups unique to a country; the unique ways of doing things, and the management logic in a particular country, all of which are reflective of a broader national business system. Given the regional/national focus of HRM, five *institutions* are worth considering regarding their influence on HRM in a given national context: national labour laws; trade unions; educational and vocational training set-up; role of professional bodies; and international business institutions. The aspects of a *dynamic business environment* identified as influencing HRM policies and practices in a cross-national context are: an increase in competition and pressures on productivity, quality or social costs of employment at both national and international level; the resulting growth of new business alliances or forms of corporate governance; automation of information systems and their impact on international business structures and co-ordination systems; change in composition of the work force; downsizing of organisations and transfer of work across a new international division of labour; and transfer of convergent best practice or creation of like-minded international cadre of managers. Finally, different aspects of *sector* which are known to influence HRM can include: common strategies, business logic and goals; sector specific regulations and standards; specific requirement/needs of supply chain management; need for sector-specific knowledge; informal or formal bench marking; cross-sector co-operative arrangements; common developments in business operations; and a sector specific labour market or skill requirements. Some of the main variables influencing HRM policies and practices in India include size, age, nature, type of ownership, and life cycle stage of the organisation; level of technology adopted; presence of a formal HRM department; existence of training

units in the HR department; type of organisational strategy; union status; interests of influential stakeholders; structure of organisation and HR strategy. It is important to note that due to the dynamic nature of HRM, a combination of the above mentioned factors and variables (and more) tend to determine the Indian HRM systems.

Given that increasing numbers of MNCs are lining up to enter India, and domestic firms are modifying their HRM systems in order to compete with them, the management of human resources has become crucial in the Indian context. In order to develop relevant HRM systems for the Indian context, HR policy makers need to consider a combination of both national and organisational level factors that significantly influence HRM in India. Also, the social, political, legal and economic contexts of India need to be clearly understood. As we know, trade unions, labour legislations and social networks play a significant role in the development and successful implementation of HRM policies and practices. If these dynamics are not carefully understood and addressed accordingly, then they can have a detrimental affect. Finally, India has a plethora of legislation, but their implementation is poor. Nevertheless, foreign firms are expected to fully adhere to such provisions. Understanding of such provisions is crucial – in this regard, local experts can prove to be very handy. 🅖

Conflict Resolution
In the Indian Context

Jacob D Vakkayil and Rajiv Kumar

conflict resolution

The social and political conflicts in India are spread across a vast spectrum with varied causes and contextual drivers. Resultantly, many ways of conflict handling and management have also been tried. In this backdrop it is especially interesting to explore the managerial implications of actions in this context.

We initially highlight examples of conflict in the context of Indian businesses at the macro and micro levels. At the macro level, we provide an overview of industrial disputes and resolution attempts and look at key mechanism available to address these in India. Though a large number of legal provisions and institutional mechanisms exist, implementation of these in true spirit is a key challenge in India. This is due to a large number of complex factors including the political and the socio-cultural situations within which companies operate in India. However, there are changes visible in this landscape. The companies in emerging sectors, such as information technology, offer better working conditions and compensation, and are more proactive in adopting advanced human resource management practices. Hence they have so far been unaffected by disputes that are ubiquitous in other sectors. There are also many instances of macro-conflicts arising from inheritance issues in family run firms, and conflicts arising out of associated changes and attempts at professionalization of these firms. Indeed, the Indian industrial landscape is characterized by a large number of family controlled firms and these issues acquire increased importance while doing business in India in association with these firms. A third factor that has led to recent macro conflicts is the increased land acquisition activities for firms. Disputes arising out of these have led to huge delays in industrial projects and have resulted in long-term impacts on the societal goodwill for companies. While in some places companies have held on, in others they have had to abandon major projects because of these.

India is characterized by a great deal of inequality. Although the people from the urban middle class have reaped the benefits of the recent economic liberalization, vast tracts of rural India are still untouched by these developments, and their initial contacts with the industry may not be smooth. Companies need to make investments in creating goodwill and educating people on the implications of their activities. Democratic political processes in India can make this engagement particularly challenging, as various political parties and pressure groups can use these issues for their own political ends making the situation complex for companies involved. There are also a number of micro level issues that are especially relevant for India which lead to situations of conflict within companies. These include the particular nature of work relationships in India which do not place much importance on formal contracts, the personalized nature of relationships, and issues arising out of cultural dimensions such as power distance. Moreover, India is highly diverse in terms of language, religions, food habits etc., and the complex interactions arising out of these multiple identities can often result in personal conflicts. Foreign executives who treat India as a large mass of more or less homogeneous people are likely face a rude shock and become frustrated when they find that they are unable to handle the complexities of socio-cultural affiliations and their impact on personal relationships at work.

In such a complex scenario, a number of managerial strategies can be identified. One of the most popular ways of analyzing these strategies has been to utilize a five-strategy model consisting of integrating, avoiding, dominating, yielding, and compromising. We adopted this model to try and understand the preferred styles of Indian managers. Our research shows an overall preference for the integrating style. A need for information was highlighted as an important factor driving conflict resolution strategies. In their efforts to mange conflicts, executives need to balance the requirement for more and more information with a need for efficiency in the process and the constraints imposed on them by the situation.

Next, we examine the possible relationships between cultural values and conflict handling behaviors. In this context, many researchers have highlighted the hierarchical way in which work relationships are structured in India. Tactics used for influence upward and downward in such an environment also can be different. These differences have an impact on conflict handling situations. Often the image of the family is used to reinforce particular forms of hierarchical relationships. Resultantly, there is also an inter-mingling of the personal and professional in India that can be confusing for those unfamiliar with these characteristics. Conflict situations should also be understood in the context of the collectivistic orientation that is often attributed to Indians and other cultures of the East. However, dubbing Indian managers as either collectivistic or individualistic is likely to be simplistic and erroneous as collectivism in India is also coupled with a strong streak of individualism. The preference for the integration strategy pointed out above also has cultural roots. Over centuries, India has developed renowned philosophical and spiritual traditions. This has resulted in a heightened awareness of the various systems of thought and the sensitivity to possibilities. This might be

the reason for predominance of managers who seek the integrative solutions as they are able to delineate faults easily, and are eager for the best possible solution. This can often result in lengthy negotiations that do not conclude unless an integrative solution is reached.

Finally, we offer a few guidelines for negotiation that could be of practical use to non-Indian managers operating in India. The issues of time orientation, ways of establishing a sense of fairness among the parties, and issues of trust building and sensitivity to the context of the colonial experience etc., are relevant considerations while preparing to negotiate in India. While negotiating with Indian companies, foreign managers should be prepared for a long drawn process with an emphasis on building relationships. They should also consider the Indian approach to idealism displayed during negotiations. This also calls for recognition of probable resistance from regulators, government authorities and political parties. Many companies in India are in the throes of a contradictory pattern wherein they also want to professionalize their operations in line with western multinational companies. However, while doing this they often hold dear the previously held attitudes, beliefs, values and systems. Foreign managers need to be ready for reconciling these opposing trends in creative ways to achieve their objectives. *g*

Nuggets

Margin of Error: Statistics and Predictions

By Norman A. Johnson,
Adjunct Professor University of Massachusetts

Aside from sports, the average person reading the news will probably encounter statistics most often when reading the results of political polls. Both in sports and in political polls, statistics provide predictive power. A team that wins 65% of its games will more likely than not defeat a team that wins 47% of its games. Of course, there are upsets; sometimes the team with the lower winning percentage defeats the favored team, but upsets are not supposed to happen most of the time. The same is true in politics; the candidate who is leading in the polls is expected to win, but upsets do happen.

Nate Silver, who became famous for his predictions about the 2008 election and who was a baseball statistician before turning to politics, discusses the likelihood of upsets in a recent column. He notes that political polls contain error because they are taken from small samples of the general population. Even if there are no systematic biases in the sample, there should still be some error. This error is frequently expressed as the margin of error. If Candidate A is leading Candidate B by 6 points and the margin of error is 4 points, then there is a large probability (typically 95%) that the true lead of candidate A is between 2 and 10 points. Scientists use a similar expression of error called "the confidence interval" to express their confidence that the true results lie within a given range (the confidence interval) — this is based on the result they obtained and the degree to which variability lurks in their data.

When the lead of the leading candidate is smaller than the margin of error, there is a reasonably large (and calculable) probability of an upset. Likewise, when the differences between two groups in a scientific study (as in a drug trial) are smaller than the confidence interval, there is a reasonably large probability that there are really are no inherent differences between the groups and that the observed differences are just due to sampling error (chance).
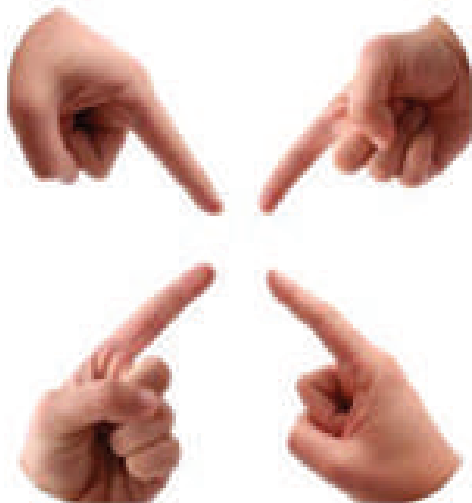
Errors other than this statistical noise exist in politics, sports, and science. It is possible that the people polled do not reflect a true unbiased sample of the population that will turn out to vote. For instance, the poll may have sampled more Republicans (or more Democrats) than will turn out to vote. This would be a systematic bias in the poll. Likewise, in a scientific experiment, the groups being studied may be different before the experiment. For instance, the group given the drug to be tested may consist of people that exercise more on average than those in the control group; differences in the two groups may reflect this difference in exercising and not the effect of the drug. In the case of sports contests, sometimes the team with the better record isn't playing at its best for particular reasons (e.g., its star player has a knee injury).

In politics, as Silver points out, we have a track record. We know from past results that senate candidates who lead by 6–9 points 30–60 days before the election have won the election 7 out of 7 times. We know that senate candidates leading by 3–6 points have a 9–3 record. Silver also states that we are not psychologically equipped to make very good probabilistic predictions. He states: " We're pretty decent at telling a favorite from an underdog, but we're not so good at telling an 8:1 underdog from an 80:1 underdog or an 8,000:1 underdog, even though those are huge differences statistically. " *g*

Source: Scitable, Nature Education

Outsourcing
Destination India

Charmi Patel and Pawan Budhwar

With an average 6.2% growth of GDP (in the last decade), an international exchange 7 times larger than in 1991 and a value of investments more than 30 times greater, India is the second largest economy in the world (after China) in terms of its growth rate. One of the key industries that have propelled this rise and growth is Information Technology (IT). It includes a vast range of activities from IT enabled services (ITeS), to development and maintenance of software. What was, at first, the externalisation of single activities, has now become a phenomenon involving entire processes, known as Business Process Outsourcing (BPO).

Outsourcing and off-shoring are terms that are often used interchangeably, by both practitioners and research scholars, despite some important technical differences. With increasing globalization of outsourcing companies, the distinction between outsourcing and off-shoring has become less clear over time. This is evident as increasingly companies are outsourcing their operations or business processes to firms in foreign countries, often to take advantage of cheap skilled labor, resulting in offshore outsourcing.

India has capitalized on this, emerging as a preferred destination for several kinds of processes. The Indian IT-BPO industry had estimated revenues of US$ 71.7 billion in FY2009, with indirect employment levels estimated to be around 8 million. The export revenues grossed an estimated US$ 47.3 billion in FY2009, accounting for 66% of the total IT-BPO industry revenues. As a proportion of national GDP, the sector revenues grew from 1.2 % in FY1998 to an estimated 5.8 % in FY2009. The net value added by this sector, to the economy, is estimated at 3.5-4.1% for FY2009. The sector's share of total Indian exports (merchandise plus services) has increased from less than 4% in 1998 to almost 16% in 2008.

As we can see, the Indian ITO/BPO industry has had an incredible run over the last two decades, gaining a poster-boy image and placing the country on the global map. What was a US$4 billion industry in 1998 grew to a US $52 billion sector in 2008, employing over 2 million people. The industry's vertical market exposure is well diversified across several mature and emerging sectors. Banking, financial services and insurance (BFSI) remained the largest vertical market for Indian IT-BPO exports, followed by hi-tech/telecom which together accounted for 61% of the Indian IT-BPO exports in FY2008. Direct employment in Indian

IT-BPO crossed the 2.2 million mark -- an increase of about 226,000 professionals over FY2008. At the same time,

despite these major strides, the IT-BPO sector is facing significant challenges that could impact its future growth if corrective actions are not taken. Below we present an overview of the same which should are critical for investors to consider.

The Indian outsourcing industry has a number of barriers for its growth. Some of these include a) relatively poor infrastructure and electricity, b) the lack of a customer service culture, c) cultural differences between employees and clients, d) under-trained representatives speaking English with a heavy accent (in the case of voice based captive call centres), e) scarcity of language skills other than English, f) employees with relatively little work experience in the outsourcing sector, g) increasing automation of customer interaction technologies, etc to name a few. The impact of such constraints is clearly demonstrated by the fact that a number of outsourcing operators have gone bust in the past. There have also been several emerging reports that highlight a number of issues related to management of human resources (HR) in the outsourcing sector, such as high attrition rates, and issues with motivation, efficiency, and the well-being of employees.

In order to successfully outsource to India, selecting an appropriate off-shoring model is crucial and should be an important aspect of any company's outsourcing plan. The process involves several factors, including aspects of international business strategy, scanning the landscape and deciding on the outsourcing strategy. In fact, selecting a location with a long-term commitment to maintaining world-class levels of performance in a business process can help ensure satisfaction with the decision to offshore long after wage differentials have disappeared. The classic example is India and information technology (IT), where companies now look to India as much for the quality of its IT professionals as for the price of its labor. Early movers into off-shoring that were able to discern this long-term commitment reaped the benefits of wage arbitrage in the early years and world-class levels of performance more recently.

After selecting the appropriate location and supplier, the next most crucial step is the implementation of processes and activities. In this regard, it will be useful to set up a pilot project so as to clarify the dynamics and effect of change on the internal organisation of the company. The best candidates for offshoring are self-contained processes with minimal "surface area." The overhead associated with offshoring activities that cannot be easily and naturally

decoupled from activities that will remain onshore generally exceeds projected savings from wage arbitrage. Adding an unnecessary handoff for purposes of offshoring also increases the chances of error or miscommunication. The transition process is probably the most delicate stage of the implementation of a service offshoring strategy. The problems encountered during this phase by companies, are numerous -- from work interruptions to loss of data; from spreading of uncertainty and loss of motivation by the firm's employees to complaints issued by trade-unions. Thus, companies should not cut corners on knowledge transfer. Investments in knowledge transfer, including substantial travel for both onshore and offshore personnel, will pay large dividends in the form of quicker implementation and better quality. Once activities and processes are implemented, it's important to baseline existing performance levels. An accurate baseline helps the offshore organization to set reasonable, achievable performance targets. Inflated opinions of existing service levels can be a barrier to consideration of offshoring, implementation and ultimate satisfaction.

In spite of all the precautions and care that an organization might take, the truth is that each offshore location comes with a unique set of risks and challenges. These may be different from the challenges typically faced in developed economies. Events such as general strikes and power outages, as well as the consequences of official corruption, may need to be contemplated in business continuity plans alongside more traditional considerations. Advance planning is the key to making sure that offshore locations are no more exposed to unplanned business interruptions than those onshore. Further, companies should never leave process improvement entirely to the offshore organization, a common mistake made by most companies. "Lift and Shift" has an intuitive appeal because it leaves offshore resources, often less expensive and more highly motivated, to make improvements that onshore resources have presumably failed to make for years. Despite Lift and Shift's intuitive appeal, experience and literature suggest that the best time to make process improvements is in the transition from onshore to offshore, when the organization is in flux and methods of operating have yet to become entrenched. The price of the additional implementation time and effort will prove worth paying. In recent years, there's been a seemingly endless boom in offshore outsourcing. But companies that think handing off an operation to an overseas partner is easy can have a rude awakening. The transition often proves to be much more

costly and complicated then expected.   By proposing a scheme that describes the strategic path for developing a sourcing channel in India, we have combined the experiences of some selected firms and suggestions from the past and present literature. Based on our research and analyses, we present some critical Do's and Don'ts for those interested in outsourcing/offshoring activities to India.

Do

- ❑ Carry out strategic evaluation, which aims at defining the relative importance of each activity with respect to the core business. The distinction between 'core' and 'non-core' activities is one of the key aspects for global sourcing projects.

- ❑ Check out the supplier's expertise in the field of offshoring and its past and present customers. If possible, talk to them about their experiences

- ❑ Get your act together internally. Ensure that you have the right cross-functional team formed to assess service options, including sourcing/procurement, financial and technical representation.

Do not

- ❑ Do not get carried away only with the perceived cost savings of outsourcing on a total cost/employee basis as the productivity, delivery of the SLAs (service level agreements), quality of services & cost in managing the engagement are equally important.

- ❑ Do not treat the supplier as an outsider. Once you outsource, your supplier is part of your company; treat them that way. Give them a sense of 'ownership' of their tasks.

- ❑ Do not feel relieved of all responsibility and abdicate control to the supplier. In other words, sometimes companies think once they outsource they can wash their hands of the project. Instead, work with offshore managers on improvement plans and minimizing any risks.

success stories

In this article, we investigate the success stories of two Indian organizations which were able to institutionalize innovative strategic human resource systems and processes. We highlight how a changing context of liberalization was witness to an HR struggle of changing from archaic, transactional approaches to strategic, efficient, effective and innovative HR system.

To understand the case studies, we navigate the changing Indian business context, to better comprehend the ground reality pre and post–liberalization. Over the last two decades, the labor intensive Indian market started moving from reactive to proactive and innovative, and has become HR-metrics driven, with effective and efficient people management systems, which were adopted by the growing numbers of global MNCs, BPOs and other private firms. There has been a change in the landscape of people management practices across all sectors of the Indian industry, with focus on up and coming themes of strategic and innovative HR; talent management; six-sigma in HR function and commitment based HR, many of which were adopted by leading organizations. Thus the HR systems in public sector organizations, as well as in private sector manufacturing companies needed to undergo transformation, as these organizations had to compete with the innovative and proactive people management systems of global MNCs.

Talent, which is one of the most important assets needed, for an organization to run smoothly, witnessed a flow towards the MNCs which offered not only better compensation packages but also a better working culture. It became imperative for many Indian organizations to change, restructure and realign their systems, so as to tailor their systems to the changing business landscape.

Further, many research studies in India, tested the business landscape and HR systems in public sector and private/multinational firms but from the empirical lens .Most of these studies provided valid information regarding the ground reality of the HRM systems that could enhance the innovativeness and competitiveness of firms. Most of these studies were data driven and used hypothesis-testing compared to relatively scarce, in–depth case study based research studies to understand this emerging ground reality.

Given the above gap, a need was felt for in–depth case studies which clarify the issues that Indian organizations are dealing with, and also introduce the managers to ground realities in the HR domain.

This article addresses these needs, describes the various changes incorporated in HR systems and processes that are designed to move it into a strategic and innovative realm.

This article emphasizes important lessons for practitioners and academicians about post liberalization restructuring. It also brings forth the role of strategic HR and talent management interventions which become important with line functions. The cases highlight the importance of communication strategy and the need for it to be synchronized with the HR strategy. An important lesson is that the key driver to success is changing the competencies of Indian managers, so they are better equipped to deal with the increasing complexities of a hypercompetitive environment.

The first case study is of a large public sector organization undergoing restructuring. The overall theme here was: "Business partner first, business partner last" and each SBU had its own theme. For example, the HRM department's theme was, "It is a great place to be," for the Lubes unit it was "Survive today, to be there in the future," and the retail SBU's theme was "People above all; We care for you; We exist because of you."

Included in our examination are the issues of how the re-design had affected internal and external customers and also how the strategic HR role of line managers is embedded in a transforming system. As the redesign got underway, HRM was on the same level as other support services, like finance and information systems. HRM's support services were organized into three structures: embedded support services, shared support services, and corporate services. Embedded HRM refers to HR role embedded within line manager's role.

The overarching philosophy at the organization is: "People come first, business follows. That is how we write our future …..our destiny." The second case study is of a private sector company that made changes in its HRM practices, talent acquisition strategy, and organizational culture which enhanced the firm's competitive advantage, leading to talent loyalty and high organizational commitment. The company also attempted to build social capital by developing trust and building interdependencies between the teams. For example, the top management tried to make it an organization where people were valued and they have sense of respect and significant value. The culture of individual learning and teamwork was institutionalized at this organization. HR was responsible for teaching managers

to let go of control, and instead concentrate on building an organization that encouraged innovative thinking, which facilitated growth and fosters a culture of achievement. Such has been the involvement of the HR Department in both organizations that a systemic change in HR and organization development has led to an overhaul of the recruitment, career management, performance appraisal, retraining and redeployment and compensation policies of both organizations.

Overall, both organizations have undergone restructuring processes wherein the HR department has taken a strategic role and has delivered key success stories in the evolution of their respective organizations. This is partially because, over the last fifteen years or so, the business environment in India has been dynamic and turbulent, and at the same time, has witnessed liberalization, deregulation and globalization. Organizations, such as the two we investigated, have undergone phases of restructuring to ensure focused HR processes and talent management, and this is what has ultimately differentiated these organizations from their competitors. The cases reinforce that the ability to manage HR effectively is a key competence that organizations have to face while doing business in India. Further, the lessons highlighted that perhaps the key to success was the mapping of changing competencies in Indian managers, in a complex, hypercompetitive and changing market place. What became very clear through our investigation are the importance of embedded role of HR in line management and its importance during a change process. Also, that communication and HR strategy needed to be synchronized while looking at both external and internal needs of the organization.

Overall, the implications of the case studies (and the experience of other emerging MNCs) revolve around the ability to use HRM as a strategic tool that is aligned to the changing business dynamics of the environment. The cases offer a number of lessons that are potentially important for researchers and practitioners, who are, or will be, trying to understand the emerging HRM practices in large business groups within the Indian context. _g_

Nuggets

'Pre-crime' Comes to the HR Dept.

The pre-crime concept is coming very soon to the world of Human Resources (HR) and employee management.

A Santa Barbara, California, startup called Social Intelligence data-mines the social networks to help companies decide if they really want to hire you.

While background checks, which mainly look for a criminal record, and even credit checks have become more common, Social Intelligence is the first company that I'm aware of that systematically trolls social networks for evidence of bad character.

Using automation software that slogs through Facebook, Twitter, Flickr, YouTube, LinkedIn, blogs, and "thousands of other sources," the company develops a report on the "real you" -- not the carefully crafted you in your resume. The service is called Social Intelligence Hiring. The company promises a 48-hour turn-around.

Because it's illegal to consider race, religion, age, sexual orientation and other factors, the company doesn't include that information in its reports. Humans review the reports to eliminate false positives. And the company uses only publically shared data -- it doesn't "friend" targets to get private posts, for example.

The reports feature a visual snapshot of what kind of person you are, evaluating you in categories like "Poor Judgment," "Gangs," "Drugs and Drug Lingo" and "Demonstrating Potentially Violent Behavior." The company mines for rich nuggets of raw sewage in the form of racy photos, unguarded commentary about drugs and alcohol and much more.

The company also offers a separate Social Intelligence Monitoring service to watch the personal activity of existing employees on an ongoing basis. The service is advertised as a way to enforce company social media policies, but given that criteria are company-defined, it's not clear whether it's possible to monitor personal activity.

The service provides real-time notification alerts, so presumably the moment your old college buddy tags an old photo of you naked, drunk and armed on Facebook, the boss gets a text message with a link.

Two aspects of this are worth noting. First, company spokespeople emphasize liability. What happens if one of your employees freaks out, comes to work and starts threatening coworkers with a samurai sword? You'll be held responsible because all of the signs of such behavior were clear for all to see on public Facebook pages. That's why you should scan every prospective hire and run continued scans on every existing employee.

In other words, they make the case that now that people use social networks, companies will be expected (by shareholders, etc.) to monitor those services and protect the company from lawsuits, damage to reputation, and other harm. And they're probably right.

Second, the company provides reporting that deemphasizes specific actions and emphasizes character. It's less about "what did the employee do" and more about "what kind of person is this employee?"

Because, again, the goal isn't punishment for past behavior but protection of the company from future behavior.

It's all about the future. _g_

Source: The Raw Feed

expats in India

As numerous authors have noted over the years, India is a very diverse country, in every sense of the term. Indeed, it is often said that however you describe India, the opposite is likely to hold true also! While there is no doubt that each expatriate is likely to have a different experience in any country, having some useful information prior to traveling to that country can help the expatriate prepare better. Here, we present useful information for expatriates who are on assignment to India, and have to live there for an extended period. We discuss such critical issues as religion, food, transport, weather, shopping, safety, and medical and housing. It is critical that one become intimately familiar with how these things work in India, as generalizing based on what one might have seen in Bollywood movies, or read in a novel, may prove to be misleading. As an example, religion plays an important part of people's everyday lives in India, yet Indians cannot be deemed "religious" in the traditional sense. Indeed, India is the most diverse country on earth, yet people celebrate each others' religious festival with equal fervor.

Similarly, when it comes to food, Indian food is in fact a misnomer. The truth is that there are as many varieties of cuisine in India as there are languages. It is true that Indian cuisine has gained in popularity all over the world, with Indian restaurants now being present in almost every part of the world. However, the food served in most of the restaurants is derived from the north-western state of Punjab. Having said that, there are some commonalities across most of the Indian cuisine. For example, in general, Indian food is spicy, and a majority of Indians do not eat meat.

It might surprise some readers that Indian restaurants have existed alongside restaurants serving Chinese (primarily Cantonese and to a lesser extent Sichuan) food for decades in almost all Indian cities. Indeed, Chinese food is so popular in India that it is often adapted by infusing local ingredients and spices; to the extent that it may not be recognizable as Chinese food anymore. In addition, British cuisine (e.g. baked beans, toast, omelets etc) has been a part of the Indian food scene for so long that it has made its way as a staple into many Indian homes, and is not seen as a foreign cuisine anymore. However, the increasing number of expatriates now coming to India has led to a rise in the types of cuisines now available in restaurants in all major cities. Thus, one is likely to find restaurants serving Japanese, Thai, Mexican, Lebanese, Greek and other international cuisine in all major cities, so one will not be limited for choices when it comes to food. Next, a sense of humor is critical while living in India. The ability to laugh off the challenges due to

bureaucracy, people saying yes when they do not know, transportation gridlock, language issues and such, will prove very useful when moving to India. One will find that services such as household maids, servants and drivers, hair dressing saloons, plumbers, electricians and telecommunications are considerably cheap and plentiful. Not surprisingly, asking one's neighbors over a cup of tea or leaning over the fence will provide invaluable information about life and living in India. In general, one will find neighbors very helpful, though depending on the part of the country, they can sometimes be a bit nosy.

One should be prepared for the lack of personal space and some rather strange and perhaps surprising personal questions. One potentially jarring experience is the concept of time. Working in the west would generally mean that times and dates are rather sacrosanct. An arranged meeting usually happens on the committed date and time. In India, an agreed date and time is usually indicative -- one should not be surprised if the time and date are moved without much notice. Relatedly, dinner invitation times are loose and one might find that guests appear anything between 1-2 hours later than specified.

Overall, we have learnt through our research that in order to succeed in India, one must create a clear and transparent set of guiding business principles, to help drive business relationships. Too many commercial relationships begin by trying to create legal contracts and very detailed master service agreements. Cultural factors and the speed of business change means that the relationship should be governed under a light touch governance framework.

Indeed, flexibility and the ability to review and renew are critical, and MNCs must be very clear about the reasons for operating in India or operating in/with an Indian MNC. It is critical to identify "why" one wants to operate in India – lower costs? higher capacity? new markets? market share? Given the nature of Indian business and the long-term culture, clarity and consistency are critical. Next, it is important to recognise the cultural challenges and work with them. In India, there are many sub-cultures emanating from differences in religion, language, region, gender and so on – indeed, there are no hard and fast rules except for one -- recognise the cultural factor and incorporate it in your plans.

In terms of establishing working relationships, we recommend applying the "trust but verify" principle. Micromanagement rarely works in the Indian environment or in Indian MNCs. High-level strategy, direction and guidance

supported by good governance, tracking and reporting is a good starting point to establish a relationship or a business. Further, it is important to be knowledgeable about, and devote resources (time, funding, employees) to, regulatory and government requirements. Non-compliance with stated and unstated regulatory, government (central, state, local and institutional) requirements can be problematic. It should also be noted that political involvement can and does play a part in business and it is critical that managers be cognisant of that fact. While this may not be a huge issue on the operating level, at the strategic level, there is frequently a close and important linkage with local, state and central political institutions.

Next, size does matter -- India being India, the sheer numbers in almost any form of economic activity (ranging from number of customers, distribution channels, financials and economics, packaging, transportation, etc.) can require some mental adjustments to be made for managers not accustomed to working with Indian firms or conditions.   It is important that MNCs and their executives are prepared for surprises, and prepared to be patient. India does offer all manner of surprises, and sometimes disappointments, but if one is willing to wait, things will work out. Western models of time and efficiency do not apply in India. Finally, we recommend that MNC executives learn as much as you can about India before they set out to do business in India – while the country is too diverse and complex for anyone, including Indians, to claim they know all, it is essential to have a basic understanding of the country and its systems and people.

Further, to get an expatriate perspective, we also interviewed Dr. Alexander Prokhorov, CEO, Nerthus Technology, Kolkata, India, who was kind enough to share his experiences, and offer valuable advice for expatriates planning to live and work in India. Drawing upon his own experiences over the past 2 decades, Alex notes that it is absolutely critical that anyone attempting to do business in India, to have an in-depth knowledge of the country, along with the ability and the desire to learn. As he points out "India has a lot to teach! One must not give up easily – if you want to succeed here, be persistent. In my opinion,

India is one of the best places for an ambitious person, who is willing to tough it out. I believe it can be the ultimate business experience for a shrewd individual with a sharp mind, who is driven, yet open-minded enough to learn along the way." He goes on to note that the reward for those persistent enough is that India fulfills the human needs of dharma (righteousness), artha (wealth), and kama (desire).

Overall, we believe we have presented the reader with critical information about living in India, and we are confident that the readers – especially executives of MNCs planning to do business in India – will find the information very helpful. g

Nuggets

The Future of Predicting the Future

Predicting future behavior, in fact, is something of a growth industry.

A Cambridge, company called Recorded Future, which is funded by both Google and the CIA, claims to use its "temporal analytics engine" to predict future events and activities by companies and individual people.

Like Social Intelligence, Recorded Future uses proprietary software to scan all kinds of public web sites, then use some kind of magic pixie dust to find both invisible logical linkages (as opposed to HTML hyperlinks) that lead to likely outcomes. Plug in your search criteria, and the results come in the form of surprisingly accurate future predictions.

Recorded Future is only one of many new approaches to predictive analytics expected to emerge over the next year or two. The ability to crunch data to predict future outcomes will be used increasingly to estimate traffic jams, public unrest, and stock performance. But it will also be used to predict the behavior of employees.

Google revealed last year, for example, that it is developing a search algorithm that can accurately predict which of its employees are most likely to quit. It's based on a predictive analysis of things like employee reviews and salary histories. They simply turn the software loose on personnel records, then the system spits out a list of the people who are probably going to resign soon. g

Source: The Raw Feed

Indian Market
And Consumers

Ravi Shanker and Debdeep De

market & consumers

Marketing and distribution strategies in India have gone through substantial changes over the last fifty years, as the Indian market has emerged as one of the most significant markets in terms of increase in purchasing power accompanied by a gradual shift towards more aggressive consumerism.

The lack of infrastructure and limited banking facilities on the one hand, and low literacy rates combined with low disposable incomes on the other hand, have typified the Indian market for a long time since independence in 1947. These gaps are now being bridged, and the Indian market is on the threshold of a boom. The investment in organised retail marketing and the changing consumption patterns are evidence of growth and development in the Indian market. However, in order to appeal to all classes of society, retail businesses would need to understand the different cultures and consumer patterns in a country as diverse as India.

Thus, we currently find a number of successful regional players, and barely any national retail chains, perhaps because it would take enormous effort and a long time before nation-wide retail chains start to emerge. Thus, it seems that the strategy among most existing retail chains of various formats is to completely saturate the markets where they are already established players and then move on to virtually untouched areas where the challenge of sourcing resources and extending their supply chain model to best suit the size and expanse of the market would be a challenging task. With retailing in India attracting the attention of global players, the Indian government is paying increasing attention to the country's retail environment, and the impact that the opening up of retailing would have on domestic retailers.

India's overall retail sector is expected to rise to US$ 833 billion by 2013 and to US$ 1.3 trillion by 2018, at a compound annual growth rate of 10 per cent. Also, organised retail, which accounts for almost 5 per cent of the market, is expected to grow at a CAGR of 40 per cent from US$ 20 billion in 2007 to US$ 107 billion by 2013 (AT Kearney). Indeed, India has emerged the third most attractive market destination for apparel retailers, with one of the largest numbers of retail outlets in the world.

Thus the Indian market has become increasingly attractive for global marketers, as it now has the capacity and purchasing power to e able to purchase foreign consumer products. Not surprisingly, we now see foreign marketers in diverse sectors from automobiles and consumer electronics to soft drinks and fast food, and these companies are now competing with domestic marketers An essential requirement for marketing success in India is access to local channels of distribution. However, the Indian industry topography is such that spreading presence across cities is a tough call. Thus, for organised retailing chains to be able to go national requires significant investments and this effort has to be intertwined with complex but proper supply chain and logistics issues. As an example, companies like RPG Group's Food World, Nilgiris, Margin Free, Giant and Subhiksha, are all more or less concentrated in the south of India; Sabka Bazaar has a presence only in and around Delhi; Haiko and Radhakrishna Foodland are Mumbai-centric; while Adani is Ahmedabad-centric. Most products are sold in India in a tiered distribution system: distributor, wholesaler, and dealer/retailer.

Most channel intermediaries are small and relatively unsophisticated operators, unlike the large chains commonly seen in the west. They are often family-run businesses bound by cultural tradition, where bargaining and negotiation are common business practices. To remain competitive in the attractive Indian market, foreign suppliers must be able to effectively manage their relationships with local intermediaries.

The key to this would be using the right influence strategies which would help the supplier attain its business goals, but which would also keep the intermediaries satisfied, motivated, and performing

In this article, we attempted to analyse the birth of the retail industry in India as an emerging trend of the changing consumer patterns of Indians, and tried to identify the strategies to be undertaken by the foreign investors to penetrate the Indian market.

We now offer takeaways -- specifically for foreign investors who want to explore the emerging Indian market. There are several policy issues relating to the role of government. First, foreign investors will need to be aware of, and abide by, all relevant legislation. Many a times, legal pleas do not work in terms of resolving issues.

Next, the Indian traditional cultural environment has to be appreciated while identifying and selecting investment destinations. Finally, the spending pattern of the individuals needs to be assessed, coupled with the change in the income level. Overall, the Indian market has some unique features which need to be appreciated before selecting India as an investment destination.

global footprints

The growth rate of the number of Transnational corporations (TNCs) from developing countries and transition economies over the past 15 years has exceeded those from developed countries. Asia dominates the list of 100 largest developing country TNCs with an estimated foreign assets of $570 billion. It is therefore anticipated that in the new world economy, the balance of power will shift to the East as China and India continue to evolve as two of the most attractive inward as well as outward FDI destination countries. In 2008, seven Indian multinationals featured in Global Fortune 500 and twenty in Boston Consulting Group's BCG 100 new Global Challengers.

This article focuses on the nature and characteristics of multinational companies from India, from an emerging market perspective. It tracks the global footprints of the Indian MNCs without reference to their operations and performance in the domestic market. It identifies the defining features that explain their internationalisation strategies, the rationale behind these strategies and how they compare and contrast with different time periods.

It also pinpoints some of the crucial factors that underpin their success as well those that threaten their future growth and viability. It concludes with an optimistic view of the way ahead for these companies without losing sight of the current realities and challenges.

Reflecting the importance of the liberalisation process initiated by the Government of India since 1991, analysts typically present the trends, patterns and determinants of outward FDI by Indian enterprises in two phases or waves, that is, pre and post 1991.

The main competitive strength of Indian firms in the first wave was the capability in reverse engineering by replicating foreign technologies in cost efficient modes, particularly in the manufacturing sector that constituted over 90% of its FDI stock.

However, the second wave of internationalisation by Indian firms that started in 1990s is significantly different. The competitive advantages of Indian multinationals today are more broad based and include technology, skills, management expertise, quality and scale of production. In terms of ownership pattern, over 70% of Indian multinationals have shown an overwhelming preference for complete control over their overseas ventures, mainly to protect their firm specific advantages and also due to the relaxation of government policy restriction on Indian equity participation. The Indian firms are also showing a clear preference for overseas acquisition as an entry strategy,

largely in developed countries "as they are the centre of frontier technological activities globally and have large-sized domestic markets'.

While many of the dominant Asian TNCs are state owned enterprises and operate in the primary sector (oil, gas, and mining), Indian TNCs are mostly privately owned and many of them operate in highly competitive markets, such as IT services. The key driver of internationalisation for Indian TNCs is market related factors, i.e., "the need to pursue customers for niche products – for example, in IT services – and the lack of international linkages".

An empirical study of over 4000 Indian enterprises in manufacturing for the period 1989 to 2000, indicates "a shift in the geographical and sectoral focus of Indian investments" and suggest that "Indian enterprises draw ownership advantages from accumulated production experience, cost effectiveness of their production processes and adaptations to imported technologies made with technological effort, and sometimes with the ability to differentiate the product."

Further, "Many Indian firms also have adopted overseas acquisitions as a strategy of acquiring new technologies, skills and expertise from developed countries."

In addition, "outward investment assists them to strengthen their trade-supporting infrastructure overseas leading to higher exports." Moreover, Indian firms are also using overseas investment to secure sources of raw materials in industries, such as gas, oil, copper, aluminium and steel. As a result, the competitive advantages of Indian multinationals today are more broad based and include technology, skills, management expertise, quality and scale of production.

Unlike western country MNCs, Indian MNCs often acquire companies burdened with high costs and a declining domestic market but who have a good brand name, customers and know-how (The Economist, 2007). Cost-effective engineering, also known as 'frugal engineering' is seen to be the hall mark of some of the Indian global success stories. In the service sector, the Indian IT firms are seen to be at the fore front in acquiring the highest number of quality certifications and accreditations, including some world firsts,

The Indian multinationals seem to "represent a new breed of multinationals that build their competitive advantage in novel ways; multinational corporations that derive their advantage from service rather than technological innovations and manufacturing MNCs that straddle
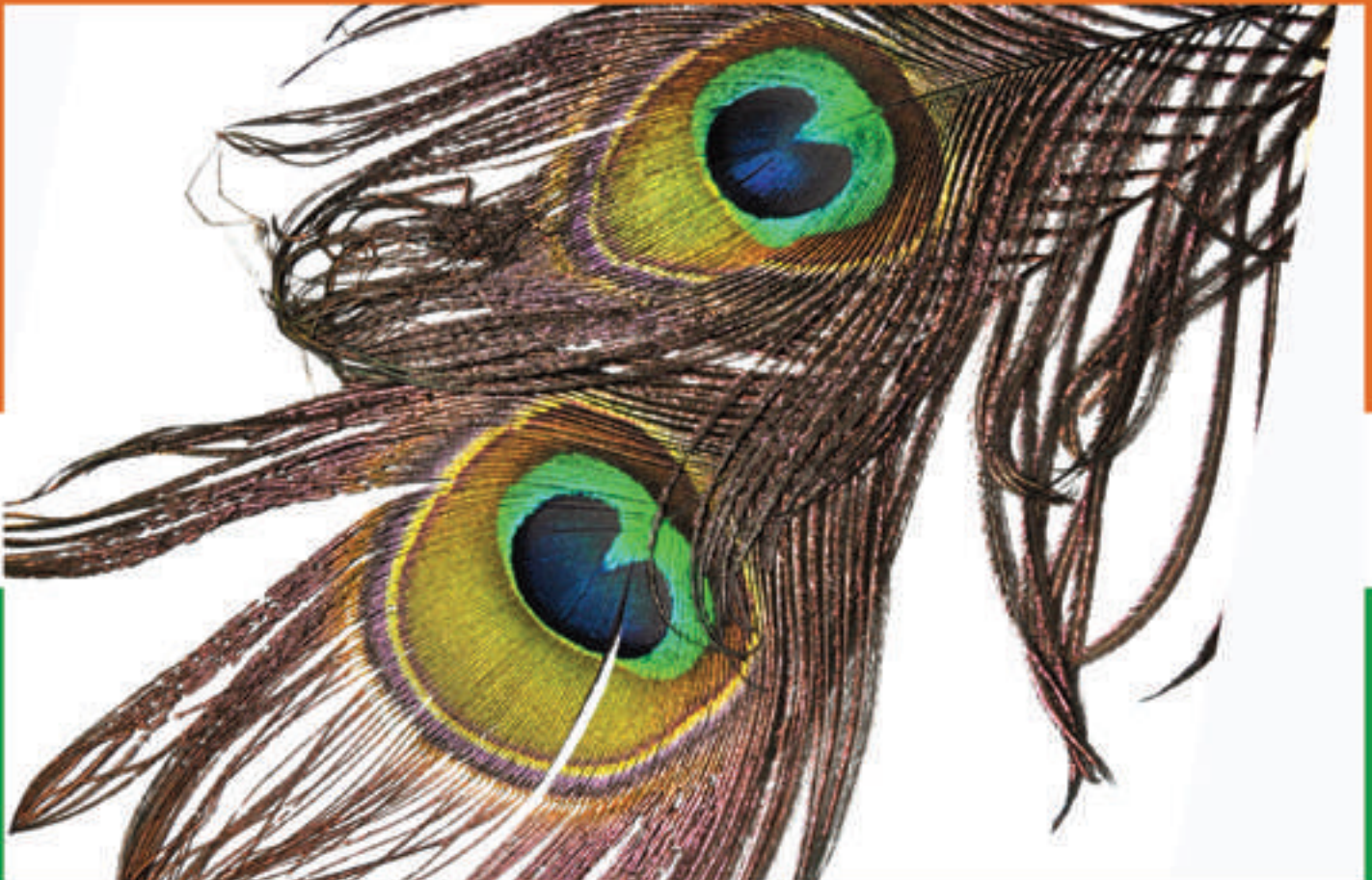
DOING BUSINESS in india

a low-cost and medium technology position". In the service sector, the Indian IT firms are seen to be at the fore front in acquiring the highest number of quality certifications and accreditations. Human resources are one of the key strengths of the Indian economy in the world. While most of the developed countries are experiencing falling birth rates and ageing population, Indian population is one of the youngest with nearly 80% under the age of 40 and the country boasts of the second largest pool of scientific and engineering talent in the world – one of the key resources in the services based knowledge economy. For example, in the Indian IT and IT-enabled services (ITES) sector, nearly 90% employees are under 30 years and tertiary qualified. Indian diaspora, estimated at more than 20 million worldwide, is the richest ethnic community in the USA and contributes to India's healthy foreign exchange balance through remittances. Considering that the intellectual capital is one of the key sustainable competitive advantages in the knowledge economy, human resources are one of the biggest strengths of Indian firms, both locally and internationally In terms of challenges, as compared to established

MNCs, Indian MNCs face additional hurdles, such as liability of country of origin with perceived poor global image of their home country, newness and smallness in their internationalisation efforts. The global economic crisis, fundamental weaknesses in the Indian economy, attracting and retaining quality talent, lack of global mindset and corporate governance are some the challenges faced by Indian MNCs.

The success story of Indian multinationals indicate that they have reached a critical mass to realise their global ambitions to become one of the key economic super powers of the world by the middle of this century. They may not yet have the size, speed and state support of some of their counterparts but they certainly have the entrepreneurial spirit and talent. For managers doing business in India, this article raises their awareness about the global competencies and capabilities of Indian enterprises as potential competitors and strategic business partners. This would help them position their standing in the Indian market by identifying the management areas where they can add value that are distinct from local firms. g

The book "Doing Business in India" has been edited by Pawan S. Budhwar and Arup Varma and has been published by Routledge. We are presenting the excerpts of all the Chapters here in Gray Matters Quarterly, as a special section, for the benefit of our readers. The book can be ordered at: http://www.routledge.com/books/details/9780415777551/

Ganges 21

Paintings by Kevin Pearsh

Born in the great open spaces of Australia, Kevin Pearsh lives in a quaint village in Burgandy, 370 kms away from Paris in France. A seasoned traveller, he sets up his easel like a photographer looking through a viewfinder. He has always explored new horizons of colour and light. With a keen sense of observation, he closely focuses on his subject while always giving us a feeling for what surrounds it.

The artist always turns his gaze towards the natural environment, to the landscape, and human presences, though he does not show their faces, preferring to paint human figures from the back, showing the nape of the neck, a mane of hair, or their rippling reflection in the water.

evoke aesthetic beauty, they are never mannered or ostentatious.

These scenes of ordinary life are springboards for the imagination: as we look at them, we recreate space in our minds, and our feelings free themselves from the world around us. The crowd is far away: tiny moving characters or solitary figures lost in contemplation. All is calm, bathed in the soft aura reflected in the turbulent steel-blue or ice-turquoise waters of the river. Reflections resurface, struggling against the down-current of our own meditation.

For 30 years Pearsh's elegant paintings have delighted

Kevin loves India and has travelled from Gomukh to Gangasagar for a period of 2 years painting different aspects of life along the Ganges. He selected 21 of these paintings, which were titled "Ganges 21" and were exhibited in Delhi and Kolkata recently. In this exhibition he has journeyed along the Ganges, from the high Himalayas to the Gulf of Bengal: a sacred river full of contrasts, whose waters can be both imposing and at the same time of a highly spiritual and benevolent nature. His next exhibition of these painting would be in Varanasi around November, 2010. Some of the paintings from this series have been depicted with this article.

Kevin Pearsh's chromatic range is exceptionally fine, taking inspiration from the subtle hues of saris, colourful range of spices and the magic of Indian temples as reflected in water. His paintings shimmer with all-embracing light. These vibrant canvases reflect not only outward appearances but also something closer to the soul. Though they seek to

art lovers all over the world. His work can be found in private prestigious collections around the world (Gunther Ketterer in Switzerland, Longchamps Paris, Perrier Waters) and major galleries such as the Tate Gallery in London, the Museum of Santa Barbara, and the Fitzwilliam in Cambridge, Great Britain.

Worth it's weight in gold

It's easy to criticize the rich for extravagant lifestyles, especially at a time when so many are facing financial hardships in a suffering economy. However, what often is overlooked or outright ignored are the philanthropic activities that the richest of the rich are involved with. Supporting causes ranging from higher education to the eradication of terminal diseases, the uber-rich pump billions of dollars into charitable causes around the world. Lear jets and lavish mansions aside, wealthy philanthropist provide a sizable portion of the necessary funds that many worthwhile organizations need to operate. The key for big spenders on this list is the immediate impact of their giving endeavors. Here is a top 7 list that is worth its weight in gold, representing some of the world's leading philanthropists.

Lifestyle

Richard Branson: Mr. Branson is a businessman who is familiar with challenges. This is the man who started his own airline. His next step has him taking on one of the direst concerns facing the planet – preserving the environment. To fund his 'green' endeavors, such as developing reliable green energy, Richard Branson is donating the profits from some of his business holdings (transportation, which generates an estimated $3 billion). His foundation, Virgin Unite, has even offered a $25 million bounty for any practical solution to cleansing the atmosphere. Seeking to produce results, Mr. Branson continually compensates organizations and individuals who develop solutions to fight global warming.

Eli and Edythe Broad: Eli Broad made his fortune in the business area. A well respected businessman, Mr. Broad has focused his acumen on philanthropic activities. He and his wife Edythe manage the Broad Foundations (which features several smaller organizations that focus on specific causes).Interestingly, the Broads endeavor to fund worthwhile causes that no one else does – in fact, this is generally a criteria for their interest in a project. This keen approach has resulted in their foundation assisting in areas where an impact at foundational levels is needed – from doctors performing medical research that's not quite prepared for government grants to funding training for education administrators. The Broads are also a leader in funding genome research.

Warren Buffet: One could easily argue that Mr. Buffet could be much higher on this list when one considers the sheer amount of money that he has provided to charitable causes. A highly successful investor, Mr. Buffet has earned billions. Not taking his success for granted, Mr. Buffet has equally invested billions to various philanthropic causes. Most recently, he has pledged almost $38 billion to assist the Bill and Melinda Gates Foundation (whose work we have listed further down). Additionally, Mr. Buffet awarded each of his 3 children about $1 billion a piece to fund their own, individual philanthropic projects.

Bill & Melinda Gates: The name Microsoft invokes all kinds of emotions in people, and not all of the feelings are good. Nevertheless, whatever one may think about the business practices of Microsoft co-founder Bill Gates, few can fault his philanthropic activities. Teaming with his wife Melinda Gates, the Bill and Melinda Gates Foundation has proved to be a charitable giant. With over $34 billion in assets, the foundation funds initiatives around the world.Ê Ranging from educational grants to medical research – the Bill and Melinda Gates Foundation seeks to assist the people of the world lead improved lives. Mr. and Mrs. Gates donated their entire 2009 dividends from Microsoft stock to their foundation (a whopping $3 billion)!

George Soros: With as much as $6 billion in total donations to date, George Soros has made an impact in a number areas. Our second hedge fund manager, Mr. Soros knows his way around money. Using this talent for more than just realizing profits for his clients, Mr. Soros has channeled his philanthropic efforts towards many of the social issues in eastern and central Europe. His Open Society Institute has invested funds in such diverse areas ranging from college scholarships to economic relief. With a belief that poverty is often the result of poor government, Mr. Soros also assists heavily in pro-democratic endeavors in many former Soviet bloc nations.

William Barron Hilton: The Hilton's, among the richest of the rich, are certainly known for living a very lavish lifestyle. This image (or perhaps because of it) hasn't prevented William Hilton from doing his part to help others. To this end, William Hilton has pledged an eye-opening 97% of his personal wealth to the Conrad N. Hilton Foundation. This infusion of cash (estimated to be around $2 billion) will allow the foundation to continue to provide shelter for the homeless, offer vocational training to the disadvantaged, and assist disabled children with obtaining needed educational opportunities. The efforts of the Conrad N. Hilton Foundation are international in scope.

Chris and Jamie Cooper-Hohn: This husband and wife duo supports the Children's Investment Fund Foundation. Mr. Cooper-Hohn is best known for his activities as a hedge fund manager. His shrewd business dealings have earned him a somewhat notorious reputation in the business world. Nevertheless, with the assistance of his wife Jamie; Chris has invested a good deal of his earnings into his charitable foundation. So much so, that the Children's Foundation boasts of $2.5 billion in assets. Targeting some of the poorest areas of the world (i.e. Africa and the India sub-continent) the Cooper-Hahn's seek to improve the lives of children. The Children's Foundation endeavors to have an immediate impact in its endeavors and therefore focuses on areas such as the alleviation of hunger, reproductive health services and the like. g

Lifestyle

A balanced view of the race to become a Super Power

Dr Arup Varma

Professor, Loyola University Chicago

Ever since Jim O'Neill and the other economics gurus at Goldman Sachs projected that the BRIC countries (Brazil, Russia, India, and China) would be the world's leading economies in the 21st century, numerous articles and books have been written about the economies of these countries. Not surprisingly though, the bulk of these publications have concentrated on China and India. This is just as well -- given the spectacular growth of both these nations, and their histories, the world can hardly afford to ignore these nations – just as these nations can hardly afford to ignore each other.

Indeed, as early as 1992, the Beijing Review reported that there were nearly 20,000 joint ventures, including MNCs, in China, and by February 2000, there were 340,000 approved foreign-invested enterprises in China, with a utilized capital in excess of US$ 312 billion. With an annual per capita income of US $800+ ($450, India), China is now seen as a key player in the global economy. As one can see, India is not far behind. As a matter of fact, the developments in the Indian economy post-liberalization (1991) have prompted institutions such as the World Bank to forecast that India will become the world's fourth largest economy by 2020. Indeed, O'Neill had noted that in the long run, of the four BRIC countries, India was most likely to come out ahead, given its unique advantage – the Indian labor force.

Given these exciting and on-going developments, it is critical that we better understand the growth, and future potential, of these two countries in the context of their histories, geo-politics, and their peoples. Sadly, most authors of such comparative texts are tempted to showcase one country at the cost of the other, or are simply more familiar with the history and facts of one. This is where Raghav Bahl's book is a welcome addition. Indeed, Bahl achieves a rare feat – that, of providing a balanced perspective, which is at once both insightful and provocative. He notes the areas where China is ahead with as much ease as noting India's advantages. He points out the different methods by which the two countries are moving ahead – China, guided by its leaders; India, mostly in spite of them. He discusses the stark difference in the speeds at which the two nations are growing (hence the title of the book).

But this is not a book designed to simply compare two of the world's leading economies – neither is it based purely on the opinions of a citizen of one of the two countries. Instead, the material in this book is based on in-depth analyses and careful research. However, unlike traditional academic works, the narrative here flows easily and is bound to keep the reader interested from cover to cover. Indeed, Bahl weaves his stories, facts, and opinions together, with the expertise of an experienced wordsmith. I was surprised to note that this is his first book – though I am confident that this is only the first of many to follow.

Bahl started his book by talking about how he often wondered if foreigners "even get India?" This is probably the most poignant observation of this book, because it hits close to home. In my mind, it raises the question -- "do our leaders even get India?"

Clearly, a book of this nature is a must-read for entrepreneurs, academics, and corporate executives. However, Bahl actually goes one step further in this book – and offers suggestions and wake-up calls for our leaders, bureaucrats and planners. I sincerely hope that, in addition to everyone else, this last group actually takes the time to read this comprehensive and timely treatise on the state of the nation. *g*
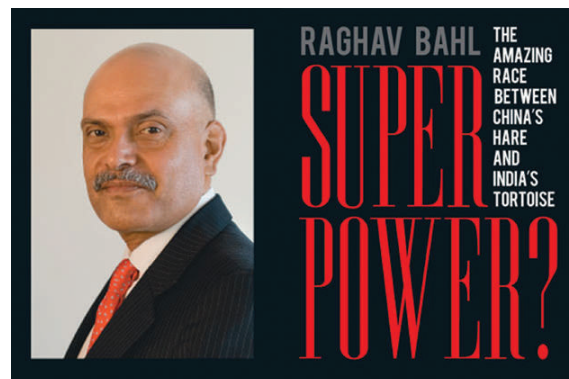
Super Power? The Amazing Race Between China's Hare And India's Tortoise, by Raghav Bahl

Penguin Books India 2010; ISBN: 9780670084630

'Prepone' the 'Updation' Please!

A few months ago, we received an urgent e-mail from one our clients: 'The meeting has been preponed from November 14 to October 25,' it read. The word that stood out like a sore thumb in that sentence was 'preponed'. It sounded right and conveyed the meaning 'bring forward to' but there was something odd about the word.

One of us decided to search the web to get a meaning of the word. His search revealed the following: In the word 'postpone,' 'post' is not a prefix but someone in India while coining the word 'prepone' must have thought so!

The word 'prepone' is found in The New Oxford Dictionary of English, published 1998. It is listed as being Indian (from India) and is defined as: to bring forward to an earlier date or time.

(Please note: We could not get hold of a copy of The New Oxford Dictionary of English, so we could not verify if the word is now officially a part of Queen's English)

Armed with his new found knowledge our colleague decided to look for another word that is often used in the IT industry in India: 'Updation'.

To his amazement, both the Merriam Webster and the Oxford English Dictionary word search returned empty handed. Dictionary.com did have an entry for the word;

Part of Speech: n, Definition: updating; the act or process of bringing up-to-date, Usage: Informal

If the usage of the word is informal then how did we have so many official e-mails with 'updation' in it? He wondered aloud. Soon, this would also be included in the English lexicon, we all agreed. However, little did we know what was in store for all of us!

Our website needed a fresh look and we got in touch with a web designer. Our man is technology savvy and speaks a decent tongue. We had several meetings with him and then we got down to doing the business. The e-mails started to flow and then we this happened. Our man decided to tie the nuptial knot around Diwali and he wanted to finish his jobs as quickly as possible. He shot off an e-mail to us. The e-mail began:

Hi!

'Prepone' all content 'Updation' before Diwali! ...

Our colleague's response was equally colourful: Sure, we would prepone all content updation before Diwali. Then we would sit on the 'charpoy;' sip 'chai' from a 'khullar;' and do 'pee ke phat'. **g**

Here are four pairs of words that writers, including us, of official e-mails often confuse

Stationary (adjective): The word according to Merriam-Webster was first used around 1626 and two distinct usages: 1) Immobile or fixed in station, course, or mode; and 2) unchanging in condition

Stationery (noun): The word according to Merriam-Webster was first used around 1688 and has two not so distinct usages: 1) Materials (pen, paper or ink) used for writing or typing; 2) letter paper usually accompanied with matching envelopes

Note: In India, a shop selling grocery is often referred to as a 'stationery shop'

Advice (noun): The word according to Merriam-Webster was first used around 14th Century and has three distinct usages: 1) recommendation regarding a decision or course of conduct; 2) information or notice given (usually used in plural); 3) an official notice concerning a business transaction

Advise (verb): The word according to Merriam-Webster was first used around 14th Century and has four distinct usages: (Transitive) 1) to give advice to; 2) to give information or notice to; and (Intransitive) 1) to give advice; 2) to give counsel

Emigrate (verb intransitive): The word according to Merriam-Webster was first used around 1766 and has one usage: To leave one's place of residence or country to live elsewhere

Immigrate (verb): The word according to Merriam-Webster was first used around 1623 and it has two distinct usages: 1) (Intransitive) to come into a country of which one is not a native for permanent residence; and 2) (Transitive) to bring in or send as immigrants

Devise (transitive verb): The word was first used around 13th Century and has two distinct usages: 1) to form in the mind by new combinations or applications of ideas or principles, or invent; 2) to plan to obtain or bring about, or plot

Devise (noun): The word used around 15th Century and has three distinct usages: 1) the act of giving or disposing of real property by will; 2) a will or clause of a will disposing of real property; 3) property devised by will

Device (noun) : The word has three distinct usages: (1) something devised or contrived: (A) as a plan, procedure, technique (B) : a) scheme to deceive : stratagem, trick b) something fanciful, elaborate, or intricate in design c) something in a literary work designed to achieve a particular artistic effect d) *(archaic)* : masque, spectacle e) a conventional stage practice or means (as a stage whisper) used to achieve a particular dramatic effect f) a piece of equipment or a mechanism designed to serve a special purpose or perform a special function (2): desire, inclination (3): an emblematic design.

What's new for the Teenies? Trends for 2010

A potential to become a "cult"

1) VIDEO

Get over your camera phobia: the next decade will be "video, video, video", declares Zoe Lazarus, trend analyst at Lowe Worldwide. Prepare to move from words to images. If the Noughties was the decade we forgot how to spell, will this be when we forget how to read?

2) GOING LIVE

Hold on tight: modern life is moving into the "now", says the ad agency JWT, with a constantly updated stream of real-time information and virtual interaction. Think Twitter buzz, vlogs (video blogs), breaking news and rapid, mobile response. Do keep up.

3) TWINDUSTRIES

Twitter is going to clean up, with social transport (a phenomenon that started with Tweetbike — tweet for a pick-up), bespoke Twitter gigs (Frankmusik's latest tour, in fans' bedrooms, was guided by their tweets) and alerts on everything from bread straight out of the oven to asthma warnings (see MediClim).

4) MOBILITY

Let's hope Santa delivered a smartphone. Your mobile will serve as entertainer, currency, friend-finder and informer, says Yannis Kavounis, of The Futures Company: "Our phones will take us away from our screens and get us out there."

5) AUGMENTED REALITY

The Minority Report has arrived: according to Trendcentral, AR will allow consumers to view digital content (local stockists of your fave brand, restaurant reviews or nearby houses for sale) overlaid onto the streets before you.

6) TRANSMEDIA

Interactive storytelling across film, comics and gaming (remember, pictures are the new words). You can also connect with friends on screen — so as you read/view your story, you can comment on it with friends. Check out the Amanda Project for young girls.

7) INTELLIGENT SHOPPING

Favourite websites will already know your shape, preferred brands and, of course, credit-card number. Tobi.com has virtual fitting rooms (using webcams and motion sensors) and posts your image to Facebook for friends' opinions. And with a smartphone and the ShopSavvy app, scan an item's bar code to find cheaper versions.

8) EVENT SHOPPING

To get consumers offline and into the store, shops are working up the experiential quotient. Expect in-store events, "rock-up" spaces (even more guerrilla than pop-up) and designer collaborations, only "IRL" (in real life).

9) PARASITIC SHOES

Already in prototype, shoes that harvest energy as you walk, generating electrical power for charging your pods and mobs.

10) PLASTIC PAPER

Print won't die, it will become electronic, with the arrival of paper replacements such as Plastic Logic — flexible electronic sheets that allow books and mags to be read as if on paper.

11) SURVEILLANCE SOCIETY

With GPS devices (such as the Buddi) to track wayward kids/pets/grannies, anti-cheating software to infiltrate your partner's call log and texts (Mobile Spy), and biometric recognition in, like, everything, you'd better watch your back.

12) SMART HOMES

Think electronic, mood-managing walls, a robotic house help that cleans and entertains pets, washing machines to calculate detergent levels and energy metering as standard by 2020.

13) CLOUD CONTROL

Cloud-computing means your PC, networks, email and mobile are connected. "Organise a dinner party on Facebook — your radio-tagged fridge, which knows its contents, will order from Ocado, and the robot maid will do the rest," Lazarus says.

14) 3-D TeleVisions

How television-makers are fighting the computer's domination. You may be watching the World Cup next year from behind the sofa as the ball flies through the room. (Sky will be broadcasting in 3-D; silly specs still required.) Also hotly anticipated are 3-D mobile phones.

15) THE END OF CABLES

You can already beam television around the house without having to run a cable under the Persian rug, and wireless charging pads exist that can power up multiple gadgets. Eventually, phones will feature solar panels, just as calculators used to.

16) THE DIGITAL PA

Voice recognition grows up (and gets better). Many gadgets — phones and satnavs, for instance — already respond to voice commands, but soon they'll be able to talk back, with up-to-the-minute, local recommendations. Bad news for real-life friends.

17) TOMORROW'S TRAVEL

With no icecaps, try outer space for holiday top trumps. Since Virgin Galactic's inaugural commercial flight, with only six £121,000 seats, is already full, head instead to Spain, when the high-speed Paris-Madrid link opens in 2012(ish).

18) LOVE IS THE NEW HAPPINESS

The self-help gurus herald love as the next holy grail. But this isn't about smug, coupled-up bliss — more a big-hearted approach to work, money, family, community, even politics. The happiness guru Robert Holden leads the fray, with workshops on how love can be applied to all.

19) CUL-DE-SAC COMMUNES

No need to get crusty to save the world. This kind of commune — aka co-housing — sees you in your own home, but with shared laundry, tools, cars and WiFi to reduce waste. Springhill, in Gloucestershire, is Britain's first.

20) SHARING

Spread that love with pot-luck parties, where everyone brings a dish. This is the American trendspotter Marian Salzman's tip for the future. Borrowing from neighbours is about to get much easier, she anticipates, as the NeighborGoods model (a kind of lending Freecycle) picks up here. **g**   *Source : The Sunday Times*

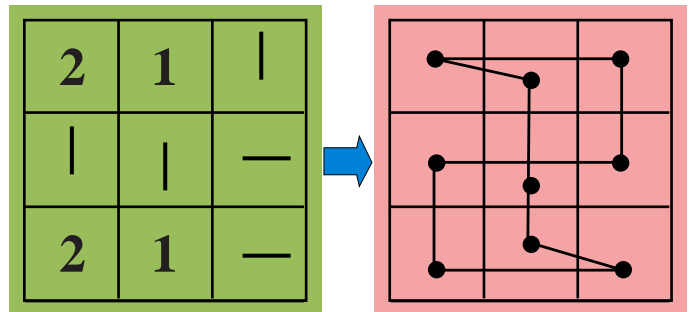# Let your hair down

brain strain
quizzing your grey cells

???

1. What is the name of Apple's iTune social networking site?

2. In which country service stations used Pump Octane Number or PON for the first time?

3. Which company markets North West switches in India?

4. On what fuel does Tesla Roadster run?

5. The cast of Govind Nihalani's Tamas appeared as part of which famous campaign?

6. What, according to Jeff Bezos, the founder of Amazon.com, is the last bastion of analog technology?

7. Which financial giant reported helped Greece "obscure" its debt?

8. Which food chain sells the Whopper?

9. Arthur Wood, Szeiler, Wade, Sadler, Masons and Goebel were famous for designing which type of banks?

10. What was invented by Sylvan Goldman by adding two wire basket and wheels to a folding chair?

ANSWERS

1. Ping
2. USA
3. WIPRO
4. Electricity
5. Mile Sur Mera Tumhara campaign on National Integration
6. The Book
7. Goldman Sachs
8. Burger King
9. Piggy Banks
10. Shopping Cart

mindstretch

For each of the following grids, the object is to start on any square, visit every other square exactly once, and return to your starting place. From each square, you can only move to another square in the same row or column. From a square with a number, you must jump that many squares in some direction. From a square containing an arrow, you must jump some number of squares in that direction. (E. Friedman)

Here is an example:

YOUR TURN

1

|	|	2
1	1	1
1	|	—

2

2	2	2
—	1	—
1	1	|

SOLUTIONS

1

2

inside gray matters

A leading Cable & Conductor manufacturer in eastern India

back we opened our Bhubaneswar office and immediately we got rewarded with an Advisory assignment with a leading Cable & Conductor manufacturer. Gray Matters has been entrusted to design the entire HR Systems and Policies for the rapidly growing organization and also hand-holding with the Performance Management System.
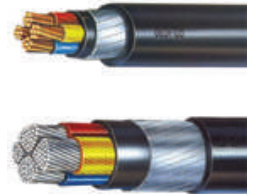
Transactional Analysis

Another first in Gray Matters cap, an open program on Transactional Analysis was held in Kolkata. This was an International Certification program, facilitated by Ragini Rao. Participants were Heads of HR and Heads of Functions from various organizations like The Oberoi Grand, Pepsi, Magma, PCBL, Phoenix Yule, Selvel and others. Participants were awarded certificates from International Association of Transactional Analysis, USA.

Leadership Development

Gray Matters was involved in the Leadership Development initiative for a leading manufacturing organization. This intense training was held over 4 days for General Manager level participants, spearheaded by Dr Arup Varma, Professor, Loyola University, Chicago.

Interviewing Skills

One of the largest Steel manufacturing companies in India is on a further expansion mode. To augment this expansion, they are on a recruitment drive. The senior management of this organization required a refresher on 'Interviewing techniques' and also further knowledge on 'Competency Based Interviewing'. Gray Matters conducted 4 workshops with classroom as well as audio-visual aids. ROI of the training was evident with the video based training technique adopted by Gray Matters.

CII – Knowledge Partner

Gray Matters Consulting partnered with CII as a knowledge partner for a workshop in Kolkata and also in Jamshedpur. On the occasion of the Kolkata workshop titled, 'Developing next generation HR leaders', we also published a 20-page background theme paper for the participants. Both the workshops were a huge success.

A large Industrial conglomerate with footprints in India and abroad required to upgrade the 'Analytical skills' for their managers. Gray Matters conducted a 3-day workshop with plethora of games, role plays and movies. 'Ek Ruka Hua Faisla' was screened and participants were asked to discuss the problem solving techniques which were depicted in the movie.

Employee Engagement

An Industrial conglomerate and a Financial Institution were looking for 'fun at work programmes' for their employees. They had brainstormed several ideas but were not able to pinpoint any idea which would be fun yet would also provide knowledge. This is where the Knowledge Management Services of Gray Matters stepped in. We have all known Quizzing as an entertainment programme, but have not thought of it as an employee engagement tool. Gray Matters planned a quizzing extravaganza for these organizations. For the Financial Institution, it happened simultaneously across 21 locations involving 3500 employees. Imagine! The Industrial Conglomerate, which is also celebrating its 100th year of incorporation, took this opportunity to involve employees from all its group companies in this activity across India.

back page

HR Advisory Service
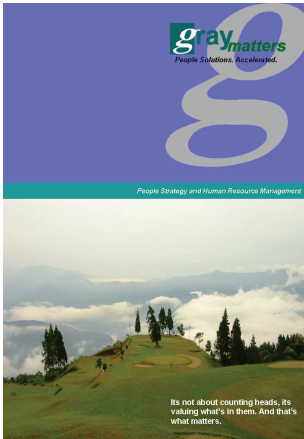
Gray Matters consists of consultants who understand the challenges that businesses face in attracting, retaining and motivating people in this competitive environment. We work in partnership with our clients to deliver people solutions which would help accelerate growth for the organizations, based on our knowledge of businesses and expertise in HR leading practices.

Our solutions and approaches unlock the full potential of an organization – and deliver real, measurable, substantial and meaningful business results.

Its not about counting heads, its valuing what's in them. And that's what matters.

Organization Vision, Mission & Values	**Organization design and Mapping**
Job Banding & Evaluation	**Performance Management System**
Balanced Scorecard Design & Implementation	**Competency Mapping & Assessments**
Compensation Strategy & Structures	**Reward Strategies**
Leadership Development & Transformation	**HR Strategy formulation**
HR Effectiveness	**HR Communication & Branding**

Learning Solutions

Rock Climbing
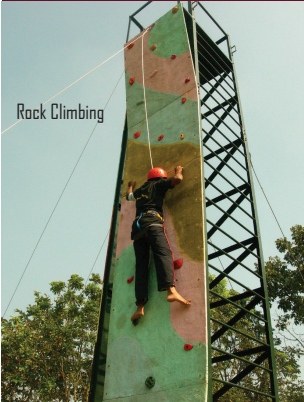
Self Development Skills
Communication Skills
Time Management
Assertiveness Skills
Transactional Analysis

Tractical Workplace Skills
Negotiation Skills
Stress Management
Problem Solving & Creativity
Conflict Management
Negotiation Skills
Workplace Etiquette

Alignment Skills
Team Building
Leadership Development
Coaching & Mentoring
Performance Counseling

Reckoning Skills
Balanced Scorecard
Competency Based
Interviewing
Competency Management

Success in Life Skills
Outdoor Adventure Learning
Success@Work-Life

STAR

Education Services

DASHBOARD

insight

Measurement Processes: 'Dashboard' consists of a suite of products which would measure a 'child' on various behavioural parameters and also tools for measuring the Instruction delivery mechanism for Teachers. Every child is different and has something positive to share, the measurement process would highlight the qualities of a child which would enable the teachers and parents to understand them better.

Growth Workshops: 'Insight' are our series of Growth Workshops for Students and Teachers in an Institutions. We bring in Behavioural workshop which targets the students mind, innovative ways of learning and assimilating classroom content and also for teachers, in understanding learning styles of students and differentiated tactics for making teaching fun and effective.

Little Einstein

PRIDE
Performance Review of Instruction & Delivery in Education

edge
Enablers for Development & Growth in Education

Seeking Tomorrow

PRISM
Perspective, Reflection, Insight, Sensitivity, Mastery

Think about it SERIES

*"There are two ways to being
happy : We must either
diminish our wants or
augment our means — either
may do — the result is the
same and it is for each man
to decide for himself and to
do that which happens
to be easier"*

— Benjamin Franklin