Indira Management Review
Bi-annual Research and Academic Journal

Research and Academic Papers
- Impact of Protectionism on Economic Growth
- Robotics: Technology Trends and Impact on the Corporate World

Poser
- Mark Zuckerberg - An International Youth Icon?

Case study
- Turnaround at TASS
- The Irate Customer

Book Review
- The Leader's Guide

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Shree Chanakya Education Society (SCES), Pune, was established in 1994, with the explicit vision to provide sustainable impetus to the corporate and entrepreneurial abilities in the youth.

The realization that a robust framework of education is indispensable for the growth of global leaders, the visionary, Ms. Tarita Wakalkar Mehendale, Chairperson, Indira Group, integrated her pursuit of excellence and articulated educational institutions, known as Indira Group of Institutes (IGI), which imbibe human excellence and demonstrate strong social values, with a single minded pursuit of developing the youth to become business leaders.

Unrelenting initiatives by the management team at Indira led to adding of multi-disciplines such as Management, Information Technology, Pharmacy, Commerce, Science, Engineering and Mass Communication to the group. And growth has been as deep as it has been wide. With 12 institutions, IGI now offers education right from Kindergarten to Doctorate level studies.

IGI believes in the economic independence of individuals. In this endeavor we aim to inspire our post graduate students to create a niche for themselves in the Indian Economic order first, and then compete globally. We owe our gratitude to the Indian Industry for consistently collaborating with us in this endeavor. Renowned industrialists have visited us and tremendously enhanced the morale of our students by sharing their vast knowledge and experience about entrepreneurial opportunities and foster a spirit of entrepreneurship amongst students.

Having traversed the journey of thirteen years we have ourselves made certain significant achievements which we are aware, are but the building blocks for achieving further heights.

- Indira is ranked amongst the top 2 B-schools in Pune, by the prestigious AIMA - IMJ.
- The same journal gave us a top 30, all India ranking on the parameters of Industry interface.
- Our students have shown good academic results at the level of university ranking.
- The achievements of our students have enabled them to attract some of the best corporate recruiters.
- Indira Group of Institutes and our goodwill has enabled us to establish campus agreement with Microsoft for using different software.
- Our goodwill with Microsoft was further accentuated with Microsoft conducting workshops at Indira, for train the trainer modules.
- Business India has also ranked us amongst the top 3 in Pune for last 2 yrs.
- Our Institutes have received accreditation from various certifying bodies.
- Indira Institute of Management was the first management institute in Maharashtra to receive the accreditation from the NBA, New Delhi.
- We also have our audiovisual centers supported by Harvard Business School, Stanford, Pyramid Media and Tom Peters Company and we have a vast collection of titles.
Editorial

The latter part of the 20th century has seen a universal realization of the benefits of a world free of constraining controls on individual economies. Almost all controls have been aimed at keeping foreign goods and services at a safe distance, ostensibly to encourage domestic business in these products. However, have these controls really delivered results for the constraining economy? This is a question that is being attempted to be answered by the lead article in this issue, by Prof. Kishore Kulkarni and Geoff Tennent by taking up the case of Kuwait and examining the results of decontrols on trade in the fading years of the earlier millennium.

A mélange of articles on varied topics - from the advent of Robotics in Industry to the use and assessment of satisfaction levels of eHRM portals makes it an interesting issue to read. But the variety does not end here. We have an interesting, if brief, biosketch of Mark Zuckerberg – the Facebook Icon who has made the younger generation to consider dreams as not just wishful thinking but as the setting up of tangible milestones over a period and working towards achieving them. Plus a book review. Well, another book on Leadership? However, the reviewer makes a case for the author's specific and tried suggestions to ensure leadership is not just a case study of leaders who made good – but about how they could have done it!

We round off this issue of IMR with a couple of gripping case studies, one of them a follow up to what appeared in an earlier issue on appraisal systems, while the other takes a close look at what can go wrong in a corporate’s attempts to satiate a customer’s need for redressal. Perhaps, we could expect some responses from our readers giving us their perceptions of how things could have been handled by August Bank of Commerce.
IMPACT OF PROTECTIONISM ON ECONOMIC GROWTH: A CASE OF KUWAIT

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Abstract:
International Trade has long debated as a source of economic growth for countries. Economists such as Adam Smith, David Ricardo, Eli Hecksher and Bertil Ohlin, and others have all put forward ideas and models for how countries benefit from international trade, at times building on their predecessors work. Adam Smith started with his theory of absolute advantage of production, and countries specializing in the products they could produce at a lower cost. These goods would then be exported in exchange for similarly produced goods. David Ricardo Expanded this model looking instead at the theory of comparative advantage. Hecksher and Ohlin continued this trend looking at factor endowments for beneficial trade. Trade can increase the welfare in all countries, but import tariffs then reduce the welfare gained from trade. David Ricardo Expanded this model looking instead at the theory of comparative advantage. Hecksher and Ohlin continued this trend looking at factor endowments for beneficial trade. Trade can increase the welfare in all countries, but import tariffs then reduce the welfare gained from trade. These goods would then be exported in exchange for similarly produced goods. David Ricardo Expanded this model looking instead at the theory of comparative advantage. Hecksher and Ohlin continued this trend looking at factor endowments for beneficial trade. Trade can increase the welfare in all countries, but import tariffs then reduce the welfare gained from trade.

Introduction
As time goes on, and interconnectedness in the world increases, it becomes increasingly apparent that different countries are at different stages of development. This observation brings up the questions of why are countries and regions at varying levels of development, how do countries grow, and what can be done to help the lesser developed nations along the path of economic growth. Many different theories have been put forth to identify factors that are the most important in meaningful economic development. One common argument is that moving from an agriculture based economy to an industry based economy is necessary. While this explains what needs to happen, this doesn't explain how or why. Factors for increasing growth have included a higher savings rate, structural change, increases in capital stock, and many more. One factor generally agreed to have a positive effect on economic growth, is the presence of international trade.
The benefits of international trade were first developed by Adam Smith in his 1776 book *The Wealth of Nations*. Smith said that as countries begin to trade with one another they will specialize in goods which they can produce at a lower cost than other nations. These countries will then export these goods in exchange for other similarly specialized goods causing net welfare for all participating nations to increase. David Ricardo showed that his outcome would occur even if one country could produce the goods at a lower cost than others. Two Swedish economists, Eli Heckscher and Bertil Ohlin expanded Ricardo’s ideas to a situation in which countries were equally capable of producing goods. Even in this case international trade would be beneficial because of each country’s available stock in the factors of production: capital and labor. While it can be shown that in a variety of situations trade can be advantageous for all countries involved, it is also widely assumed that countries will trade, and do so freely. This is not always the case. Often developing nations will try to be self-subsisting, not relying too much on a world economic power for assistance. To accomplish this, the governments erect barriers to trade as a measure to discourage domestic citizens from importing goods from other countries, usually through import tariffs. When the world equilibrium price for a good is lower than that of the domestic equilibrium price, under free trade assumption, it is rational to import that good. However when a government imposes an import tariff on that particular good, then that increases the price at which firms can obtain the good, leading to a higher price for the consumer pays, and though the government does receive revenue for the tax, the overall welfare of the country goes down. Why governments follow protectionist polices, policies that restrict international trade within a country, has been the subject of much debate with explanations ranging from increasing government revenue to protecting infant industries to effects on the terms of trade. In the end it is decided on a country-by-country basis with some, all or none of these explanations having playing a part in the policy decisions of the government.

This paper intends to show the effects of import tariffs on an economy. It will begin by showing that international trade is advantageous for all countries involved according to the aforementioned theories. Then having established this, it will look at the effect international trade within a given market and its effects on general welfare. Following this an import tariff will be imposed on that market and its effects welfare from the producer’s view, the government’s view as well as the consumer’s. Having shown the impacts of protectionism on the economy different theories for protectionism will be considered. A general case study will follow looking at the State of Kuwait and the effects of its tariff policy on the general welfare of the country.

**Theoretical Section**

Adam Smith’s original theory of international trade focused on the idea of absolute advantage. Smith’s idea was that "If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own country, employed in a way in which we have some advantage." (Smith 573) This theory states that it is better for individual countries to specialize in goods which they can produce at a lower cost than other nations, and to trade for the remainder of goods.
For example, assume there are two countries, England and Portugal, that can produce two goods Cloth and Wine, which only require labor as an input. Say it takes England 70 men to produce cloth and 120 men to produce wine. Likewise Portugal requires 80 men for cloth and only 90 men for wine. This can be shown in a chart:

<table>
<thead>
<tr>
<th>Good \ Country</th>
<th>England</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloth</td>
<td>70</td>
<td>80</td>
</tr>
<tr>
<td>Wine</td>
<td>120</td>
<td>90</td>
</tr>
</tbody>
</table>

The number of men required to produce either cloth or wine is the absolute labor cost for the given good. England then can produce cloth cheaper than Portugal, while Portugal and produce wine cheaper than England. In this case Smith’s concept of absolute advantage can easily be seen; England has an absolute advantage in the production of cloth while Portugal has absolute advantage in the production of wine. Thus specialization of by countries will occur with England producing cloth and Portugal producing wine. The resulting trade between the two countries would increase welfare overall for both.

David Ricardo took Smith’s model further by adding a new assumption to the model. He took the idea of absolute advantage and applied it to the case in which one country has and absolute advantage in both goods. Changing the previous example slightly leads to a new situation. Now Portugal has an absolute advantage in the production of cloth and the production of wine, leaving England worse off. Ricardo wanted to know if trade in this new situation would still be profitable for both countries given the increased advantage and disadvantage.

<table>
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<tr>
<th>Good \ Country</th>
<th>England</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloth</td>
<td>100</td>
<td>80</td>
</tr>
<tr>
<td>Wine</td>
<td>120</td>
<td>90</td>
</tr>
</tbody>
</table>

The answer to Ricardo’s question is that international trade would still be beneficial by looking at comparative advantage instead of absolute advantage. One definition for comparative advantage is "Production of a commodity at a lower opportunity cost than any of the alternative commodities that could be produced." (Torado, Smith 575) In this case the opportunity cost is the production loss of production in one good by increase the production of the other good. Generally, the opportunity cost of good X in country A is:

\[
\text{Absolute Labor Cost of Good X in Country A} = \frac{\text{Absolute Labor Cost of Good X in Country A}}{\text{Absolute Labor Cost of Good Y in Country A}}
\]
The same formula can be applied for good Y as well for country B. In looking at comparative advantage between countries the following graph arises.

<table>
<thead>
<tr>
<th>Good\Country</th>
<th>England</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloth</td>
<td>100/120</td>
<td>80/90</td>
</tr>
<tr>
<td>Wine</td>
<td>120/100</td>
<td>90/80</td>
</tr>
</tbody>
</table>

Since the opportunity cost of producing cloth in England (100/120) is less than that of Portugal (80/90), "England would therefore find it her interest to import wine, and to purchase it by the exportation of cloth." (Overbook 57) Similarly the opportunity cost of producing wine in Portugal (90/80) is less than that of England (120/100) and as a result Portugal will specialize in the production of wine. Though Portugal could produce cloth at a lower cost than England trade occur "because it would be advantageous to...employ [its] capital in the production of wine, for which [it] would obtain more cloth from England, than [it] could produce by diverting a portion of [its] capital from the cultivation of wines to the manufacture of cloth." (Ibid) This is the essence of the Ricardian theory, even though one country can produce both goods at a lower cost than the other, trade is still beneficial because both countries will obtain more of both goods with specialization directed by comparative advantage.

Continuing the work done by David Ricardo, two Swedish economists, Eli Hecksher and Bertil Ohlin, came up with a the factor endowment trade theory. This theory adds two more assumptions beyond Ricardo's one country has an absolute advantage in both goods. First is that both countries have the same absolute costs for both goods, effectively eliminating the ideas of absolute or comparative advantage from the situation. The second assumption is that the goods now require capital (denoted as K) in addition to the use of labor (denoted L). The Hecksher-Ohlin model has two main principles: first "Different products require productive factors in different relative proportions", and second "Countries have different endowments of factors of production." (Torado, Smith 577) The second point of differing capital and labor stocks necessitates some way in which to measure these differences. There are two methods for this: total factor ratio, and factor-price ratio.

Total factor ratio looks at the relative stock of capital to the stock of labor in a given country. Known as the capital-labor ratio, it is defined as the amount of capital divided by the amount of labor for a certain country. As such (K/L)A denotes, the capital-labor ratio of country A with (K/L)B denoting the same for country B. Thus, comparing this ratio for the two countries, if (K/L)A is greater than (K/L)B, then country A is said to be capital abundant while country B is said to be labor abundant.

The second measure of factor endowment is the factor-price ratio. This looks at the prices to employ the factors of production. To employ labor, producers must pay workers a set wage (w). Likewise to employ capital producers are assumed to borrow the necessary equipment at a rental rate (r). Thus the wage-rental rate in country A is (w/r)A while (w/r)B is the same for country B. As with the total factor ratio, comparing the wage-rental rates if (w/r)A is less than (w/r)B, then country A is said to be labor abundant because it can employ labor cheaper than country B, while country B is said to be capital abundant.
Returning to the first principle, goods are classified based on the relative amount of capital or labor required to produce them. As with countries, there is a capital-labor ratio for the production of goods as well. Thus if capital-labor ratio for good X, \((K/L)_X\), is greater than that of good Y, \((K/L)_Y\), then good X is said to be a capital intensive good while good Y is said to be labor intensive.

Taking both the abundance and intensity of production factors into consideration, the Heckscher-Ohlin theorem states that as international trade begins, countries will specialize into the goods intensive in the factors of production for which they are abundant. In doing so, the capital abundant country will specialize in the good that is capital intensive, while the labor abundant country will specialize in the labor intensive good. Hence trade between two countries that have the same absolute and comparative opportunity costs can still have meaningful international trade by specializing along factors of production.

According the Mankiw (2011) there are several benefits from international trade. These include: an increase in the variety of goods in the market, lower costs through economies of scale, increased competition, and enhanced flow of ideas. (Mankiw 180-182) Having an increased variety of goods is fairly self-explanatory as consumers generally enjoy having access to goods that would not necessarily be available without importation. Lower costs by economies of scale go back to the discussion of specialization. Firms and countries that have an advantage in producing goods will naturally specialize into that good. Hence with free trade goods get produced at lower costs and exported around to other markets, increasing the welfare for all involved. Having increased competition is beneficial to the consumer because it lowers the price of goods. The fewer firms there in the market for a given good, the more market power each firm then has to control the market price of the good. As the number of firms in the market increases the market power enjoyed by each decreases, which will drive the overall market prices down. The price the consumer ends up paying then decreases with increased competition as a result of international trade. The increased flow of ideas directly relates to the increased variety of goods available. As trade increases different technological advances get spread around the world granting more people get access to the technology involved. As technology gets dispersed throughout the world people gain better of it and the ideas that come with and from it.

The aforementioned benefits can be applied to developing countries. Trade will create new markets in which commodities produced by developing nations can be sold, and new markets in those countries for existing products. This generates an increased income for the people involved in those industries. If the developing country has a comparative advantage in a specific good, then the lower costs of production will lead to a higher demand for goods from that country in the world market. All of these things enforce the idea that "Trade is an important stimulator of economic growth." (Torado Smith, 581) International trade has been shown to be a great mechanism by which developing economies can grow. Having established the benefits of international trade, it is necessary then to consider the effects those barriers to trade, in this case import tariffs, have on the market. By considering a simple textile market for a country, a domestic supply and demand curve can be established as in the following figure. The static effects of ad valorem import tariff in a small country can be analyzed as follows:
In this market there is an upward sloping domestic supply curve, and a downward sloping domestic demand curve. The point M represents the equilibrium point, with corresponding values $P_e$ and $Q_e$ for the equilibrium price and equilibrium quantity respectively. The area labeled as A, which is bounded by the dashed equilibrium price line ($P_eE$), the Domestic Demand curve, and the Y axis is called the consumer surplus in the market. Consumer surplus can be defined as the utility a consumer receives for purchasing a good at a lower cost than the maximum that consumer is willing to pay. Similarly the region $B+C$, bounded by the dashed line ($P_eE$), the Domestic Supply curve and the Y axis, makes up the producer surplus, which can be defined as the utility received by producers for selling the product at a higher price than the minimum price they are willing to sell at.

If this market opens up to international trade on the world market, there are three possibilities: the world market price is higher than the domestic price, the world price is equal to the domestic equilibrium, and the world market price is lower than the equilibrium price. Since this the effect of imports is of interest here, only the third situation will be considered as the first two cases would no lead to an importation by the country. This is seen graphically the price $P_w$ which is lower than the equilibrium price. At this price, domestic producers will produce at the quantity $Q_1$, and import up to quantity demanded $Q_2$. The consumer surplus will increase to the regions $A+B+D+E$, bounded by the Domestic Supply curve, the world market price $P_w$, and the Y axis. Producer surplus on the other hand will decrease to the region $C$. The net change of welfare is $B+D+E-B=D+E$. Thus while producer surplus declined as a result of international trade, the increase in consumer surplus made up for this loss, as well as gaining more.
A government may wish to impose an import tariff, as seen in the chart, on this market for a number of reasons, one of which being to increase government revenue. To do this the government imposes a tariff of amount \( t \) on the market, which raises the price from \( P_w \) to \( P_t \). This has a number of effects on the market and welfare within it: domestic producers sell up to quantity \( Q_3 \) and then import to \( Q_4 \) causing a decrease in total imports from \( Q_1Q_2 \) to \( Q_3Q_4 \), the consumer surplus falls to \( A+B+I+J \), the consumer surplus increases to \( D+C \), and the government collects revenue equal to \( F+G \). This leaves the regions \( E+H \) unaccounted for becoming a deadweight loss of welfare in the entire market. While consumers lose and producers gain, the amount the government collects in tax revenue in the market does not make up for the total loss of welfare in the market.

There are a few different ways in which tariffs can be levied by governments. The first is Ad Valorem, a tax "levied as a percentage of invoice value." (Tariff) This is better applied when the imported goods have no specific units, such as a case or box, and is instead applied to the total value of the product being imported. The second type of tariff, call a specific tariff, as a tax applied on a per unit basis to the goods imported. A common third method of taxation is simply using a combination of the first two.
Tariff Theory

Having empirically shown import tariffs to reduce the overall welfare in a given market when applied, and presented the value of trade, it would seem irrational to continue with protectionist policies. Yet, there are a number of arguments against free trade policies in less developed countries (LDC's). This first argument is that "free trade forces LDC's to specialize in labour intensive agricultural goods and raw materials, such as metal ores, cotton, sugar and jute-increased production of which does not bring in rapid economic growth..." (Kulkarni Ch. 11) This follows the Ricardian and Hecksher-Ohlin theories which states that labor abundant countries will specialize in labor intensive goods. This concern addresses the problem that labor intensive goods may not bring in the same levels of income and growth experienced by capital intensive goods. As a result, specializing this way will cause developing nations to grow more slowly than their already developed counterparts. Protectionist policies would then be aimed at encouraging the production of capital intensive goods within the country.

The second argument is "free trade does not guarantee a stability of demand for exports of LDCs, which leads to a severe problem of export instability for them..." (Ibid) Depending on the exports of the LDC the demand for the good is not guaranteed. Goods with higher production requirements tend to enjoy more stable markets. Conversely, raw materials are more susceptible to economic shocks and changes in the demand, leading to instability in the market for these exports. By engaging in protectionist policies, LDC's hope to, in some part, reduce the possibly disparaging effects of market instability that can hinder economic growth. In an article for the Journal of Development Economics G.N. Soutar says that developing countries may be able to reduce the amount of export instability by diversifying production within the country. This however has a drawback in that "diversification implies foregoing some production in those goods in which the country has a great comparative cost advantage...hence it implies the country must forego some expected export proceeds in order to obtain relative stability in the export sector." (Soutar 283) Individual countries will have to assess the risk to their specific export markets, as well as the opportunity cost for diversifying. While it may be advantageous from a export stability standpoint to diversify, if that particular market is not likely to see much change, then specialization may not be a bad thing. Ultimately it is up to the individual country to weigh the benefits and costs of such a policy.

The third argument against free trade in LDC's is that "free trade, over a period, leads to a higher increase in the price of imports of LDCs than their exports, so that their terms of trade (TOT) deteriorate compared to the TOT of the developed countries..." (Kulkarni ch. 11) This is generally attributed to a faster import price increase than export price increase, which is caused by market forces allowing for developed nations exports to increase in price, while the unstable nature of LDC's export markets prevents export prices from increasing. This then leads to a deterioration in the terms of trade experienced by developing countries. The increased gap between export and import prices puts more strain the economies of developing nations and as a consequence the standard of living is kept low.

The fourth argument against trade is the infant industry argument. This says the "government should protect a new industry from foreign competition so it can, in time, grow strong enough to hold its own." (McGee 18) Developing nations that are just entering a market may wish to protect the in-country
industries until such a time at which they are mature enough to successfully trade on the world market. This can become problematic as protectionist policies may be difficult to repeal after the industry gets set up. Thus denying it crucial market access and preventing it from reaching full capacity of production.

Countries that open themselves up to trade have been shown to experience increased welfare, at least theoretically according to Smith, Ricardo, and Hecksher and Ohlin. Imposing import tariffs on markets then causes a loss to the whole economy even though the government revenue increase makes up for some of the loss. While barriers to trade tend to have a negative impact on the affected markets, nations may have some other reasons for preferring protectionist policies over free trade, especially when free trade seems to have negative implications for the country.

Case Study: Kuwait
Kuwait is a small country in the Middle East located between Saudi Arabia and Iraq on the Persian Gulf. It is has an Arab plurality at 45% of the population, with South Asians making up the second largest group at 35%. Islam is the predominant religion in the country with small minorities of Christians, Hindus and other religions. (CIA) The economy of Kuwait is largely based on oil production and refinement, which accounts “for nearly half of GDP, 95% of export revenues, and 95% of government income.” (CIA) According to the World Bank the GDP in U.S. Dollars for 2011 was 176.59 billion and 48.74 billion in Kuwaiti Dinars. The per-capita GDP for 2011 is 62,664.10 USD and 5,740.89 KD. (World Bank)

Kuwaiti customs follow the general guidelines of the Gulf Cooperation Council (GCC) in that it applies a flat 5% tariff of most goods. There are a few exceptions in which Kuwait deviates from this, namely “...417 food and agriculture items, which remain duty-free, as well as tobacco products, which are subject to a 100 percent tariff.” (Blaine 83) Additionally, “Kuwait prohibits the importation of alcohol and pork products, and requires a special import license for firearms.” (Ibid) This policy preventing pork and alcohol from entering the country is not surprising given the large percentage of the country is Muslim and that those products are forbidden under Islamic law, which is part of the legal system. (CIA)

When it comes to clearing customs, it traditionally took a large amount of time and much paperwork. The system is has supposedly become less complex as well as become more efficient with the installation of a new computer system in early 2006 at all entry ports. (Blaine 84) This decrease in complexity in the customs system should increase the amount of imports. One thing that can easily become a barrier to trade is the difficulty an importer has getting through customs. Regardless of the tariff size, the complexity of getting through customs could be deterrent enough to prevent many firms from importing. If this is true then there should be some evidence that a simpler customs system increases the imports into a country. Indeed from 2006 to 2007 the imports of goods and services jumped nearly 8 billion USD, from 24.54 billion to 32.49 billion, the largest such increase in almost twenty years. (World Bank) While the system was completed in 2006, that the effects were felt in 2007 is likely due to a time lag in firms becoming aware of it, and policy adaptations for the following fiscal year.
As can be seen in the graphs the amount that was being imported into Kuwait prior to the implementation of this new system was increase as a very fast rate. Then between 2006 and 2007 there is a large leap upwards, larger than any recent or subsequent jumps, and then continuation at that rate, at least until 2008. Due to the decrease in imports soon after this jump it is not conclusive that the change in customs is the cause. However given that in 2008 the world experienced a major economic slowdown, the largest in the US since the Great Depression, it is quite likely that the decrease in imports is due to this, whether it be a lack of demand to do to financial insecurity or if it is a lack of supply. While it is still not for certain what caused the huge increase in demand for imports from 2006 to 2007, the new computers at Kuwaiti ports was likely in part responsible.

To get around prohibitive tariff rates, and in addition, prohibitive customs systems, firms would be likely "...to set up local production facilities to satisfy the demand previously satisfied by exports from their home country...” (Johnson 110) This method of circumventing strict barriers to trade would likely result in the a local production facility being built in the country with most of the necessary resources being imported in. This however would not be possible in Kuwait as the Regulation of Importation prevents it. Article 1 of this document states:

The right to practice the operations for importation of merchandise, materials, and equipment from overseas is hereby restricted to:
1. Kuwaiti individuals.
2. Kuwaiti companies whose partners are of Kuwaiti nationality.
3. Share companies and companies of limited liability in which Kuwaitis own not least than 51 percent of total capital. (El Mallakh 213)
In this case, unless a company became at least 51% Kuwaiti owned then there was no way to set up a new production facility within Kuwait as a way of bypassing the complex system associated with importation. This policy was enacted in 1964 (Ibid) and is still in effect according to the Kuwaiti Embassy. (Importing Into Kuwait) While it prevents outside firms from setting up production and importing supplies into Kuwait, it also has a positive impact on Kuwaiti firms trying to import merchandise to sell to commercially within the country, due to the absence of foreign based competitors. As seen with the increasing of customs efficiency, there was a large increase in imports as the new system of implemented which assumes that Kuwaiti firms increased their imports. It could be that if this law prohibiting outside firms from importing into Kuwait were abolished, then possibly there would be a corresponding increase in imports as well. Additionally, given that nonfood items have a minimal tariff rate, the increased importation could potentially generate a large amount of tax revenue for the government. The evidence for this again comes from the new, effective import duty system. At the same time that the total imports for Kuwait increased from 2006 to 2007, the Customs and Other Import Duties rose sharply as well, even as tariff rates fell. The import duties collected rose from 190 million Kuwaiti Dinars in 2006 to 225 million Kuwait Dinars in 2007. (World Bank) At the same time the mean tariff rates were generally falling. (UNCTAD) The lower average tariff rate would generally lead to the conclusion that government revenue would decrease at the same time, however there was instead a spike in tariff revenues collected.
The amount of customs duties collected before 2006 was increasing similar at a fairly steady rate. Then as with the imports of goods and services, there was jump from 2006 to 2007 due to the increase in imports. What is interesting is that at the same time tax revenue increased, the mean tariff rates seemed to fall. As can be seen in the simple mean chart, the average tariff rates were falling for all categories during the same time as the customs system overhaul. The latter effect would have increased tax revenue due to the increased imports, while the former effect would have decreased the revenue due to a lower rate. As such, the increase in goods imported likely outweighed the marginal decrease in average tariff rate. What is interesting to note however, over the same period of time the weighted average for tariff rates generally increased. If the weighted average is a more reliable measure due to preference items by frequency, then it would seem that both tariff rate increases and increased imports would lead to higher revenues.
The increase in tax revenue collected coincides with an increase in the GDP of Kuwait as well. Tax revenue cannot be assumed to be the leading cause of this increase however, at the same time the total exports for the country were increasing very rapidly as well. By looking at the joint GDP and Export graph, it is clear that the GDP has a strong direct correlation with the exports. Thus the increase in GDP was much more likely due to the increase in exports rather than any effects by increase imports.

With this brief survey of the Kuwaiti barriers to trade, it is useful to look at the objections to free trade from the perspective of Kuwait. The first objection about developing nations specializing in labor intensive goods is inapplicable in this context. As previously stated, a large part of the GDP and the majority of the government revenue comes from oil production and export. (CIA) The large amount of oil reserves in Kuwait requires a large amount of capital to both extract and refine. Consequently as the oil industry in Kuwait was beginning, it would have needed to invest in large amounts of capital instead of labor, even if it were a labor abundant country previously. Due to the world’s oil reserves being concentrated in a few locations, it was in Kuwait’s best interest to develop a comparative advantage in the production of oil, and to export other goods that it needs, such as food and consumer goods into the country. In this way, Kuwait has followed the Hecksher-Ohlin theory and used it’s natural resource advantage to gain lots wealth from trade. This trade has put it at number 19 on the list of countries ranked by the CIA according to GDP per capita with respect to purchasing power parity. (CIA) Other countries in a similar situation include Qatar and the UAE, both of which have large oil industries that have lead to high incomes. The other aspect of this objection is that specialization in the production of natural resources tends to be less profitable than finished productions, meaning less wealth for those countries. Kuwait was lucky in that its resource endowments are immensely profitable.
The second argument against freed trade from a developing nation’s perspective is the instability of their export market. When it comes to Kuwait, the export market is quite stable, at least in the short run. The world demand for oil has been steady for many decades and, with the given projections for oil capacities, will continue for many more. Since as the only goods that Kuwait exports are oil, oil based products and fertilizer (CIA), it follows that the export market will be based on the oil market which has already been said to be stable. Kuwait could diversify if it so chose without having to worry about losing possible revenue. Regardless this second objection also has little effect on the Kuwaiti reasons for protectionism.

The third argument is the deterioration of trade. In the case with this, as with the previous two, the existence of the oil industry makes this a nonissue. With the steady, if not increasing, oil revenues the terms of trade tend to stay relatively steady. While the price of imports may increase, it will never to be the point that the point that import prices so greatly exceed exports to cause the terms of trade to deteriorate completely.

The last argument may have the most weight to it: the fledgling industry argument. The oil industry in Kuwait has been around for a long time with the first concession granted in 1934, and the first commercial shipment occurring in 1946 (El Mallakh 36). Given this early start for the industry, the need for the protectionism seems to be long passed. I could be that the protectionist policies are so engrained that it is now difficult to remove them. However this cannot be the case due to the fact the Kuwait has now need to import any oil or petroleum products. This then brings up the question of why were such stringent restrictions placed allowing only Kuwaitis to import goods in 1964, 18 years after the first commercial shipment? (El Mallakh 213) The original concession gave rights to British and other foreign companies to drill on Kuwaiti soil. In 1962 over half of the original area was relinquished to the Kuwait National Petroleum Company, a governmentally owned company. (El Mallakh 37) Given this turn of events, it would seem that the Kuwait government was trying to consolidate the oil industry into one nationally owned company, giving all of the profits to the government. With this in mind, it is a politically effective move to prevent foreign companies from setting up within the company. Preventing foreigners from importing goods make it impossible for these unwanted outside firms from starting a production facility and bringing in all the necessary capital from outside the country. The continuation of this policy is not to protect a fledgling industry, but rather to ensure that the government is so the sole beneficiary of the oil revenues from Kuwaiti oil fields. Some of this income then gets passed on to the population in various forms, leading to such a high GDP per capita.

While most of these arguments are from the perspective of developing countries, the exception being the fledgling industry argument which can be applied universally, and have been shown not to be pertinent to Kuwait, it begs the question if there are any other possible explanations for the tariff rates that it imposes. Much of the basis of concern about free trade comes from the destruction of jobs at the home market. Such arguments include: the deindustrialization argument, claiming that free trade will lead to industry being shipped over seas where labor is cheaper; the hamburger flipper argument, a variation of the previous, which says that as jobs get shipped overseas, the only ones left at home will be low wage jobs, such as those in the fast food industry; and others. (McGee 10-11) These two objections also make little
sense when it comes to Kuwait because the entire economy is based upon the existence of a natural resource. Consequently the industry cannot move away from the physical location of said resource and thus the idea that oil drilling will get shipped overseas is then impossible.

Thus the only economic reason to have such restrictive policies concerning who may and may not import into the country is based upon protection of national interests in the oil industry. If this is so, then what is the reason for any other import tariffs? An ad valorem tax of only 5% would be a slight inconvenience to consumers in Kuwait considering the GDP per capita is 62,664.10 USD. (World Bank) The answer the must lie outside the realm of economics, and in the realm of international politics. The strongest evidence for this tariff rate can be found in the fact that Kuwait is a member of the Gulf Cooperation Council (GCC). The GCC is intent upon the unity of its member states, especially under the banner of Islam. (GCC) As a member of this council, Kuwait is forced to impose the tariffs as guided by the GCC as an act of solidarity even though they may not be necessary for the budget. As mentioned before 95% of government revenue is from oil sales (CIA), it must then be that Kuwait does not want to be seen as forsaking the mandates of the organization. There is an exception when it comes to food prices, being that it is a necessity and to ensure that the government doesn’t impoverish its people as a result. The prohibition of pork and alcohol may also be an edict of the GCC as part of its Islamic mission, or it may be an imposition of Kuwait’s own will in accordance with the Islamic shari’ah law.

Clearly the classical models for international trade have some truth behind them, especially in the case of Kuwait. It was and still is a country endowed with large amounts of a natural resource that is high demand in the modern day: crude oil. The country then decided to specialize in the extraction and refinement of this resource, to then export it to other nations. As a result of this specialization, and the high demand for oil, Kuwait has become an incredibly wealthy nation. An in depth look at the protection system of Kuwait revealed a minor ad valorem tariff on most goods of 5%, as per the injunction of the GCC, as well as strict regulations governing what institutions and individuals may import goods into the country. From here a number of arguments against free trade and for protectionism were considered regarding Kuwait. It was deemed that these arguments were inapplicable, and that instead the protectionist policies were ones of governmental interest, both in the case of nationalized oil production and international relations with other Arab Gulf states.

One point of contention in this paper could be the choice to use developing nations’ complaints against free trade on a country that is widely considered to be developed. As mentioned previously, Kuwait is listed at number 19 according to CIA country rankings according to GDP per capita with respect to purchasing power parity. (CIA) The United Nations lists it as a country with high human development, at number 63 in the world according to the Human Development Index. (UNDP) So in that sense, that criticism is quite valid. That being said, in terms of HDI criteria, Kuwait’s lowest score is in education. The mean years of schooling for adults in Kuwait are only 6.1, while the expected years of schooling for children are 12.3. (UNDP) In that respect the education standard for the population is increasing, at least in terms of years of schooling. While Kuwait measures fairly well on the HDI, there are other problems that arise.
One such problem is that of woman’s rights. In Kuwait, women won the right to vote, as well as run, in elections just in 2005, with 2009 showing four women elected to parliament. (Human Rights Watch) However under they are still not able to assume the role of public judges and prosecutors. (Ibid) Arguably one of the biggest sources of sources for inequality between men and women is that of the state religion itself: Islam. Many critics of the religion often cite unequal rights under the law when it comes to marriage, divorce, inheritance, and others. As well as there being no prohibition of “domestic violence, sexual harassment or marital rape.” (Ibid)

With such occurrences in a country, and the government unwilling to step in to take preventive or corrective measures, as such things are permitted under religious law, one may ask in what way is this country developed. There is no arguing that from an economic standpoint Kuwait is highly developed, yet at the same time there are domestic issues which escape traditional measures of societal growth.

Another area that could be a cause for concern is the lack of diversity in production and exports from Kuwait. While the current market for fossil fuels is expected to remain stable and profitable for many decades to come, if for some reason that industry were to suddenly fall flat, say by new cheaper renewable energy source, the much of the country’s income would be lost. This would then put it in a similar situation as other Middle Eastern countries, namely Jordan, Egypt, and Lebanon. While this is an unlikely scenario, it does raise the question about the long run stability of specializing in only one good.

**Most measures of country development look at economic success, few go beyond to include social conditions. As a result countries with enormous amounts of wealth due to one or highly profitable sectors may be ranked highly, while women’s rights, and minority rights within the country may not be taken into consideration. That being said, there is no argument that the specialization into oil production on the part of Kuwait has lead to a large income for both the government and the people. The theories put forth by Adam Smith, David Ricardo, Eli Hecksher and Bertil Ohlin, as well as others, may be gross simplifications of the real world, yet at the core there is some thread of truth. Additionally, while Kuwait has minimal trade barriers, the simplification of clearing customs at various ports of entry in 2006 coincided with a large increase in imports. This suggests that loosening restrictions on trade does have positive effects for the country. International trade is then a great source of economic development, with free trade policies yielding the best results.**

**Bibliography and References**


ABSTRACT

Robotics: Technology Trends and Impact on the Corporate World

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Roboticists develop man-made mechanical devices that can move by themselves, whose motion must be modelled, planned, sensed, actuated and controlled, and whose motion behaviour can be influenced by "programming". Robots are called "intelligent" if they succeed in moving in safe interaction with an unstructured environment, while autonomously achieving their specified tasks. Robots are very powerful elements of today's industry. They are capable of performing many different tasks and operations precisely and do not require common safety and comfort elements humans need. However, it takes much effort and many resources to make a robot function properly. Most companies that made robots in the mid-1980s no longer exist, and only companies that made industrial robots remain in the market. As with humans, robots can do certain things, but not other things. As long as they are designed properly for the intended purpose, they are very useful and will continue to be used. Robotics technology is developing at a rapid pace, opening up new possibilities for automating tasks and enriching the lives of humans. Robotics are a part of our world.

Industrial Robotics

Industrial robotics play a key role in automation and have helped improve manufacturing and assembly operations around the world. Using industrial robotics, machines and tools can be mounted onto robotic wrists, for example, that perform functions precisely and quickly. Industrial robotics offer numerous advantages over manual industrial labor or fixed automation including increased speed and the ability to function in harsh environments. Added flexibility and dexterity offered by industrial robotics help manufacturers get jobs done faster, while cutting costs. In the future, technological advancements are expected to further increase the intelligence of robots that will be able to learn, see and sense things - and complete even more tasks.

Robotics Technology Trends

In the manufacturing field, robot development has focused on engineering robotic arms that perform manufacturing processes. In the space industry, robotics focuses on highly specialized, one-of-kind planetary rovers. Unlike a highly automated manufacturing plant, a planetary rover operating on the dark side of the moon - without radio communication - might run into unexpected situations. At a minimum, a planetary rover must have some source of sensory input, some way of interpreting that input, and a way of modifying its actions to respond to a changing world. Furthermore, the need to sense and adapt to a partially unknown environment requires intelligence (in other words, artificial intelligence).
From military technology and space exploration to the health industry and commerce, the advantages of using robots have been realized to the point that they are becoming a part of our collective experience and every day lives. They often function to relieve us from danger and tedium:

Safety - Robotics have been developed to handle nuclear and radioactive chemicals for many different uses including nuclear weapons, power plants, environmental cleanup, and the processing of certain drugs.

Unpleasantness - Robots perform many tasks that are tedious and unpleasant, but necessary, such as welding or janitorial work.

Repetition and Precision - Assembly line work has been one of the mainstays of the robotics industry. Robots are used extensively in manufacturing and, more glamorously, in space exploration, where minimum maintenance requirements are emphasized.

Laws of Robotics

Isaac Asimov, who is considered to be the Father of Robotics, proposed three "Laws of Robotics" in 1942, later adding the Zeroth Law:

- Law 0: A robot may not injure humanity or through inaction, allow humanity to come to harm
- Law 1: A robot may not injure a human being or through inaction, allow a human being to come to harm, unless this would violate a higher order law
- Law 2: A robot must obey orders given to it by human beings, except where such orders would conflict with a higher order law
- Law 3: A robot must protect its own existence as long as such protection does not

There are 3 aspects of any robot:

- Brawn - strength relating to physical payload that a robot can move.
- Bone - the physical structure of a robot relative to the work it does; this determines the size and weight of the robot in relation to its physical payload.
- Brain - robotic intelligence; what it can think and do independently; how much manual interaction is required.

Because of the way robots have been pictured in science fiction, many people expect robots to be human-like in appearance. But in fact what a robot looks like is more related to the tasks or functions it performs. A lot of machines that look nothing like humans can clearly be classified as robots. And similarly, some human-looking robots are not much beyond mechanical mechanisms, or toys.

Robot intelligence

Even with primitive intelligence, robots have demonstrated ability to generate good gains in factory productivity, efficiency and quality. Beyond that, some of the "smartest" robots are not in manufacturing; they are used as space explorers, remotely operated surgeons and even pets - like Sony's AIBO mechanical dog. In some ways, some of these other applications show what might be possible on production floors if manufacturers realize that industrial robots don't have to be bolted to the floor, or constrained by the limitations of yesterday's machinery concepts.

With the rapidly increasing power of the microprocessor and artificial intelligence techniques, robots have dramatically increased their potential as flexible automation tools. The new surge of robotics is in applications demanding advanced intelligence. Robotic technology is converging with a wide variety of complementary technologies - machine vision, force sensing (touch), speech recognition and advanced mechanics. This results in exciting new levels of functionality for jobs that were never before considered practical for robots.
The introduction of robots with integrated vision and touch dramatically changes the speed and efficiency of new production and delivery systems. Robots have become so accurate that they can be applied where manual operations are no longer a viable option. Semiconductor manufacturing is one example, where a consistent high level of throughput and quality cannot be achieved with humans and simple mechanization. In addition, significant gains are achieved through enabling rapid product changeover and evolution that can’t be matched with conventional hard tooling.

**Hire a Robot or an Employee?**

The idea of having a corporate function focused on managing labor resources is one that has been around for more than two centuries (corporate functions emerged following the advent of labor unions in the late 1700s). Since then the function has gone by several names, the most commonly applied being "human resources." Unfortunately, the name "human resources" has gotten in the way of what the function was created to accomplish (bringing labor and management together in a manner that benefits both).

In the vast majority of organizations, whether large or small, when labor solutions need to be developed, the solutions provided by the human resource function are always "people solutions" (i.e. hiring, developing, rewarding, performance management, etc.) That narrow scope was fine when 95% of the work to be done in an organization was accomplished by an employee, but that simply isn't the case anymore. Today organizations leverage a vast array of labor types including automation, outsourced service providers, and contingent workers to get things done. Some studies now indicate that in larger organizations when outsourcing and contingent spend is added together, it exceeds what is spent on wages and benefits for regular employees.

If the HR function and those that lead it are to be truly strategic, they must acknowledge that today managers deal with a complex array of labor solutions and that maintaining a narrow scope of employee only solutions not only limits the applicability of the function, but also harms the business by fragmenting "labor procurement / management." A truly strategic HR function would follow the lead of marketing, supply chain, and manufacturing by offering "integrated solutions" that pair the best labor resource engaged in the optimal manner for the work that needs to get done at any point in time.

**Technology Has Come a Long Way**

Machines have been replacing human labor for nearly a century but only recently have solutions become so accurate and reliable that they could automate a great deal of business decision-making and analysis. Google or Bing for example are at least a thousand times more effective than a traditional reference librarian in finding a quote or a fact. And, just in case you have not kept up on your reading of "Robot Daily," you should know that there are now 8.6 million robots in use around the world with application in military, police, aerospace, and medicine.

...robots will take over approximately 50% of the jobs in the U.S. economy over the course of just a decade or two

-Marshall Brain

Technology has many advantages over people, including the ability to work 24/7, no demand for overtime, predictable maintenance (healthcare) cost, and no threat of unionization.
Potential impact of employing robotics

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Source: J. Michael Alford, Ph.D., ROBERT E. KRIEGER PUBLISHING COMPANY, MALABAR, FLORIDA 1988
Robot- Labor
The automobile industry has already seen the beginning of the robotic revolution. 2010 robots, only performing at an intelligence level of "insects" are capable of performing simple, repetitive tasks found on an assembly line. The military is using them to search and disarm bombs, and robots helped seal the gushing oil well in the Gulf of Mexico. Hospitals and Business are even experimenting with robo-docs and robo-employees. Army and BP robots require a human at one end controlling the machine. In effect, they are complex puppets with virtual strings ranging worldwide. robots of 2040, then these future machines will be able to perform far more complicated programs without human controllers.

Rather conservatively, his robots of 2040 are capable of running extremely complex multi-step programs. Imagine a robot that can cook and prepare a fast-food meal, or a robot that can assemble a building. Imagine robots that can lead a customer to the proper shelf at department and ring-up that sale.

Do Robots Take People's Jobs?
The real purpose of automating manufacturing is to eliminate skilled workers and replace them with low paid button pushers-preferably offshore," "As jobs at all levels, from McDonald’s to college-educated knowledge-workers, are increasingly automated, there will be more unemployment.”

Are robots taking over the workplace?
It’s been happening for decades; Robots performing jobs that were once done only by humans. It began with manufacturing; Mass production. Why pay for 10 humans to do something when one single machine can do it faster, better and cheaper? Machines aren't superior to humans, but they don't take breaks, days off or sick leave and they perform a task exactly the same way over and over. There's never any variation.

Human vs. Robot Labour
Humans, on the other hand, have to be paid week after week, year after year. They go on vacation and still have to be paid. They retire and never come back and still, they have to be paid. And this is for slower work, lower efficiency and a reduced likelihood that the task will be performed identically every time.

That was why robots were originally brought into the workplace. These days, however, there are myriad reasons that robots are doing jobs once performed by humans. Some jobs have become too large scale for humans. Using a robot to do the job allows it to be done on a scale that was previously impossible.

The opposite is true as well. Robots are also used to do things that are too small or sensitive for humans to handle. One of the latest technological trends these days is nanotechnology, the creation and use of robots so tiny that they can’t be seen by human eyes. Eventually they’ll be able to repair nerves or unclog arteries from the inside without having to do surgery.
Do Robots Make the World Safer for People? Another reason why robots take human jobs is to reduce the danger to humans. There is still plenty of danger for workers on many jobs, but more and more these days the most dangerous tasks are being relegated to robots.

Today, robots have replaced many thousands of humans in the workplace, but the jobs being replaced are the low-end jobs; repetitive jobs that don’t require any thinking. That may not always be the case. In the September 2008 issue of Popular Science Steven Dick, Chief Historian for NASA, says some scientists speculate that within just a few decades the most complex machines will become sentient, self-aware, thinking beings.

The Next Wave - Future Robotics

- Robots in both physical and electronic forms will become integrated into our society.
- Robots can already express functional emotions and reasoning.
- Advanced robots—androids have begun appearing similar to human beings and fill roles in retail commerce, community, and government. For example, machine kiosks and unmanned vehicles.
- Robotic efficiency and precision will transform manufacturing, medicine, space travel, research, and industry and displace skilled human workers.
- The robotics industry is rapidly becoming a multi-billion dollar global business, spawning many new careers and business opportunities.
- Human beings will adopt robotic human enhancements to achieve super-human capabilities both physical and mental processing using biotechnology.
- Cyborgs—part human, part robot—will develop skills superior to natural humans to meet the demand of specialized jobs.

Applications for disabled are also available now.
- We will encounter serious ethical, security, and social issues due to our robotic creations.
- Robots will provide convenience, safety, and productivity that will benefit humanity and profoundly impact lifestyles.
- Androids will achieve a basic level of self-awareness able to interact naturally.

Robots in 2015

When the robots start arriving in massive numbers to take half the jobs the effects will be profound. At this moment in history, we are standing right on the edge of the transformation to a robotic nation.

Replacing all the Pilots

Robots in the workplace will be a very popular idea because they will eliminate labor costs. Pilots will be the first to go because pilots are incredibly expensive and their jobs are largely automated already.

Let’s say that, in 2015, one airline decides to completely automate the cockpit and eliminate its pilots. Since pilots are expensive, that airline will have a real price advantage over its competitors. That airline will also have far more scheduling flexibility because it will not have to worry about crew availability.

Robots in Retailers

Wal-Mart or Target or some other large retailer will be introducing a totally automated inventory management system. Every shelf will be fitted with RFID tags and bar codes, allowing a mobile pick-and-place robot to find the exact shelf location of every product in the store. Every individual product in the warehouse will also be fitted with an RFID tag and bar code, so the robot will be able to pick up and identify every product that it needs to shelve. A relatively simple computer vision system will allow the robot to stack items on the shelves. These inventory management robots will operate 24-hours-a-day shuttling...
the shelves as items are sold. The robots will also constantly straighten the shelves and re-shelve merchandise. All of the technology needed to do this is nearly in place today.

By 2015, every big box retailer will be using automated checkout lines. Robotic help systems will guide shoppers in the stores. The automated inventory management robots will allow the first retailer to lay off a huge percentage of its employees.

Creating New Jobs
Why won't all the new companies that are making these robots create millions of new jobs in 2015? Why won't these new jobs absorb all of the unemployed pilots and service-sector employees?

**DECISION MODEL FOR ROBOTICS ADOPTION**

**NEW TECHNOLOGY**

ROBOTICS

STRATEGIC

ANALYSE STRATEGIC

Do Not Adopt

TACTICAL

ANALYSE TACTICAL

DECISION

ADOPT

PROCEED WITH ADOPTION PROJECT

**STRATEGIC FACTORS**
Capital investments
Competitive position
New Markets/Products
Industry structure
Product/Market Growth Stage
Economic Analysis

**TACTICAL FACTORS**
Productivity increase
Quality, Scrap, Rework
Technological change
React to Product Changes
React to Market Demands
Inventory

Source: J. Michael Alford, Ph.D., ROBERT E. KRIEGER PUBLISHING COMPANY, MALABAR, FLORIDA 1988
Ethical and social implications
The application of rapidly advancing fields of software and hardware engineering and biotechnology to recreate life or intelligence raises ethical and social issues. There is an ethical responsibility on the part of the creator to ensure that the robot or virtual pet causes no harm. There is also the impact of new technology on society. On the one hand, replacing people with robots may reduce labour costs and contribute to unemployment in society, but new jobs in the information technology industry are created.

Ethical implications
Robots appeared in fiction as early as 1917, and by the 1920s writers were already depicting the robot as a mechanical worker or servant that could be either an aid or a menace to humanity. The word robot was first used in the 1921 play R U R (Rossum’s Universal Robots), by Czech writer, Karel Capek.

Remember that in Mary Shelley’s novel Dr Frankenstein was so terrified of his creation that he ran away, leaving the ‘monster’ to fend for himself, with nobody to care for him and teach him. The creation carried out a terrible plan of revenge on its maker. The message in this is a question of ethics. If we start making creatures that are alive and intelligent, then we have to start thinking about how we will treat them, or suffer the consequences.

Social implications
Since the introduction of automation in industry (the first major automation was achieved on weaving looms, and its opponents were called luddites) there has been an understandable fear of the introduction of technology. Automated looms were designed to do the same job as the weavers. Thousands of workers lost their jobs when these machines were introduced. More recently the introduction (from 1980) of automated tellers has displaced thousands of jobs in the banking industry. Labour-intensive heavy industries were quick to adopt robotic technologies in the interests of perceived efficiencies, safety and economy. Robots can work round the clock, are easier to repair, don’t get sick and don’t require staff amenities. Replacing people with robots was seen as a way of reducing labour costs, workers’ compensation and union influence. The replacement of people by automated systems contributes to unemployment in society, especially for the most disadvantaged group - unskilled workers - which can result in long-term unemployment.

Robots have also created new jobs directly and can create wealth, leading to the development of new industries and jobs.

Strategical Implications of employing Robots
The strategic implications of the employment of robotics are those related factors which have the potential for affecting the long-term operations and providing a competitive advantage to the firm.

Automation and employment
Robotics is an essential component in any modern manufacturing environment. As factories increase their use of robots, the number of robotics related jobs grow and have been observed to be on a steady rise.

Effects on unemployment
Robots and other forms of automation will ultimately result in significant unemployment as machines begin to match and exceed the capability of workers to perform most jobs. At present the negative impact is only on menial and repetitive jobs, and there is actually a positive impact on the number of jobs for highly skilled technicians, engineers, and specialists. However, these highly skilled jobs are not sufficient in number to offset the greater decrease in employment among the general population, causing structural unemployment in which overall (net) unemployment rises.
As robotics and artificial intelligence develop further, some worry even many skilled jobs may be threatened. In conventional economic theory this should merely cause an increase in the productivity of the involved industries, resulting in higher demand for other goods, and hence higher labour demand in these sectors, offsetting whatever negatives are caused. Massive unemployment causes a sharp downward spiral that hurts the entire economy and the entire nation.

Are robots a boon or a burden to the economy?

Automation is going to do more than just play a game of musical chairs with the available jobs in the world. In the short term, robotics and artificial intelligence may create a battle between outsourcing and automation. Eventually, however, every side is going to use robots. Everyone is going to be developing AIs that replace human labor. With the increasing interconnectivity of the global economy it’s going to become less important whether jobs are being sent to India or the US, and much more important about how the shift in employment affects the average (global) citizen.

Robots and the Environment

Robots eliminate pollution, save lives and gauge environmental damage. Robots are valuable environmental tools.

- They have investigated and cleaned up after nuclear power plant disasters, saving countless people from exposure to deadly radiation.
- Some robots are built to withstand intense temperatures, navigate through smoke with ease, and lift heavy items.
- Robots clean asbestos from pipes, and safely strip paint from ships.
- They have helped biologists tackle pollution and safeguard the environment.

Conclusion

Robots offer specific benefits to workers, industries and countries. If introduced correctly, industrial robots can improve the quality of life by freeing workers from dirty, boring, dangerous and heavy labor. It is true that robots can cause unemployment by replacing human workers but robots also create jobs: robot technicians, salesmen, engineers, programmers and supervisors.

The benefits of robots to industry include improved management control and productivity and consistently high quality products. Industrial robots can work tirelessly night and day on an assembly line without an loss in performance.

Consequently, they can greatly reduce the costs of manufactured goods. As a result of these industrial benefits, countries that effectively use robots in their industries will have an economic advantage on world market.

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ABSTRACT

Automation of Human Resource Management is the current trend in the business world. The implementation of the HR automation need to be researched to help the HR professionals to reap the benefits. However one of the critical dimension, namely the user satisfaction with portal technology, specifically the business-to-employee (b2e) portal that enable Electronic Human Resource Management (eHRM) implementation potential has not been studied adequately in prior research. In this paper, we propose a conceptual model for eHRM portal user satisfaction, which was derived from an extensive literature review of existing user satisfaction instruments and the eHRM portal. Nine dimensions of the eHRM portal user satisfaction were identified: Information Content, Ease of Use, Convenience of Access, Timeliness, Efficiency, Security, Confidentiality, Communication, and Layout. This model has been checked using users of a large organisation currently implementing the eHRM concepts to automate a few Human Resource Management activities and is found to be significant and valid.

Keyword: Conceptual model, user satisfaction, eHRM portals, employee portals

INTRODUCTION

The usage of the Internet into all business activities within organisations has profoundly altered the business process between organisation and its employees. For many years, the web-based Intranet had been a well used tool of many organisations for building a more committed work force (Azzone & Bianchi, 2000).

These portals enable the Human Resource (HR) professionals to offer the benefit of a quick implementation of the electronic HR management as compared to other options of creating software for each need separately. While easy to implement, we also need to take in to account the user’s satisfaction, namely the employee’s satisfaction at the time of implementation so as to make sure the implementation takes care of the requirements of user satisfaction early on in the project. This study aims to find those user requirements in general.

Even though HR portals have provided benefits for many organisations, these intranets have a number of limitations such as lack of personalisation, lack of a consistent approach and poor navigation (HR Focus, 2004 and Ryley, 2001). Furthermore, the web-based Intranet does not provide centralised information which means that finding relevant and accurate information is often time-consuming. As a consequence, organisations lose a lot of productive employee time (Turban, King, Lee, Warkentin, Chung, 2002).
One way to overcome this problem is through the implementation of the Electronic Human Resource Management (eHRM) using the business to employee (b2e) portal technology.

The eHRM portal represents a single web browser interface which contains customized and personalized information, resources, applications, and e-commerce options that become a primary tool by which employees perform their work (Ransdell, 2000). Through the Internet connection, employees are able to access a range of internal and external information from their desktops, notebooks, or mobile devices. They are provided with relevant proprietary information displayed in the password-protected portals. While reducing the information overload, the eHRM portal also provides a number of benefits to both organizations and employees, such as reducing organizational costs, improving corporate communication, and improving employee productivity (see Tojib, 2003 for detail).

Moreover, the eHRM portal integrates four key zones of employee interactions (Teuke, 2001). The first is the employee-to-enterprise zone, which mostly covers traditional HR functions such as updating personal files and scheduling leaves. This is achieved through the integration of the Employee Self Service (Broad Vision White Paper, 2001) and/or the Manager Self Service (Oracle, 2012). The second is employee-to-employee zone which facilitates collaboration among employees. The portal integrates group-ware applications which enable employees to share information and ideas with colleagues and to collaborate through email, chat, or discussion threads (Sugianto & Tojib, 2005). The third is employee-to-task, where the portal offers tools and applications specific to each employee’s job function (Hewlett Packard, 2004). For instance, sales staff may have access to pricing information, the amount of stock held in the warehouse; finance staff might have access to the organisation financial report. The last zone is employee-to-life. The portal links employees to a range of internal and external information, such as staff travel information, employee financial planning, or weather news (Hewlett Packard, 2004). By accessing the portal, employees are able to perform not only their allocated responsibilities but also their administrative and other personal tasks.

**REVIEW OF LITERATURE**

The nature of an eHRM is understood from the works of Lepak and Snell 1998 who had defined the eHRM as the usage of Information Technology in the Human Resource management function so as to let the employees themselves perform their HR needs such as Employee benefits on their own.

However for such HR technology to be considered successful, it must change the work performed by the Human Resources Personnel by dramatically improving their level of service, allowing more time for work of higher value and reducing their costs (Walker 2011).

The eHRM portal development has received fairly extensive attention in the business literature (for example, BEA white paper, 2002; Cruz, 2000; Deimler & Hansen, 2001; Geib, 2013; Oracle, 2012). Several organisations including Boeing Co, Shell International, General Motor, and Ford Motor Company have invested a large amount of resources to develop and introduce such portal to their employees (Bannan, 2002). However, very little attention has been paid to measuring the effectiveness of eHRM portal in delivering their intended benefits. Among the myriad forms of assessment of IS

effectiveness, end user satisfaction is one of the most widely used measures (DeLone & McLean, 1992). Furthermore, as the success of eHRM portals is determined by the extent to which they satisfy the portal users’ requirements (Musgreave and Porter, 2002), examining user satisfaction with eHRM portal is an important area of research.

Our review of the user satisfaction literature shows that there is no study specifically aiming to examine user satisfaction with the eHRM portal. The existing user satisfaction instruments in the IS field are considered inappropriate for eHRM portals for the following reasons: first, embedded within the eHRM portal are technologies with functionalities that are distinct from those employed within the end user computing or traditional data processing environment (that is, search and retrieval processes, work flow systems, online self service applications, and collaboration tools) (Tojib, 2003); second, past studies in the information system literature scarcely touch on the patterns or processes by which users collaborate with each other (Ong & Lai, 2004), an important function which can be facilitated by the eHRM portal.

The purpose of this paper is to address this gap in the literature and explore the development of a conceptual model of user satisfaction with the eHRM portal. The organisation of the paper is as follows. The next section describes a review of past user satisfaction studies. In the section that follows, the model identification of user satisfaction with the eHRM b2e portal construct is discussed. Finally, we report on the progress of this research study and our future plans, followed by conclusions.

USER SATISFACTION WITH eHRM B2E PORTAL

Definition of user satisfaction

The definition of user satisfaction has evolved with changes in the Information Science (IS) environment (Simmers and Anandarajan, 2001). Early research on user satisfaction was conducted in the Traditional Data Processing (TDP) environment (for example, Bailey & Pearson, 1983; Ives, Olson, Baroudi, 1983), in which users interact with the computer indirectly with the assistance of an analyst or a programmer (Ong and Lai, 2004). User satisfaction has been defined as 'the extent to which users believe that the information system available to them meets their information requirement' (Ives, Olson, Baroudi, 1983: 785). Later research on user satisfaction has been conducted in the End User Computing (EUC) environment (e.g., Doll and Torkzadeh, 1988), in which users interact with the computer directly, through application software, to enter information or produce reports (Wu, Wang, Chien, and Tai, 2002). User satisfaction has been defined as 'an affective attitude towards a specific computer application by someone who interacts with the application directly' (Doll and Torkzadeh, 1988: 261).

The eHRM portal is very commonly operated in a web-based environment. However, the way the users interact with it is similar to how they interact with computer applications in the EUC environment. Once the users successfully access the portal, they can perform their work-related or personal tasks without needing to consult with Information Technology (IT) support persons unless technical problems occur. In other words, they interact with the portal directly. In this study, we adapt the Doll and Torkzadeh (1988) definition and define user satisfaction with eHRM portal as an 'affective attitude towards the eHRM portal by employee who interacts with the portal directly'.
User Satisfaction Studies
As user satisfaction has been top of the IS research agenda for almost twenty years (Haga & Zviram, 1994), it is one of the most widely researched topics in the IS field (Harrison & Rainer, 1996). Therefore, it is not surprising that, since the 1980s, considerable conceptual and empirical studies have been devoted to establish a standard user satisfaction instrument. A thorough review of the past user satisfaction studies has identified three broad streams of research. The first group measures user satisfaction with the overall IS/IT systems (for example, Bailey and Pearson, 1983; Ives, Olson, Baroudi, 1983). The second group focuses on end user satisfaction with a certain type of IT application (for instance, Doll & Torkzadeh, 1988). The third group focuses on end user satisfaction with web-based information system (for example, Muylle, Moenaert, Despontin, 2004; Otto, Najdawi, and Caron, 2000).

User satisfaction with overall IS systems
Bailey and Pearson (1983) first attempted to develop a semantic differential instrument to measure user satisfaction with general IS in TDP environment. Thirty nine items contributing to user satisfaction were identified based on a review of twenty two studies of the computer/user interface (Bailey & Pearson, 1983). In follow-up research, Ives, Olson, and Baroudi (1983) tested the Bailey and Pearson (1983) instrument for its reliability and validity. Their findings suggested retaining thirty three items for evaluating user information satisfaction (see appendix 1). Furthermore, they attempted to produce a shorter version of this instrument through the application of factor analysis. The results showed that the short version consisted of three factors: EDP Staff and Services, Information Product, and Knowledge and Involvement. These factors are measured by thirteen items (refer to the paper for the items). Later, Baroudi and Orlikowsky (1988) reaffirmed the reliability and validity of the Ives, Olson, Baroudi (1983) short-form instrument through a psychometric evaluation. Since then, many other researchers used Bailey and Pearson (1983) and Ives, Olson, Baroudi (1983) instruments when measuring user satisfaction with overall IS systems. Some researchers adopted those two instruments (for example, Mahmood & Becker, 1985; Raymond, 1987; Montazemi, 1988; Foley & Newman, 1988; Bergeron & Berube, 1988; Anderson, 1989; livari & Karjalainen, 1989; livari & Ervasti, 1994) while the others adapted them (for example, Khalil & El-Kordy, 1999) depending on their purpose of research. Very few researchers in IS (for example, Baronas & Louis, 1988; Nath (1988) developed their own scales to measure user satisfaction.

User satisfaction with specific IT application
The emergence of low cost desktop Personal Computers (PCs), the decentralisation of IT development policy, and the availability of user-friendly software applications in the late 1980s and early 1990s have led to the proliferation of the EUC environment (Powell & Moore, 2002 ; Downey, 2004). Recognising the changes in the IT environment, researchers argue that the available user satisfaction instruments are inappropriate for the EUC environment in which end users develop and/or interact directly with specific applications (Doll and Torkzadeh, 1988). Doll and Torkzadeh (1988) were the pioneers in developing and validating the first EUC satisfaction instrument which focused on measuring user satisfaction with a certain type of IT application. This instrument is based on a factor model consisting of 5 first order factors (that is, content, accuracy, format, ease of use, and timeliness) measured by 12 items. Following the publication of Doll and Torkzadeh (1988), a large number of
researchers adapted or adopted their measuring user satisfaction with certain type of IT application (for example, Glorfeld & Cronan, 1992; Seddon & Yip, 1992; Palvia, 1996; McHaney & Cronan, 1998; Downing, 1999; McHaney, Hightower, & Pearson, 2002; Zviran, Pliskin, & Levin, 2005). Furthermore, those who developed new instruments had also considered Bailey and Pearson (1983), Ives, Olson, & Baroudi (1983) works as their reference instruments (for instance, Barki & Huff, 1985; Wan & Wah, 1990; Igbaria & Nachman, 1990; Seddon & Yip, 1992; Lawrence & Low, 1993).

User satisfaction with web-based IS

During the 1990s, there were significant changes in IT, especially with the rapid growth of the Internet. In this period, an increasing number of organisations exploited and created business opportunities on the Internet (Liao & Cheung, 2001). Furthermore, the widespread use of internet technology enabled the development of web-based information systems. In the field of user satisfaction, some researchers attempted to develop new instruments or used or adapted available instruments to measure user satisfaction with web-based applications. Those who developed new instruments are Ho & Wu (1999), Cho & Park (2001), Huang, Jin, Yang, & Chiu (2004), Muylle, Moenaert, Despontin, 2004. Doll & Torkzadeh (1988) instrument seems to be still in favour to measure user satisfaction with web-based IS (for example, Otto, Najdawi, & Caron, 2000; Simmers & Anandarajan, 2001; Xiao & Dasgupta, 2002; Abdinnour-Helm, Chaparro, & Farmer, 2005).

CONCEPTUAL MODEL

Heeks (2009) identifies correctly that over 80% of the Information Technology (IT) projects in developing countries fail. Given that in our country the adoption of IT in the HR area is at the initial stages the HR person who is interested in making his job easier by making IT enabled HR to take care of the manual work has to be vigilant in ensuring the success of such IT projects in his area.

As Nah, Lah and Kuang(2011) identify user satisfaction to be a key determinant in the adoption of IT projects, it is important that we explore the determinants of user satisfaction to make future implementation of eHRM a success.

Domain Identification

Based on the survey of literature in the recent past we find that currently we do not have any established theoretical framework for measuring user satisfaction with the eHRM portal. A theoretically grounded model of user satisfaction with the eHRM portal necessitates a careful review of the existing general user satisfaction instruments and extant literature. The aim of this review is to identify the domains of user satisfaction with the eHRM portal.

Two widely accepted instruments for measuring user satisfaction in IS research, Bailey and Pearson's (1983) and Doll and Torkzadeh's (1988) scales, were examined. In addition, six other instruments measuring user satisfaction with specific IT applications such as data warehouse (Chen et al., 2000), eHRM benefit systems (Huang et al., 2004), asynchronous learning system (Wang, 2003), internet shopping (Cho and Park, 2001), knowledge management systems (Ong and Lai, 2004), and website (Muylle, Moenaert, & Despontin, 2004) were also considered for domain identification purposes. Finally, since the interface medium of the eHRM portal is typically a website, three other scales measuring website quality (Loiacono, Watson, Goodhue, 2002).
internet shopping site quality (Yoo and Donthu, 2001), and web portals service quality (Yang et al., 2005) were examined to explore the extent to which they are related to the domain in question.

A study on those instruments identified a range of dimensions contributing to user satisfaction with general IS, certain type of IT applications as well as end user perception of quality of websites and web portals. These dimensions were then grouped into three main categories: information quality, system quality, and system design quality. Information quality and system quality are two major perspectives that have been widely examined by a large number of IS researchers when developing research model of end user satisfaction (eg. Bailey & Pearson, 1983; Doll & Torkzadeh, 1988; Yang, et.al, 2005). System design quality is another perspective that is increasingly being examined when developing research model of user satisfaction with websites (eg. Yoo and Donthu, 2001). As portal's interface is generally take in the form similar to websites, it is important to investigate the system design quality when developing a model of user satisfaction with the eHRM portals. Other factors which do not fall into these three categories were excluded from further investigation.

Observation of the wide range of dimensions reveal that naming dimensions contributing to user satisfaction might be quite challenging. Some researchers use different dimension names but they essentially have identical meanings. For instance, factor 'Ease of use' (Doll & Torkzadeh, 1988; Cho & Park, 2001; Muylle, Moenaert, & Despontin, 2004; Yoo & Donthu, 2001) is similar in meaning to factor 'Learner interface' (Wang, 2003) as well as factor 'Usability' (Chin, Diehl, & Norman, 1988; Yang, et.al, 2005). Thus, the next step was to group dimensions that are different in name but similar in meanings (shown in Appendix) and created a common name for each grouped dimension.

To review the dimensions two broad criteria were employed. First, the dimensions must be used in most measures of user satisfaction with various type of IS and IT applications. We believe that dimensions which have conceptual and empirical relevance to most general user satisfaction scales can be appropriately included in the eHRM portal user satisfaction domain. Second, the dimensions must be theoretically associated with the eHRM portal environment. While the features and content of eHRM portal may vary from one organisation to another, its primary characteristics are the same regardless of their applications in the portals. As can be seen in the portal packages offered by vendors, both large (for example, mySAP, Hummingbird, Oracle, and PeopleSoft) and small portal vendors (for instance, Workscape and ProAct) offer eHRM portal solutions with identical characteristics (that is, the portal must be accessible any time whenever there is an Internet connection, must incorporate a single log-on procedure, provide role-based content to each employee, enable employees to do more tasks electronically with the integration of self service applications, and act as a medium of communication between the organisation and its employees as well as employees with their colleagues). Thus, these major characteristics were considered when investigating dimensions of the eHRM portal user satisfaction.
Careful examination of the above criteria and characteristics resulted in the identification of nine dimensions of the eHRM portal user satisfaction: (Information) Content, Ease of Use, Convenience of Access, Timeliness (currency of information), Efficiency, Security, Confidentiality, Communication, and Layout. Each of these nine dimensions is discussed in the following paragraphs.

Figure 1. Conceptual Model of User Satisfaction with eHRM EHRM Portal

**EHRM Portal User Satisfaction Dimensions**

**Content (Information content):** This dimension was derived from Information Content dimension which has been typically measured in previous studies in terms of its accuracy, relevancy, currency, reliability (e.g., Doll & Torkzadeh, 1988; Bailey & Pearson, 1983; Ong and Lai, 2004; Yang et al., 2005; Chen et al., 2000; Muylle, Moenaert, & Despontin, 2004). In this study, Information Content is referred to as the relevancy, accuracy, currency, and reliability of information presented to each employee based on his/her role in organisation.

Convenience of access. Employees must be able to access the portals regardless of time and location as long as Internet connection is available (Melville, 2004). The eHRM portal clearly provides convenience for employees, particularly those who spend more time out of office during working hours or those who work remotely from home. They could remain updated with the organisational news and at the same time perform their work-related and personal tasks by accessing the portal. Thus, in this study, Convenience of Access is referred to as the ability of the portal to be accessed any time and anywhere through intranet, internet, or even mobile devices.

Ease of use. The ease of use dimension is an important dimension for portal users, given that employees are traditionally not required to use eHRM portal in their day to day activities. This view is also supported by Dias (2001) who stated that portal users should easily locate and access the right information, with minimum training. In this study, Ease of Use is referred to as the extent to which the portal is perceived to be user friendly. This includes ease of navigation, training issue, feels of being in control, and learnability.

Timeliness (Currency of information). Portal users require information on-demand fairly quickly or the information becomes obsolete (Rushinek and Rushinek, 1985). As lengthy response time may cause lower user satisfaction and poor productivity (Hoxmeier and DiCesare, 2000), it is very important to ensure that the portal users are satisfied with the portal’s response time. Thus, the existence of timeliness will increase satisfaction and the absent of timeliness will decrease satisfaction with the eHRM portal. In this study, Timeliness is referred to as the ability of the portal to deliver requested information in a reasonable response time before it becomes obsolete.
Efficiency. End user satisfaction with the system is likely to increase if they believe that using the system will increase their performance and productivity (Mawhinney and Lederer, 1990; Vlahos and Ferratt, 1995). In other words, end users believe that if the system could assist them in improving their performance and productivity at work, the system is useful to them. Perceived usefulness has the strongest impact on end user satisfaction (Calisir and Calisir, 2004). In this study, Efficiency is referred to as the ability of the portal to assist employees in performing their tasks better and faster, streamlining work processes, and, hence, improving their productivity.

Confidentiality. In the case of the eHRM b2e portal, many of the Employee Self Service (ESS) applications enable employees to submit or retrieve their personal information electronically. Hence, privacy/confidentiality issues have been a serious concern in the online eHRM portal environment (Vernon, 2002; Yang et al., 2005). The ability of the portal to maintain the confidentiality of employees' personal information is likely to be associated with user satisfaction. The dimension Confidentiality is defined as the ability of the portal to provide a sense of assurance that any personal information retrieved or submitted from and through the portal will not be misused by authorised people.

Security. The Security dimension in this study was intended to tap a more encompassing aspect, namely the ability of the portal to provide a secure access to all applications and facilities provided. Hence, this dimension includes issues relating to the security breach of the portal, such as data theft, which will increase in proportion to the number of organisations storing their personnel files electronically (MHRIS, 2002).

Communication. Ong & Lai (2004), Wang (2003), and Yang et al. (2005) found that the ability of the system to enable system users to interact with others influence user satisfaction. In the eHRM portal context, the portal acts as a medium of communication between organization and their employees as well as employees with other colleagues (London Financial Times, 2002). Thus, the ability of the portal to act as a communication medium among employees may be an important indicator for user satisfaction with the eHRM portal. In this study, Communication is referred to as the extent to which the portal could mediate interaction (i.e., information sharing and collaboration) between employees and the organisations as well as employees and their colleagues.

Layout. This dimension was derived from Chin, Diehl, and Norman (1988), Cho and Park (2001), Huang et al. (2004), Loiacono, Watson, & Goodhue (2002). They have confirmed the importance of system design quality in measuring user satisfaction with IT applications. Given the role a portal plays as the interface between the employees and the organization, effective portal design must be seen as a prerequisite for successfully implementing eHRM initiative. This view is supported by Muylle, Moenaert, and Despontin (2004) who stated that effective website design is needed to ensure the success of instituting an e-commerce initiative. Thus, an attractive and aesthetic portal design may be an indicator of user satisfaction with the eHRM portal. In this study, Layout is referred to as the design of the interface and display of the information.
VALIDATION OF THE MODEL
The authors are engaged in a long-term research study to develop a reliable and valid tool for measuring user satisfaction with the eHRM applications. The instrument has since been constructed for a b2e portal serving as an eHRM tool, based on the conceptual model described above. A pilot study has been performed to understand the relative importance of the identified factors for user satisfaction with the eHRM portal in an educational institution practicing eHRM.

Based on the empirical pilot study made on a large educational organisation with over 2000 employees and who are also users of a eHRM portal managing part of the HR functions, the identified factors leading to employee satisfaction was tested to find the most important ones as follows.

The empirical study had focussed on using all the nine variables identified from the literature survey as above in measuring the employee's perception about the current eHRM b2e portal and their level of satisfaction as well.

During the pre-testing of the questionnaire we found that the dimensions on Security and Confidentiality were not at all recognised as a factor by the employees and was hence dropped from the questionnaire as the question might confuse the respondents. Communication also had to be dropped as this aspect of b2e had not been implemented by the eHRM portal yet.

On further analysis we found that the employees perceived the intranet environment where the application had been deployed is likely to be more secure as compared to an internet based application where there is a possibility of data theft and the resultant risks to them. We need to explore further if this perception is unique to this organisation or will it hold to other organisations practicing eHRM in the intranet as well.

Finally the questionnaire that was administered had questions that concerned both satisfaction about the eHRM b2e portal as well as the following dimensions
i. Ease of Navigation
ii. Efficiency in finding information relevant for the user-consumer
iii. Clarity of the available information (another facet of information efficiency)
iv. Layout and visual aesthetics of the portal
v. Currency of the information
vi. Ease of entering and exit from the portal for the user-consumer

based on the employee's perception about the intra-net and the level of awareness, we found that it is possible to create a model using the multiple regression to predict the level of user satisfaction given the attention given to the following dimensions of the eHRM b2e portal in the order of heir relevance.

1. Currency of information
2. Clarity of information
3. Efficiency in finding relevant information
4. Ease of Navigation

The other two factors, namely layout and visual aesthetics as well as ease of entry in to (log-in) and exit (log-out) from the application had very low level of significance in predicting portal use satisfaction. They had a significance score of 0.0002 and 0.0003 respectively and hence with a sample size of about 80 employees, these two factors had not been included in the regression model.

It is needed to study further on why the other dimensions like security and confidentiality were not taken seriously by the employees of this organisation. The authors how ever do not plan to drop these three dimensions (security, confidentiality and communication) in their future validation studies for the model.
Future plans of this study include collection of data through questionnaires for the purpose of conducting confirmatory study and establishing construct validity, which includes discriminant validity, convergent validity and nomological validity across a wider variety of organisations including other sectors.

At the time of these validations it is also proposed to test the linkages among the variables as well with the model to be constructed using Structural Equation Model.

CONCLUSION

This paper presents a conceptual model that formulates few dimensions which belong to the domain of user satisfaction with the eHRM b2e portal. The model forms the basis on which a new instrument to measure user satisfaction with such portals has been developed.

The model has been validated in a limited fashion with an organisation practising eHRM application based on an intra-net based eHRM portal and has been found be having a good predictive ability for user satisfaction.

It has thus laid the groundwork for expanding research on user satisfaction studies within web-based eHRM environment using the same model across other organisations.

The findings of this pilot study are limited by the very nature of the sample organization chosen, namely the nature of educational institution where the eHRM solution has been implemented and studied. Generalization of the study has to incorporate similar studies in varied industries and sizes of organisation with respect to number of employees. The scope of further research will focus on these gaps from the current study so as to validate the proposed model to enable future implementation of eHRM applications to be well prepared on these factors to be successful.
## Appendix

### A. Dimensions of User Satisfaction Conceptual Model

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**SYSTEM DESIGN QUALITY**

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REFERENCES

Most of the people globally know about Facebook. You must also know the brain behind this amazing social networking site. He is none other than Mark Elliot Zuckerberg who surprised the world through his innovative and creative internet technology and who raised the hopes of billions of youth by dreaming and achieving big. He bust traditional leadership myth that leadership is meant for experienced and aged people alone.

Mark’s CV
Mark Elliot Zuckerberg is an American entrepreneur and a programming prodigy who co-founded Facebook and is its CEO and President. He achieved the impossible by becoming the youngest billionaire in the world through his internet innovation of creating a social networking site. Here is the quick look at his CV.

- He was born on May 14, 1984.
- He enrolled in Harvard College in 2002 and dropped out in 2004
- He floated Facebook on 04 February 2004.
- He became the world’s youngest billionaire as on 2008.
- Facebook reached half a billion-user mark On July 21, 2010.
- The film titled The Social Network, was released on October 1, 2010.
- He was named as the person of the year in 2010 by TIME magazine.

Mark’s Facebook
"You’re writing a public diary…the presumption is that anybody can see it. It’s not hard to get into the Facebook, no matter who you are." - John Palfrey, lecturer and executive director of the Berkman Centre for Internet and Society at Harvard Law School.

Facebook is one of the largest websites in the world, with millions monthly users. The site that was once limited only to Ivy League students has gathered vast amounts of information about users that can be used in any way it wants. In fact, Facebook success story calls for a case study for management graduates as Mark has made it in a very young age as one of the most popular websites in the world. It appears that there is Bill Gates and Michael Dell in Mark who are also not graduates.

Facebook connects people worldwide. It is online directory basically and began evolving by including several features through innovation. It is for chatting, dating, socializing, recording and other connecting activities. It is a silent revolution. After the advent of Facebook Orkut slowed down and users prefer to use Facebook to Google and Yahoo messengers. It is rightly remarked, "If Facebook was a country, it would be the third largest in terms of population, after India and China, and Zuckerberg would be its undisputed leader sitting at the epicenter of it all."
Mark - A Symbol of Success

You must have fire in your belly to excel as a leader. Don’t worry about the bottlenecks that come on your path towards success. Pursue your passions up to the hilt. Mark had initial setbacks when he first started his website with a severe criticism that his means and mechanism were wrong. Subsequently he dropped out of Harvard and set up Facebook website and there has been no looking back for him ever since. Although several companies are ready to buy Facebook, Mark declined their offers.

Mark’s Passion

What counts at the end of the day is passion. It is the first and foremost thing that determines your success. Mark was passionate about programming since childhood. He was, in fact, a programming prodigy. He was constantly working in internet and computer related activities since childhood. His father arranged tuitions so that Mark could grow in his passionate domain of programming.

Controversies

As success breeds controversies, Mark’s meteoric rise kicked up several controversies. Most of the times, it is tough to achieve success without making controversies. Hence, controversy has become the middle name of Mark. For instance, there are allegations that Mark stole the idea from his friends in Harvard College. However, court ruled in favor of him. Within the Harvard University also there were controversies such as Mark hacked University's computers. However, Mark has successfully managed his expulsion and came out clean.

Facebook vs. Diaspora

Another initiative against Facebook is Diaspora which almost caters the needs of Facebook with similar features. It was founded by four New York Students - Daniel Grippi, Ilya Zhitomirskiy, Maxwell Salzberg and Raphael Sofaer. But how far can it sustain is a million dollar question. It seems to be a good beginning. In Diaspora, you can post photos, pictures, videos and you can have control on your online identity. Analysts are of the opinion that it would give tough fight to Facebook. Will Diaspora succeed in replacing Facebook’s half a billion active users? We have to wait and watch.

Mark - An International Youth Icon

Mark has become a symbol of hope, role model and inspiration for youth internationally. He broke the traditional barriers and dreamt big and succeeded as the world’s youngest billionaire. He proved to the world that leadership has got nothing to do with age and experience. According to Mark, leadership is all about taking risk and dreaming big. We can say that Mark is an entrepreneurial genius. Most of the youth across the globe draw inspiration from the meteoric rise of Mark.

Advantages for Youth

Youth don’t have pre-conceived mindset as they have not tasted failures. They are virgin in their views and thoughts. They are fresh in their approaches and attitudes. Besides, age excites them to dream think big and achieve big. They are blessed with novel thoughts. Even if they fail and fall age supports them as they are young and can bounce back with energy and enthusiasm. They are born at the right time of history where the technology is growing rapidly throwing several opportunities open. For any success, timing is also equally important. Hence, the Generation Y is also called Generation Why for their questioning, and is blessed with several strategic, technological and educational advantages to take on the challenges for leaving a mark behind for others to follow.
Youth are blessed with intellectual curiosity and energy and enthusiasm. Wisdom is not the prerogative of the experienced people. Any one can possess. Several IT companies encourage young people for innovative ideas for several solutions. With the changing times and technologies youth are going to take on the world much faster and smarter way as the aged and senior people are busy with their problems and with pre-conceived mindset. The young are energetic and dare to be different. They want to be unique and go by the road less traveled. They can see the invisible and they can see possible in impossible and, finally, they make things happen.

When you look at young people who achieved big are Alexander the Great who conquered the world by the age of 32 at a time there was no proper communication and transportation facilities. Adi Sankaracharya, Indian spiritual leader, John F Kennedy, the former American President and Swami Vivekananda achieved everything in young age itself.

Lessons from Mark
Here are the lessons from Mark’s success:

- Everything is possible in this world. There are number of opportunities in this cut throat competitive world. Only thing you must do is to look at the door that is opened rather than the one that is closed.
- Age is not a deterrent to achieve success and leadership. People often think that leadership goes with aged and experienced people. In fact, it is a myth. The truth is leadership lies with the people who take responsibility and who takes things forward.
- Don’t chase money and chase your passion so that money runs behind you. Studies reveal that those who chased money and acquired could not enjoy their life as they easily reached their saturation point and found nothing beyond. However, those who followed their passions struggled initially but they made good money and lived their lives fully.
- Follow the road that is less traveled. If you get into conventional route that is cluttered with competition, you get into rat race and end up nowhere. In contrast, if you follow an unconventional path that is unexplored and untested, you stand to come out with something new and leave a mark behind for others like Mark.
- Focus on your goals firmly. Goals keep you aligned and focused. It helps you manage your time. It helps you remove negative thoughts and fill you with positive and significant thoughts. It holds your dreams high. Above all, it enhances your longevity.
- Spot your talents and push forward. Don’t run around skills and abilities alone by ignoring your hidden talents. Mark pursued his talents in programming that helped him. Consequently he has built skills and abilities around his talents paving the way for his meteoric rise.
- Know the pulse of the people and move on. Mark recognized the need for connecting with people when he was in Harvard College and worked on. He moved on with changes and modifications and it ultimately led to founding of Facebook. Therefore, knowing the pulse of people and their needs is an imperative to stay ahead of others.
- Have a dream and work on it. Don’t get distracted from your dreams and by criticism. Stick to it and you will soon see yourself on the top of the world. Mark has a dream and achieved.
- Make a difference in the lives of others and it gives you greater satisfaction apart from people remembering you beyond your lifetime. Mark has made a difference in the lives of others through his technology.
**Facebook and Innovation**
Facebook survived by enduring several storms. It survived because of innovation and continuously including several features to meet the rising expectations and aspirations of the people. Stephen Shapiro, Author of *24/7 Innovation* noted, "In today's age of change, as soon as you achieve success, someone is nipping at your heels, learning your unique strengths and planning to take a portion of your market. The only way to succeed is to have the ability to change - rapidly and repeatedly. This requires perpetual innovation from you and your entire staff at all times." Facebook innovated and survived and it must innovate constantly to stay relevant in this rapidly growing technology by shedding the image of being an internet hangout and widen its base with more features and applications.

**Final Word**
"The thing I really care about is the mission; making the world open." - Mark Zuckerberg
Facebook is the fastest growing phenomenon in internet history. Nobody could predict and imagine that it would hit globally in a huge way. It will become face of the mankind in the technological world in the near future. Microsoft survived and succeeded despite competition and Apple survived competition through innovation. Similarly Facebook will survive only through innovation. Mark would like to make his company as of the most powerful companies in the world. He is bullish and ambitious and optimistic about Facebook. He says, "If you look five years out, every industry is going to be rethought in a social way"
Mark has done a good job! He is awesome! Age is not a deterrent to dreaming. Anyone can dream at any age. Hence, the message for youth is to believe in their dreams and move forward aggressively to stand out from others. Remember that sky is the limit!

**References**
Author’s Blogs:
http://professormsraoguru.blogspot.com
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Preface

This is an analysis of the issues and problems in the case "Turnaround at TASS" which was published by Indira Management Review (2012), Vol. VI, No. 1, pp 59 - 68.

This diagnosis will start from the analysis of "The Complex Organization", (also reprinted in the same issue mentioned above), which might be regarded as the preceding part of "Turnaround at TASS", since the roots of the problems in the latter would appear to lie in the former.

To summarize, problems and suggested solutions (for "The Complex Organization") were identified in the areas of (i) Recruitment and Selection; (ii) Compensation, Rewards, Promotions and Career Development (incl. Appointment of EOs); (iii) Performance Appraisal; (iv) Employee Motivation; (v) Communication, Feedback and Change; and (vi) Business Problems

In "Turnaround at TASS", some of the initiatives and changes (or non-changes) of the top management were explored, most of which were in the form of conversations between three employees of TASS.

List of Issues and Problems (Perceived, Actual or Potential)

It appears that the management of TASS are also aware of the existence of problems in some of these areas. However, the change processes initiated to tackle the same appear, at least in some cases, not to have had the desired results.

The concerns or issues thrown up in "Turnaround at TASS" include the following:

1. Recruitment and Selection: problems continuing. (C, G)

2. Compensation and Rewards: Benefits without working; lack of recognition; termination; higher pay for CEO, MD etc.; employee turnover. (B, D, F, G, H, Q, U)

3. Performance Appraisal System: unrealistic standards; lack of feedback. (L, O)

4. Motivation: rising demotivation (perceived lack of equity or instrumentality (expectancy theory)) and cynicism. (H, G, K)

5. Communication: (implied) lack of upward communication, unwillingness to listen / learn. (E)

6. Change Management and related areas: Poor implementation of Change Mgmt (I); Co-optation, manipulation and coercion (D, Q, S); unrealistic pace of change/implementation, lack of capability to implement (A, I, P); poor quality of change agents (Internal committees & external experts) (A, P, U); Conflicting / unclear HR policies/practices (G); bureaucratic solutions (E, R); unrealistic goal setting (I, T).
7. Ethics and related areas: conflict of interest; breach of trust; closing eyes to unethical practices (I, Q, R); high degree of organizational politics: (H, M, Q) also reflected in various points listed above including: committee selection (A, D); shirking of responsibility /false delegation (J, K) and co-optation, manipulation and coercion (D, Q, S)

8. Business Model/Strategy related problems:

i). CEO, MD & other officers brought in from outside. (MD was originally insider but apparently has been away a long time - possibly only a middle manager when he left?): Unaware of systems or capabilities; give appearance of incompetence, arrogance (or perhaps frustration?) (A, E, N, P).

ii) Using contacts rather than quality of product/services to get new customers. (Using a push type process (selling) rather than a pull type process (marketing).)

iii) Customer identification and Customer satisfaction: Who are the customers? (I) The large engineering firms or the subcontractors? The end customers do matter, possibly more than the subcontractors, since if they are satisfied, they can insist that the subcontractors use TASS’s services. By pandering to the whims of the subcontractors, at least some of who appear to be more interested in short term gains, by employing all types of short cuts, cutting corners and other tricks without concern for quality or ethics, TASS is most likely also earning a bad name among the end customers.

iv) The new growth avenues proposed are called vertical integration, but are actually about offering services up and down the value chain and actually require quite different competencies, so it is might more accurately be classified as unrelated diversification (since the services appear to be actually positioned at external clients) while the MCD is clearly unrelated diversification. These are very risky strategies.

Analysis and Solutions

Regarding the first six areas of concern, the analysis of Complex organization remains valid, and little has been done to seriously examine them. Since the problems appear similar to those encountered earlier, nothing new is prescribed, but time is running out.

Two new areas of concern have also been identified or elaborated in greater detail:

(A) Ethical issues and (B) Business Model/Strategy related problems:

A. Ethical Issues:

There are no easy answers. Organizational politics exists everywhere. But conflicts of interest have the potential to lead to disaster. Likewise deliberately overlooking others’ unethical practices may be defensible(1), but has the potential to lead to legal problems and all sorts of adverse penal consequences including ultimately being black listed. These should not have been be allowed to occur and should be rectified at the earliest.

B. Business Model/Strategy related problems:

To point 8 (i) above, there is no easy answer. It is an example of ”who will bell the cat?” Who can tell the CEO or MD that they lack awareness/knowledge? Quite likely they are aware of this deficiency on their part and believe that it is unimportant. (Not an entirely illogical conclusion since it has been made
explicit that they were deliberately brought in from outside to shake up the system.) This is the consequence of earlier decisions (i.e. Selection or perhaps even the decision to bring in outsiders directly at such senior levels.)

With reference to points 8 (ii) and 8 (iii), as already implied above, TASS should clarify who its customers are or alternatively perhaps redefine its entire business idea by consciously considering/incorporating important stakeholders into its concept of its business. It is not uncommon to have the traditional customers' roles split among separate people/entities - for example, in large organizations, it often happens that the purchaser (employee in the Purchase Dept) is not the consumer or end user (the Operations or Maintenance dept). All that is required (in theory) is to incorporate the end user's requirements into the product/service. In practice it is a little more difficult, but this is a known business problem and therefore it should not be too difficult to find a suitable solution either.

Regarding the last point i.e. 8 (iv), there appears to be a surprising lack of awareness or at least lack of understanding about the different competencies required to occupy these different positions on the value chain. Possibly, (like other organizations), TASS is going to learn this the hard way, after some failures or bad experiences.

In fact, the surprising part is that for dealing with all the problems listed above, the organization apparently possess enough internal knowledge to solve them if the top management is able to tap the collective wisdom of its employees especially the experienced middle management. But in order to do this they should first realize that (i) they still have problems; (ii) their employees know what to do; and finally (iii) they should have faith in their employees.

Top management gives the impression that it believes that it has taken the right decisions and is unaware about the deleterious effect of their actions. (2) While it is possible that they might get true feedback through employee surveys or from the grapevine, it appears unlikely. (Due to the breach of trust issue, the probability of getting true feedback in future has been greatly reduced.)

One possible way out of this situation would therefore be for concerned "non-in-group" (3) managers to try and bring their apprehensions to the attention of top mgmt so as to trigger corrective action. This can be done directly if they believe that top management will consider their concerns and suggestions with an open mind or through the good offices of some intermediary who has the ear of top mgmt and is able and willing to act as a liaison.

Conclusion

Though the sentiments expressed by the characters in the case may seem extreme, similar sentiments are expressed by (especially) middle managers in all sorts of companies. Sometimes the middle managers are wrong; often their scepticism is justified. However, many companies manage to muddle along profitably till a crisis strikes. The crux of the problem with TASS is that the crisis is continuing but the increased/heightened amount of activity creates an illusion of achievement: that something appears to be getting done, but the core problems do not appear to be getting addressed. It seems to be a case of treating the symptoms without actually identifying or addressing the root causes. TASS will continue to muddle along, in reactive management mode, so long as no additional burden is placed on it.
Notes

1. And the LORD said unto Cain, Where is Abel thy brother? And he said, I know not: Am I my brother's keeper? King James Bible (Cambridge Ed.)

2. This lack of awareness might be despite their efforts to be aware or it might be because of their efforts to remain unaware! This remains to be determined.

3. i.e. Outside the top management core team (the "in-group")
Abstract

Management activities are often discussed and analyzed from a single perspective because of which the large picture of the changing managerial environment is sometimes left incomplete. This setting of this case is an organization which implementing new initiatives in its effort to improve its sales, profits and growth rates. The body of case is presented in the form of a letter with several enclosures, recreating the chain of events leading to the final letter. While the situation described touches upon some specific areas of management it also attempts to illustrate the effect that decisions in one business area may have on other business areas, with particular reference to the Indian business environment.

Introduction

Narayan Sharma, CEO of the August Bank of Commerce (ABC), Bizarreland (1), was perusing his mail, which had been carefully sorted by his executive assistant when the letter caught his eye.

Narayan sighed. His day had started badly that morning when he had received a message purporting to be from HawaVani his mobile phone service provider: "Despite our repeated requests you have not submitted your documents. Please consider this to be our final reminder and submit your documents to your nearest customer care centre without fail or we will be forced to suspend services to your phone. Contact XYZ at no..... immediately".

The message had infuriated Narayan, not merely because it was factually incorrect, (contrary to what it said, it was the first such message he was receiving; moreover without submitting documents no law abiding citizen could get a mobile phone connection activated in Bizarreland), but also because of the unnecessarily unfriendly and threatening tone. His first action on arriving at his office had been to snap at his assistant to call the number given and blast Customer care at the number given in the message for their rude message. Mid-way through the firing, his assistant had discovered that the person at the other end was not Customer care but an apologetic dealer. Still angry and now also embarrassed because the wrong person got scolded Narayan almost decided to terminate his connection on the spot. The only thing that held him back for the time being at least was the consequences of having to communicate his new number to all his contacts.

And now there was this letter.

The ABC was one of the oldest and largest foreign banks operating in Bizarreland. Despite problems in the past its Corporate Division had overcome various setbacks and continued to expand and grow and was perhaps the most profitable in the world. The Consumer Banking Division was a slightly different story. Its laid back approach had proved no match for the aggressive wheeling and dealing approach adopted by other competitors. Still, it had been reputed for good staff service and had loyal customers. The only problem had been its low profitability. As a result, five years ago an uncompromising new
The irate customer approach had been adopted, based on cost cutting by introducing the use of various technologies, and focusing on growth areas such as credit cards with demanding targets set all down the line. This had necessitated a shift from the earlier culture, which had been rather laid back and personalized, to the current intense focus on achievement of sales and profit targets. Many staff had found the culture change transition difficult and the HR Department in particular had faced considerable problems with people asking for transfers to other divisions resulting in a shortage of people to staff the front desks. The rapid growth in cards had also resulted in problems with defaults, which in turn had resulted in tighter procedures. Unfortunately, there had also been a sharp rise in customer complaints. The letter was one such customer complaint. Normally such matters would have been dealt with elsewhere, but the reference to BCB was potentially troublesome.

Exhibit: The Letter

Registered Post

Irate Customer 1
BizarreNagar, 400xxx

The CEO,
August Bank of Commerce,
BizarreNagar, 400yyy

Sub: A/c 1234 UNRESOLVED CONCERNS

Dear Sir,

My son and I are account holders at your bank holding the account no mentioned above. We also avail of various other services including depository services etc offered by your bank.

I am compelled to write to you about the absolutely abysmal service experiences we have encountered recently concerning two issues: (i) ATM card and (ii) Depository statement. As long standing customers of the bank, we are surprised and shocked about the course these matters have taken.

(i) Non renewal of ATM Card: My previous ATM expired in 20X1 and I did not receive a fresh card extending the expiry date.
(ii) Non receipt of demat statement for November - December 20X1.

We first emailed your customer care about these matters on 31/1/20X2. We got an email response about the ATM card on 5/2/20X2 and no response about the depository statement. Since we were not satisfied with the response we then approached your head of Customer care on 7/2/20X2 and received his reply on 15/2/20X2. Briefly his response was that (i) depository
statement had been despatched in January and (ii) that an email responding my query about renewal of ATM card had been sent.

Since this reply was even more useless than the previous one, and despite the extremely callous and careless tone of the communication yet another email clarifying our position was sent to your head of customer care on 18/2/20X2 and got your automated acknowledgement Auto Response from August Bank of Commerce on Feb 18 Ref No: 02/01/GOBBLE. Your policy I believe promises a response in 5 days. Over 5 weeks have passed and we have had no answer. (Copies of all emails are attached in chronological order for your ready reference.)

I would also like to point out the following:

1. I have tried phone banking. I am a senior citizen as you can verify from your records. I find it extremely inconvenient to use your phone banking option. There is no mention of ATM/Debit cards in the main menu, nor is there any mention of any option to speak to a phone banking executive in the main menu either. It is possible that both options are buried inside somewhere. Furthermore I have an expired ATM card and as such I am not even sure how it will work even if I do get to ATM cards on the menu.

Earlier when I did not get my add-on credit card, your branch employees, who are generally helpful, answered that they were helpless about (credit) cards. Therefore, I was left with little option other than to contact customer care by email, and like a typical bureaucracy, they in turn redirect me to phone banking? If that is all that your ‘Customer Care Dept’ can do, may I take the liberty of pointing out that they do not serve any constructive purpose?

2. As of now, twice you claim to have sent me cards which I have not received. In other words you have a 0 (zero) % delivery record (two out of two undelivered). If you resend the card using the same delivery mechanism, what guarantee is there that I will receive it this time? That is why I asked about an alternative delivery mechanism, which your head of customer care apparently does not care to respond to. Nor does the fact of the non-delivery seem to bother him. (In fact even a pointed suggestion that BCB norms are perhaps being violated merits no response.)

(We regret that the tone of our earlier communication/suggestion about bank practices and BCB norms was, unfortunately, not worded in an entirely courteous manner, but we also hope that you will understand the extreme provocation that triggered it.)

3. Earlier, I knew your branch staff (and perhaps more importantly, they knew me too - by face if not by name). These days almost every visit I find myself dealing with new faces and while they are in general quite obliging, the personal touch is quite missing.

4. Sometimes the questions your phone banking employees ask are quite daft. Once I wished to verify if a cheque deposit had been cleared and the person at the other end of the phone wanted details of my last transaction ostensibly to verify my identity. Since I was calling to verify my last transaction, (a cheque deposit), how could I have provided any answer to such a question?

I have been a customer of ABC in various capacities from 1980 onwards. Never have I experienced
such a lack of customer care and service. For example, in the past, in a similar situation, (non receipt of demat statement) some kind hearted and competent person simply arranged to send me another copy of the statement, without all this run around. Possibly he was from a BPO. Clearly the same level/standard of service appears to be beyond the competence / capability / authority of your current customer care department, including, lamentably, its head.

Ultimately, after a personal visit to your branch the depository matter was resolved. However, the ATM card matter is still pending.

Kindly arrange to resolve this issue at the earliest and also kindly ensure that such situations are avoided in future. If I do not hear from you within three weeks I will be forced to consider what steps I need to take to protect my own interest.

Thanking you,

Yours truly,

Irate Customer 1

Encl: emails dated 31/1/20X2, 31/1/20X2, 5/2/20X2, 7/2/20X2, 15/2/20X2, 18/2/20X2 and 18/2/20X2.
Email 1 of 31/1/20X2

from Irate Customer 2@gmail.com
to customer.care@ABC.com
date Sun, Jan 31, 20X2 at 1:02 PM
subject Non receipt of Debit/ATM card

Irate Customer 1
BizarreNagar 400xxx

The Manager,
Customer Care,
August Bank of Commerce

Sub: S B A/c No: 1234

Dear Sir/Madam,

I am an account holder at your BizarreNagar branch and also the holder of the Debit/ATM card (number ABCD) which expired last month. Till date, (and over a month has passed) I have not received a fresh card. This lack of service from your bank is causing me considerable inconvenience.

Kindly do the needful and let me have a fresh card extending the validity at the earliest.

Thanking you,

Yours truly,
Irate Customer 1
Email 2 of 31/1/20X2

from Irate Customer 2 @gmail.com
to customer.care@ABC.com
date Sun, Jan 31, 20X2 at 1:07 PM
subject Non receipt of depository statement

Irate Customer 2
BizarreNagar, 400xxx

31/01/20X2

The Manager,
Customer Care,
August Bank of Commerce

Sub: Demat A/c No: 5678

Dear Sir/Madam,

I am a joint account holder at your BizarreNagar branch and also the holder of the demat account (number given above). Till date, (and over a month has passed) I have not received the statement for the previous quarter. I had put through some transactions towards the end of November and would like to verify the same.

Kindly do the needful and send me my depository statement at the earliest.

In case there is some option to view the status of the demat account online please let me know how to go about it.

Thanking you,

Yours truly,
Irate Customer 2
Email 3 dated 5/2/20X2

from   customer.care <customer.care@ABC.com>
to     Irate Customer 2 @gmail.com
date   Fri, Feb 5, 20X2 at 1:52 PM
subject Customer Satisfaction First and Last August Bank of Commerce

Ref: 01/GOBBLE

Dear Mr. Customer,

This is with reference to your e-mail dated January 31, 20X2 regarding your account held with us.

I have perused the contents of your email and note your concerns regarding the non receipt of the renewal debit card at your mailing address. I sincerely regret the inconvenience caused to you in this regard. I thank you for bringing the same to our attention.

A review of our record indicates that the renewal debit card had been issued and despatched to your mailing address in the month of November 30, 20X1. I wish to inform you that the above mentioned card had been returned undelivered to us with the reason "door closed". Now the said card has been destroyed as per the retention policy.

In this regard I request you to contact our Phone banking service at the below mentioned numbers to issue a fresh debit card favoring to you account.

Please feel free to let us know should you require any further assistance or clarification in this regard.

Assuring you of our best service always,

Yours Sincerely
Officer 1,
Customer Care

We would like to know whether you are satisfied with this response. Please click on the following link to provide your feedback. August Bank of Commerce is committed to making your banking with us a delightful experience. We value your feedback.
Email 4 dated 7/2/20X2

from    Irate Customer 2 @gmail.com
to      head.service@ABC.com
date    Sun, Feb 7, 20X2 at 9:51 PM
subject  Re: Customer Satisfaction First and Last August Bank of Commerce

Irate Customer 2
BizarreNagar - 600xxx

To:
Mr. B. Victorious
Head - Customer Care
August Bank of Commerce,

Dear Sir,

I had sent two emails to customer care on 31/1/20X2 regarding TWO different issues. 1) Regarding my demat account and 2) Non receipt of ATM/Debit card for my father. This email concerns both.

First: Demat a/c statement: Please refer to my original mail. Till date I have received no response regarding this issue. May I request you to kindly look into the same and expedite?

Second: Non-receipt of ATM card: Please refer to the original mail and also to the reply received May I point out that the so-called reply is not a proper reply at all?

a). What does "door closed" mean? My father is retired and a senior citizen and was in station during the time mentioned. He stays in a block of flats. Even if he was out by chance, word can be left with someone/a note slipped under the door as to when the delivery person would try again. How do you verify these things?

b) With all these nice phrases about customer care, and KYC norms, is there no responsibility on the part of the bank to check up on such matters? Especially since this is an ATM card and in the present scenario it becomes extremely difficult to operate without one. Is the bank not concerned about its customers at all?

c) Having informed you that the ATM card has not been received, which you have then verified, why do you again ask us to contact phone banking? Does the bank not have any alternative delivery system?

I would like to inform you that something is peculiar about your delivery mechanism as this is the second time such a thing is happening.

About a year ago, I got the following email in reply to non receipt of the add on credit card
Mon, Sep 22, 20X0 at 6:23 PM subject Re: Card renewal
Ref: 09/GOOK

Dear Mr. Customer,

This is with reference to your e-mail dated September 22, 20X0

We have dispatched the renewal card to your mailing address and the same has been returned undelivered.

We tried contacting you, but were unable to reach you.

We request you to contact Help line in this regard.

Assuring you of our best services always

Yours sincerely,
Officer - Customer Care

Why do we seem to have this trouble repeatedly with August Bank of Commerce cards? Even on that occasion my father was very much in station. In fact I was so shocked at the casual reply that I did not even bother to follow my request. Unfortunately this time it is an ATM card, which is of some use to my father in operating the account and we are left with no option other than to request a new one,

Therefore, I request you to please arrange to do the needful and provide my father with a functional ATM card at the earliest. Please note that my father may be out of station from March 6th onward for some time.

Thanking you,

Yours truly,
Irate Customer 2
Email 5 dated 15/2/20X2

from head.service <head.service@ABC.com>
to Irate Customer 2 @gmail.com
date Mon, Feb 15, 20X2 at 7:16 PM
subject Re: Customer Satisfaction First and Last August Bank of Commerce: TWO issues

Ref: 02/GOBBLEDYGOOK

Dear Mr. Customer,

This is with reference to your e-mail dated February 07, 20X2 regarding the Depository Account 5678.

We have noted the contents of your email with regard the statement of account. In this regard, we wish to inform you that as per our records there were no transactions found in the above account for the period of October 01, 20X1 to November 0, 20X1. Hence as per process, the statement of Transaction has not been generated for the said period. Our records indicate that the bill for the month of December 20X1 has been forwarded to your mailing address in the month of January 20X2. We trust the above clarifies your concern.

We also wish to inform you that we have responded your query with regarding the debit card vide email reference number 01/GOBBLE

Assuring you of our best services always

Yours sincerely,
B Victorious
Head, Customer Care

We would like to know whether you are satisfied with this response. Please click on the following link to provide your feedback. August Bank of Commerce is committed to making your banking with us a delightful experience. We value your feedback.
Email 6 dated 18/2/20X2

from Irate Customer 2 @gmail.com
to head.service @ABC.com
date Thu, Feb 18, 20X2 at 10:14 AM
subject Re: Re: Customer Satisfaction First and Last August Bank of Commerce: TWO issues

Sub: UNRESOLVED CONCERNS

Dear Sir,

With no disrespect intended, I regret to inform you that who so ever answers your emails apparently does not read/understand them.

Therefore I am compelled to take up the issues raised by me earlier yet again. Let me clarify in simpler and hopefully more understandable terms:

1. Re my demat account: You claim that you have sent my statement to me in January. Today is 18th February and I have still not received any statement. I am concerned that I have not received my statement. I have made no comment about your sending it or otherwise. I still have no confirmation of my transactions. My concern remains unresolved.

As you so kindly point out, since your statement of transactions also is your statement of account. Therefore, I have not received your statement of account (charges) based on which you have/will debit my account without giving me the opportunity to verify/confirm the same.

It strikes me that perhaps I have approached the wrong office. In case you are not sufficiently familiar with these operational procedures or lack the authority to deal with my problem please be so kind as to inform me the contact details of your superior is so that I can contact him/her about the same.

2. Re non receipt of ATM card: I have mentioned that I received an earlier email which was UNSATISFACTORY. Telling me that an earlier mail (which I have enclosed to you) has been sent to me does not resolve anything.

As mentioned in the previous case, in case you are not the competent authority to deal with this matter, kindly inform me how to contact your superior officer so that I can take up this matter with him/her.

Permit me to take the liberty of sharing one doubt I have: In view of the Bizarreland Central Bank (BCB)'s guidelines about ATM operations, is claiming that the card was returned undelivered a mechanism to reduce your transaction cost due to withdrawals at the ATMs of other banks?

Thanking you in advance for the inconvenience caused,

Yours truly,

Irate Customer 2
Email 7 dated 18/2/20X2

from head.service <head.service@ABC.com>  
to Irate Customer 2 @gmail.com  
date Thu, Feb 18, 20X2 at 10:16 AM  
subject Auto Response from August Bank of Commerce

Ref No: 02/01/GOBBLE

Dear Customer,

Thank you for your e-mail. This is to acknowledge the receipt of your e-mail to us.

If you have raised a query, we will get back to you shortly.

Assuring you of our best services always,

Yours sincerely,

August Bank of Commerce

Author Note:

1. Many writers refer to the division/divergence of India and Bharat. In some parallel universe, the Indian sub-continent (of our universe) was instead divided into Bizarreland and Bazaarland. This case is set in those two lands. Likewise BizarreNagar is a city in Bizarreland.
Book Review

The Leader's Pocket Guide: 
101 Indispensable Tools, Tips, and Techniques for Any Situation,
by John Baldoni (2012),
Hard Cover 224 pp
$19.95
Published by AMACOM

What are the details of the book?
“It is no use walking anywhere to preach unless our walking is our preaching.” - St. Francis of Assisi

If you want to learn the ropes of leadership, you read this book. If you want to be equipped with tools and techniques about leadership, you read this book. If you want an international authoritative resource on leadership, you read this book. If you want to add value to your organization and excel as the greatest leader, you read this book. John Baldoni’s book titled, The Leader’s Pocket Guide: 101 Indispensable Tools, Tips, and Techniques for Any Situation contains 224 pages with 101 well-punched inspiring chapters based on his vast leadership and coaching experience will help you lead on with confidence.

John Baldoni needs no introduction. He is an internationally acclaimed leadership educator and executive coach and the president of Baldoni Consulting LLC, a full-service executive coaching leadership development firm. He is passionate about leadership and wants to make a difference in the lives of others. Hence, you can imagine the takeaways from this book.

Why is it worthwhile?
John Baldoni provides action tips for self as follows:
1. Find your sources of inspiration. They may come from a book or from direct observation. Keep an open mind about where the inspiration comes from.
2. Think about how you will put your character into action to effect positive outcomes.
3. Be realistic about your limitations. Some you can improve through education and experience. Others you will need to understand so you can work with those who have with them.
4. Be accountable for your actions, even when you make a mistake.
5. Check your ego at the door as you hold it open for others’ accomplishments to shine.

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What is inside?
This is a pocket book containing 101 chapters with prologue, and handbook, acknowledgements and notes at the end. It is organized into three sections-self, colleagues, and organization-the book supplies you with short, to-the-point ideas on various aspects of coaching and leadership development. For John, coaching is close to his heart. The readers can identify John’s commitment and involvement about leadership throughout the book. Above all, the book speaks John's experience. It provides apt quotes in each chapter as John himself is a lover of great quotes, and “Think About...” sections that help readers reflect, review and apply in their real lives to excel as leaders. In addition, it helps you relate the theory with practice thus enhancing application of knowledge effectively.
6. Find a colleague who can serve as your trusted advisor or personal coach.
7. Make time for reflection. Choose a regular time and place to take stock of what is going on.

**John outlines action tips for organizations as follows:**

1. **Adopt the "what, not how" style of management.** Give people an assignment and let them figure out how to do it for themselves. Make yourself available to provide assistance when asked.
2. **Regard dissent as an opportunity to explore alternatives.** Dissent is the best protection against groupthink.
3. **When you make a hard decision, put the organization first, not yourself.**
4. **Praise your team when it perseveres in the face of adversity.** Be available to support team members and be their champion.
5. **Look on the light side of life.** It is tough enough without being serious all of the time. Allow for some levity.
6. **Make a habit of meeting and mingling with all levels of your organization.** Listen more than you speak.
7. **Consider roadblocks as opportunities for learning as well as opportunities for you to lead.**

**Leadership Formulae**

Here are some of the mathematical formulae John outlines at the end of the chapters:

- **Leadership Presence** = Authenticity + "Right Stuff"
- **Resilience** = Perseverance + Practice
- **Holistic Leadership** = Work + Others + Self
- **Ego** = Ambition = Humility
- **Leader’s Checklist** = Purpose + Priorities + Tasks
- **Priority** = Goal + Meaning + Work
- **Hubris** = Ego - Humility
- **Coaching** = Investment in Others.

**Authenticity** = Authority + Accessibility
**Engagement** = Purpose + Commitment
**Delegation** = Authority + Responsibility
**Perseverance** = Truth + Determination
**Need + Reason + Action** = Urgency
**Accountability** = Responsibility + Consequence
**Team Success** = Collaboration + Commitment
**Leadership Balance** = Stability + Flexibility
**Transparency** = Openness + Trust
**Inspiration** = Purpose + Intended Outcome

**What are the takeaways?**

- **Passion** gets you up in the morning. It is the fuel that drives you to immerse yourself in your work and deliver results. To demonstrate passion, set high goals; stoke the fires; and measure results.
- **Leadership depends upon perception.** It should reflect your inner character. But it will not unless you put your character into great and lead by example.
- **A leader who can laugh at himself defuses tension,** relaxes the team and enables people to take the work seriously but not themselves.
- **While management is administrative,** leadership is aspirational.
- **A task list focuses on what to do right now.** It is Intentional - how to respond to changing conditions; Actionable - what to do right now; Changeable - how to react when circumstances change.
- **If your boss is not giving you feedback, ask for it.**
- **Tough times are the right time to practice troubleshooting.**
- **Compromise is not for the faint of heart; it takes guts to work with people with whom you disagree.**
- **Compliment others for the constructive feedback they are offering.** You can do this even when the criticism is more critical than helpful because it shows that you are someone who is above pettiness. Others might be petty, but you are one who takes the high road. That demonstrates strength of character.
• Address employees as contributors, not as costs.
• Leadership is about helping those around you to succeed by putting them into positions from which they can succeed.
• Courtesy and comity are welcome in the workplace, but don't let them serve as an excuse for not addressing serious issues.
• Leadership is not a popularity contest. The mark of a good leader is how he leads against the odds or even against popular convention.
• If you value your people, don't do it with words. Do it with actions.
• Training and development are typically cut during down economies. That's too bad, because often the acquisition of new skills and the development of untapped talents are the factors that will help the company survive the downturn. Sometimes downturns bring lulls in the work flow. Use such time wisely by grooming your talent base.
• A candidate who schmoozes with a bigwig but blows off a secretary shows a lack of courtesy.
• Channel your energies into your work, but keep in tune with yourself and the people close to you.
• Understand that defeat is not the end. For instance, the Churchill of 1915 prepared the way for the Churchill of 1940 to become the savior of his nation.
• Resilient leaders take the long view and never get too low when they fail or too high when they succeed. They maintain perspective.
• Positivism must prevail over pessimism.
• Don't use words like "stupid" and "idiotic" when referring to senior managers. You may feel like saying them, but avoid doing so. Use words such as "challenged" or "unaware."
• The pause radiates calmness. It demonstrates that you are in control.
• Avoid hyperbole. Just as you would not pour gasoline over an open flame, do not use words like "disastrous," "catastrophe," and "meltdown." Such words escalate tensions; a leader's job is to de-escalate tension.
• Just because you have gotten people to stop shouting at each other does not mean they are working together. Continue to monitor the situation. Watch for warning signs among former combatants such as angry expressions, lack of eye contact, and the silent treatment.
• It is a good lesson for anyone who achieves success to remind himself that success is earned, not bestowed. You need to keep earning it.
• Grousing and grumbling are part of the everyday workplace, but if such words begin to encroach on behavior, the manager must step in. Complaints will be accepted, but complaining will not. The former may be justified; the latter is not because it affects behavior. The manager needs to keep the team focused on the work and on the goals.
• When the chips are down, the leader should be the first one to pick them up.
• Remember that the long-term gain outweighs the short-term pain.
• Those in charge, especially those in very senior positions, must be careful not only with their words but also with their body language. Here are some suggestions: Relax your facial muscles; invite inspection; and don't blow off steam.
• Stories are the ideal vehicle for inspiring people because successful stories can dramatize the human condition.
• Leaders by nature are not quitters. Their strength emerges from their resolve to persevere.
• Don't wait till you retire to develop your outside interests.

This book is a "short course" on leadership useful for people who lead a hectic life. It presents key ideas and insights about leadership on a platter so that you can read it in one sitting and practice. It unfolds you to cherry-pick essences of leadership tools and techniques for becoming a successful and effective leader.
It is a unique book on leadership offering the leadership nuggets in a distilled format. The book is inspiring with well punched ideas and insights thus hitting the bull’s eye. It is useful to leaders at all levels. It contains pearls of wisdom. It is written in a simple language and conversational tone. This is a good resource for people to excel as leaders. It is useful for busy executives who can read during their travelling time. You can easily toss the book into a briefcase, or purse and read here and there as time allows.

**What is the recommendation?**

John Baldoni is a gem in leadership. He knows how to articulate his ideas effectively. He worked hard, smart and wise to cater his best to the readers. It is one of the rarest books I have read in my life and I advise my students and participants during my leadership programs to read this book. Anyone who wants to learn about the length and breadth of leadership and coaching this is the best book under the sun on the earth. If you are passionate about leadership, read this book more than once. It will change the way you think about leadership, converts ordinary leader into extraordinary leader and equips you with tools, tips, and techniques for any situation to excel as a great leader. You can gift this book to your friends and they will thank you forever for your kind gesture.

Enjoy reading this book to acquire leadership wisdom!

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*Prof. M. S. Rao*

(*Internationally acknowledged leadership educator, speaker and consultant*)
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INDIRA MANAGEMENT REVIEW

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Authors are requested to note the following while forwarding written material for publication:

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