

# DHĀRANA

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BHARATIYA VIDYA BHAVAN, Bangalore

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आ नौ भद्रा : क्रतवो यन्तु विश्वत : ।  
"Let Noble Thoughts Come To Us From Every Side"  
- Rig Veda 1-89-1

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## Guest Editorial

## International Conference on Educational Leadership

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It is patently obvious to even a casual observer, that the country's current educational delivery system is in serious trouble and needs drastic reexamination. The need of the hour is to imbibe:

- Wisdom to Visualize,
- Wisdom to Organize, and
- Wisdom to Energize People,

in order to conceive, design and implement an affordable, world-class educational system not just for the elite few or those in urban areas, but also for the masses across the country commensurate with our ambitions to become a major force on the global scene.

What do students from our Primary schools to Doctoral programs represent?

They represent *"The Idea of India!"*

As Swami Vivekananda cautioned: *"Shall (the idea of) India die...? Then from the world all spirituality will be extinct, all moral perfection will be extinct, all ideality will be extinct; and in its place will reign the duality of lust and luxury as the male and female deities, with money as its priest; fraud, force and competition its ceremonies and the human soul its sacrifice. Such a thing can never be!"*

With this in mind, International Conference on Educational Leadership held at Indian Institute of Management Bangalore (IIMB) in January 2009 brought together eminent educationists, grass roots NGO

workers, Teachers/Faculty, administrators of public and private educational institutions, policy makers and titans from the corporate world, to chart a future course of action intended to transform the current rickety system and enhance our international stature.

In organizing this conclave on Educational Leadership, we took the position that **THE NON-PROFIT BUSINESS MODEL IS NOT AN OXYMORON, BUT A SOCIALLY AND ETHICALLY RESPONSIBLE BEHAVIOR!** In doing so, we were inspired by the late Dr. G. Venkataswamy, founder of the Madurai-based Aravind Eye Care System (AECS).

Dr. Venkataswamy (popularly known as Dr.V) adopted an approach that **judiciously combined both business and social orientations – the 70:30 model**, in which two free patients were covered by one paying patient. The result: an ETHICALLY SUSTAINABLE organization, consistently generating surpluses to fund various related ventures and expansion activities with minimal dependence on external sources.

Today, this institution that was established over three decades ago has grown by leaps and bounds, encompassing the Lions Aravind Institute for Community Ophthalmology (LAICO) – the training arm, Aurolabs – the manufacturing entity, and five hospitals in the states of Tamilnadu and Pondicherry. This success has legitimized AECS's "social marketing" model. Its management and systems have earned AECS accolades from admirers and well-wishers all over the world.

To rephrase Rabindranath Tagore's poem, Gitanjali:

- "Where the mind is without fear and the head held high;
- Where knowledge is free;
- Where the organization has not been broken up into fragments by narrow departmental walls;
- Where words come out from the depth of truth;
- Where tireless striving stretches its arms towards perfection;
- Where the clear stream of reason has not lost its way into the dreary desert sand of habit;
- Where the mind is led forward into ever-widening thought and action –
- Into that heaven of freedom, let our organizations awake."

Our challenge is to conceptualize and deliver an educational system which, at the very least meets, if not exceeds Tagore's dream.

With this in mind, the papers we have selected for publication could contribute to rethinking the current system. The paper by W. Benoy Joseph and Freda Swaminathan, highlights how philanthropic partners— from organizations (business, not-for-profit, and public sectors) to private foundations, alumni, and friends— can help business schools to make wishes come true.

The paper by Christopher Lubienski emphasizes the need for "...competitive institutional environments as a means to leverage market-style incentives, thereby inducing school managers to be more entrepreneurial in responding to consumer demand for education."

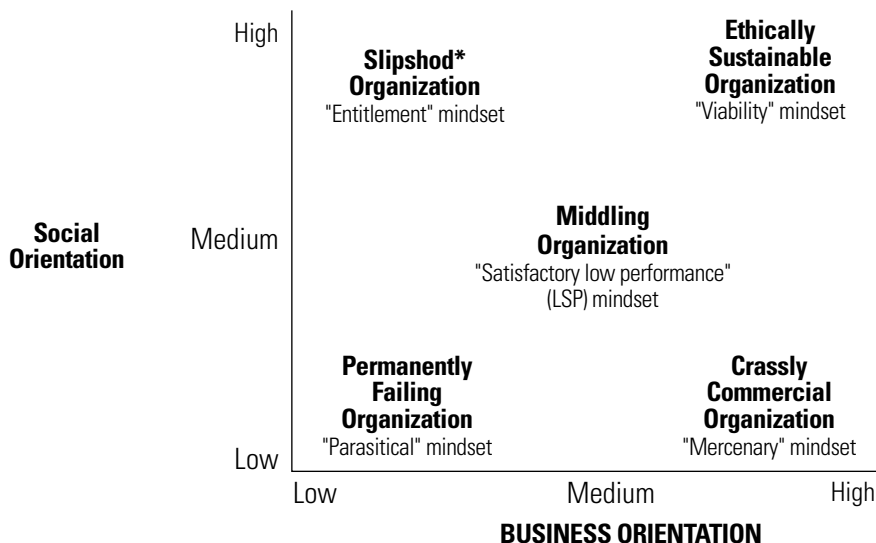
Kumar Alok's paper explores the core nature of leadership on the basis of the philosophy of the Bhagavad-Gita that expatiates on Sankhya Darshan in the human context.

Priyanka Chakravarty's paper reviews "...certain concepts in leadership, like that of entrepreneurial culture, fast track leaders, wisdom-ization of leadership, orchestration, transformational leadership and ethical leadership."

The paper by Mokbul Ali Laskar looks into the dynamics of the governance of public higher education institutions (HEIs) and postulates the increasing difficulty, particularly because of increasing role of external political power.

We hope these will start a dialogue that sets us on the path of rejuvenating the country's educational system from primary schools to the hallowed hall of doctoral institutions.

..... Continued in page 78



\* Inefficiently or sloppily run by very dedicated individuals with little or no aptitude for management

## Building Excellence With a Business School's Philanthropic Partners

**W. Benoy Joseph & Frieda Swaminathan**

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### Abstract

Business schools everywhere are committed to building excellence. But excellence demands enormous financial resources that exceed customary levels of funding whether it is for recruiting top students with scholarships and financial aid, attracting world-class faculty with strong compensation packages and generous research support, building state-of-the-art facilities that can provide the academic and technical environment to investigate and discover business theory and practice, or for developing cutting-edge curricula that will prepare the business leaders of tomorrow. This paper discusses the role of philanthropic partners—including corporations, foundations, and alumni—in creating not only a solid financial base which can support initiatives that spawn excellence but also strategic alliances with practitioner partners who can collaborate in a symbiotic manner to keep faculty and students on the leading edge of change. The paper will explore such alliances and present directions for building successful philanthropic partnerships among business schools in the U.S. and India.

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### Back Ground

*The Carlson School of Management at the University of Minnesota has embarked on an ambitious fund-raising campaign to enhance student learning. The Carlson Funds Enterprise, which allows graduate and undergraduate students to invest real money, is seeking to raise \$7 million through an endowment fund to supplement its current \$25 million portfolio. The money raised will go toward making the student investment program self-sufficient, in remodeling the investment laboratory, supporting a fellowship program, and paying for a new management and accounting system (BizEd, 2008).*

*At the University of Washington's graduate business school, the mergers and acquisitions course, taught by*

*a professor of finance, is co-taught by the CEO of Edge Wireless, former president of McGraw Cellular, and a major figure in the wireless industry. With his wealth of experience in mergers and acquisitions, this executive provides valuable insights into the personalities and strategies of acquisitions rarely noted in graduate business textbooks. The professor provides students with the necessary theories and principles (Holmgren, 2006).*

*Faculty at the Nance College of Business, Cleveland State University, compete for "applied business scholar" awards which permit a faculty member to spend a whole semester, at full pay, working in a real business firm and assisting the firm with developing new ways of analyzing and solving problems while also learning*

*much about the realities of the world of business as practiced in the professor's primary discipline. In 2007, two finance professors were awarded this privilege and "worked" as "scholars-in-residence" in the investments divisions of two large national banks. In 2006, two faculty members in operations management spent consecutive semesters studying and modeling supply-chain problems at a large steel mill.*

There is a common if all-too-obvious theme to these vignettes from three taxpayer-supported institutions: business schools that partner with business and industry can move from the merely routine and affordable to activities and initiatives that are out of the ordinary—even extraordinary. This paper explores this theme, reviews the literature of philanthropic behavior, proposes a framework for expanding and identifying partners among business and other constituencies, offers examples of successful partnerships forged by business schools in other countries, and discusses the potential for for such initiatives by business schools and colleges in India.

### **What is "Excellence" in Management Education?**

Business is acknowledged as a key driver of the success of any economy today. In the case of nations, both developing and developed, that are moving towards becoming knowledge-based economies, developing human capital with a corps of well-trained and educated managers and leaders becomes a critical element for spurring innovation, entrepreneurship, and sustaining economic growth. Management education through teaching and research can play important parts in nation-building and preserving the economic strength of so-called advanced nations. After all, the prosperity of a nation or a region depends heavily on how well business firms do that are located within them.

Excellence in management education cannot be achieved without scholarship; research into management and its specialized disciplines contributes to expanding the knowledge base and keeps faculty on the cutting edge, offering knowledge leadership to businesses. Indeed, one could surmise that strong business schools—backed no doubt by strong secondary and higher education systems—can contribute to economic

growth and prosperity. But what exactly is excellence?

Excellence is manifested in many conventional ways—through distinctive curricula, distinguished and dedicated faculty, superb physical facilities, selective recruiting and retention of the best mix of students, and creative and resourceful programs that bring out the best outcomes for students, potential employers, funders, the educational institution, and for society. Yet other indicators of quality include professional accreditations by international peer-managed accrediting organizations such as AACSB International or EFMD's Equis or the popular if contentious rankings by business periodicals across the world (e.g., *U.S. News*, 2008; *Business Today*, 2008). But excellence is an elusive and costly aspiration, especially when it applies to a business school's programs and activities that go beyond the essentials and "must haves" to those that are on a school's "wish list"—nice to have but unaffordable. Philanthropic partners—from organizations in the business, not-for-profit, and public sectors to private foundations, alumni, and friends—can help business schools to make wishes come true.

The dictionary defines philanthropy as including "donations of money, property, or work to...socially useful purposes" (Random House, 1980, p. 996). But for our purposes, a broader and more inclusive interpretation is in order: philanthropic partners for a business school (or any educational institution, for that matter) are stakeholders who can contribute to advancing a school's mission with donated time, money, physical facilities, expertise, voluntary engagement and leadership, cooperation, collaborative ventures, and other resources. Stakeholders of a typical business school may include numerous constituencies from faculty, employees, and students to alumni, government agencies, accrediting bodies, and various civic and business organizations that cooperate or collaborate with the school and support it in many ways (see example in Figure 1).



**Figure 1. A Business School's Stakeholders**

<b>BUSINESS SCHOOL</b>		
<b>Students – Current and Prospective</b>		
Corporations	Employers	Government
Charitable Foundations	Friends / Supporters	
Alumni		
Agents, Facilitators and Recruiters		
Media		
Faculty and Staff		
Other Educational Institutions		
Trustees/Administration		

*Source: Giving USA 2008 (2008), Giving USA Foundation, Indiana University*

It is worth noting that a college's stakeholders may have varying levels of influence on the college's policies. For example, while current and prospective students may be recognized as important "consumer" publics that must be catered to with the best available curriculum, faculty, and student services, many colleges in the U.S., rightfully and prudently acknowledge the critical importance of alumni whose numbers may be five to ten times larger than the current enrollment and whose financial support subsidizes the tuition and fees of current students. Corporate donors and key patrons or trustees may number fewer than 100 but their importance to the institution will be disproportionately large because of their prominent contributions of money or volunteer leadership.

The philanthropic partnerships that go beyond financial donations to proactive engagement with the institution can cover a wide range of activities and initiatives. Partnerships are viewed as opportunities to mobilize the energy and resources of individuals and groups that are connected to an institution. Consider the sampling of possible partnerships shown in Table 1.

Alumni, trustees, and members of a B-School's various advisory boards are the so-called "low hanging fruit" for building or strengthening partnerships. Alumni have a vested interest in enhancing the quality and reputation of their school, and donating money and

time to building the school's brand which contributes to the appreciating value of their diplomas. Trustees and advisory board members may be recruited from various outside organizations as well as from internal publics (e.g., investors if the institution is privately owned; faculty/staff), but board membership is equated with leadership which invites opportunities for asking leaders to make "leadership" gifts of money or in-kind. Leadership gifts are significant donations that get the attention of other potential donors and create benchmarks or cues that help others to know how much to give.

Corporations, foundations, and government organizations are vital to the survival of many educational institutions. Corporations hire a school's graduates and provide valuable internship opportunities for students; foundations make charitable donations and grants that fund student scholarships and important research and learning initiatives; and government organizations provide financial subsidies and grants that may represent a bulk of the budget for many publicly-funded institutions. An institution's partnership efforts can change arms-length relationships to close and mutually-beneficial ones.

Two examples below illustrate how philanthropic partners have assisted the Nance College of Business at Cleveland State University, a state university in the midwestern U.S., to move toward excellence:

**Example: Alumni Giving.** Monte Ahuja, a successful entrepreneur in Cleveland, who began and grew his business using an MBA classroom business plan assignment as his blueprint, made a \$2 million gift to the business school at Cleveland State University. He has also donated countless hours serving on the university's board of trustees. He continues to play an active role in university and civic affairs in Cleveland, serving as a trustee of the Cleveland Orchestra and as chairman of the Board of Trustees of University Hospitals of Cleveland, a large hospital system and medical research facility (to which he recently pledged a gift of \$30 million).

**Example: B-School-Corporate-Public Partnership.** The Beachwood Business Development Center is a

**Table 1. Types of “Philanthropic” Partnerships**

<b>Individual</b>	<b>Corporations</b>	<b>Foundations/Government</b>
<p><b>Alumni</b></p> <ul style="list-style-type: none"> <li>• Active &amp; Inactive</li> <li>• Small/medium/large</li> <li>• Loyal &amp; Engaged vs. Others</li> </ul> <p><b>Trustees/Volunteer/Leaders</b></p> <p><b>Volunteers</b></p> <ul style="list-style-type: none"> <li>• Class reunions</li> <li>• Chairing campaigns</li> <li>• Mentoring students</li> <li>• Assist with recruiting</li> </ul> <p><b>Faculty/Staff Administration</b></p> <ul style="list-style-type: none"> <li>• Volunteering at events</li> <li>• Contributing to annual fund</li> </ul> <p><b>Private Donors/Friends</b></p> <ul style="list-style-type: none"> <li>• Large</li> <li>• Medium</li> <li>• Small</li> </ul>	<p><b>Local/Regional/National</b></p> <ul style="list-style-type: none"> <li>• Internship Partners</li> <li>• Educational Partners</li> <li>• Joint Research Ventures</li> <li>• Executives in Residence</li> </ul> <p>Technology Sharing *</p> <p><b>Equipment Donation Volunteering</b></p> <ul style="list-style-type: none"> <li>• Advisory Boards</li> <li>• Chairing Fund Raising Campaigns: <ul style="list-style-type: none"> <li>* Annual Fund</li> <li>* Capital Campaigns</li> <li>* Tech/Mgmt Consultants</li> </ul> </li> </ul> <p><b>In Kind Donations</b></p> <ul style="list-style-type: none"> <li>• Tech Technology</li> <li>• Buildings/Furnishings Equipment</li> </ul>	<p><b>Foundations</b></p> <ul style="list-style-type: none"> <li>• Family Foundations</li> <li>• Gifts &amp; Grants</li> <li>• Start-up Capital</li> <li>• Seed Money for Research</li> </ul> <p><b>Government Agencies</b></p> <ul style="list-style-type: none"> <li>• Local/Regional/National <ul style="list-style-type: none"> <li>- Grants</li> <li>- Scholarships</li> <li>- New funding</li> </ul> </li> </ul> <p><b>International Agencies</b></p> <ul style="list-style-type: none"> <li>• Research Grants</li> <li>• Study abroad programs</li> <li>• Educational program start-up grants</li> <li>• Economic development grants</li> </ul>
<p><b>Wealthy/Concerned</b></p> <ul style="list-style-type: none"> <li>• Establish endowed professorships/scholarships</li> <li>• Major donations for capital campaigns.</li> </ul>		

partnership between the Nance College of Business, the City of Beachwood, Ohio, and the Beachwood Chamber of Commerce. Graduate students from Nance work at the BBDC, providing market research and administrative support that foreign companies need to get a foothold in the American market. The BBDC acts like an incubator, helping companies establish themselves and their products in the local market area at an accelerated pace. Since 2004 the BBDC has experienced a growth rate of 177 percent. Originally, the BBDC started with nine companies from Israel who were attracted to the area for social and cultural reasons. Today there are twenty-six companies from Israel, China, Japan, and France

**Giving Back: Donor Motivation and Behavior**

**Philanthropic Giving in the U.S.** There is a long history of charitable giving across world cultures. These range from gifts of gold, land, and jewelry donated by rich and poor in Asia and Europe to build temples, churches and mosques to donations and church collections that supported religious missionaries who sought converts but also opened medical clinics, schools and colleges in distant lands. Americans have given generously to their religious institutions, to education, to arts and cultural organizations, health and human services, political and environmental causes, and to international political and charitable causes. Hence, a substantial amount of the research on donor motivation and giving behavior has originated in the U.S.

Statistical data on philanthropy in the U.S. is revealing: total charitable giving from individuals, foundations, and corporations in 2007 reached an estimated record high of \$306 billion, representing a 3.9 percent increase from 2006 (*Giving USA 2008*, 2008). A staggering 90 percent of Americans donate to nonprofits with people giving on average 2 percent of their income—which contributes an estimated 76 percent of the total income accruing to the nonprofit sector. The balance comes from corporations, foundations, and bequests (AAFRC Trust 2005).

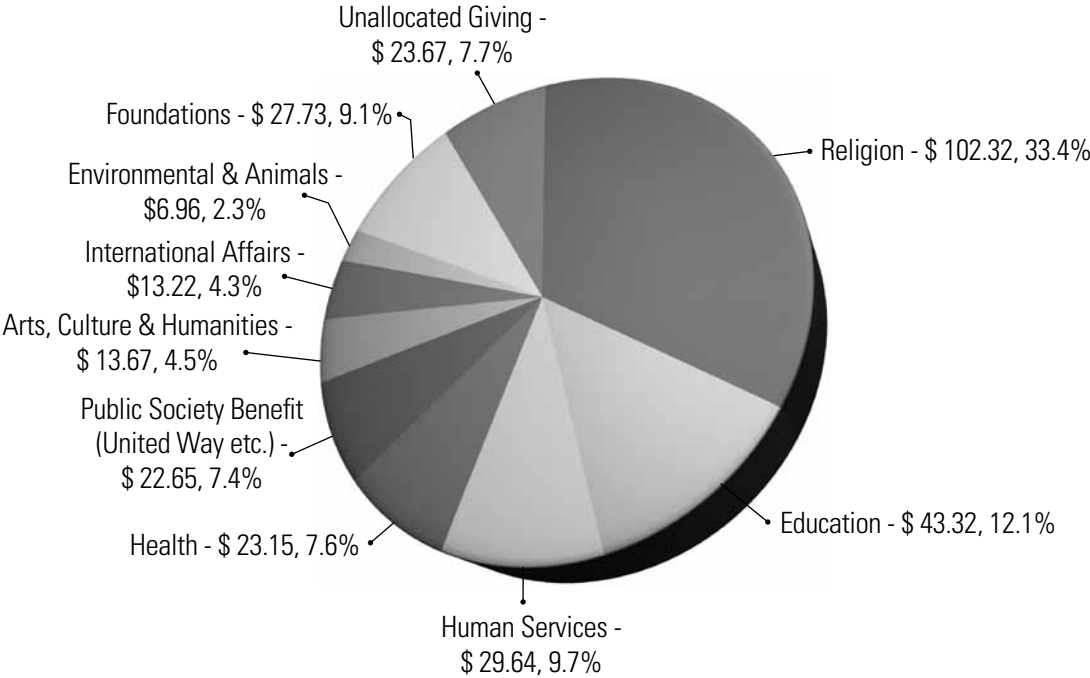
As Figure 2 shows, educational institutions were the second largest beneficiary of charitable giving in the US, accounting for 14.1 percent of all gifts (religious organizations have consistently topped the list, receiving more than one-third of all donations).

**Old School Ties.** As a general rule, universities, colleges, and postgraduate institutions have the advantage to become deeply connected to their students who may spend three to four years in undergraduate study or from two to four or more

years in postgraduate study. The college as “*alma mater*” or “*nourishing mother*” evokes varying levels of sentimental attachment among its graduates that can range from the occasionally-negative or neutral (if the experience was bad) to warm or fiercely loyal feelings of affiliation. Most institutions try to cultivate positive feelings and experiences among their graduates with alumni events, reunions, and various communications (quarterly newsletters online or in hard copy). And while some institutions (e.g., top private US institutions such as the University of Pennsylvania’s Wharton School or Stanford) have developed the cultivation of alumni loyalty to a fine art, yet others have squandered the potential for alumni relation-building and on-going support. Indian colleges and schools of management—as well as scores of institutions in many other parts of the world—are guilty of such neglect. These lost opportunities are worth revisiting even if the effort needed to overcome cultural resistance may seem daunting.

For example, British universities have been slow to recognize the importance of fundraising among alumni

**Figure 2 : Beneficiaries of U.S. Charitable Donations-2007 (US\$ billions)**



but leading institutions have moved aggressively to change giving habits of alumni and other donors. *The Economist* reported that, in 2003, Oxford University and its many colleges raised \$118 million, contributing to an endowment valued at \$2 billion. But even this princely sum paled in comparison to Harvard University which had raised more than half a billion dollars during the same period with an endowment close to \$25 billion (*The Economist*, 2004, p. 57). This year, Oxford has reportedly moved into the big leagues with a fundraising campaign to raise \$2.5 billion—a move which recognizes that, despite a cultural indifference that Britons may have toward philanthropic support of higher education institutions, British universities must learn how to ask and not rely solely on tuition revenues or dwindling government support (Rice-Oxley, 2008).

Indeed, in most countries around the world, higher education has been viewed as a public responsibility to be funded in part or entirely by the government. Alumni of publicly-supported universities in the US were unaccustomed to giving—and were rarely even asked to give. But there is overwhelming evidence that this trend has peaked. For example, Hahn's (2007) policy report on higher education points out that among OECD countries, eight (including Canada, Italy, the Netherlands, and Switzerland) saw increases in private expenditures that exceeded increases in public expenditures (p.7). State universities in the US have seen state support decline from 60-70 percent of budget, 30 years ago, to a low of about 33 percent (*USA Today*, 2007).

When traditional funding sources shrink, educational institutions are left with two choices: raise tuition fees or seek other sources of funds by identifying and developing philanthropic partners. Raising tuition fees can help, but substantial increases can be politically-risky for government-supported institutions. Again, philanthropic efforts can provide much needed leverage as a school extends its reach beyond customary norms and boundaries.

**Why People Give.** Donor motivation is a complex phenomenon and a detailed discussion of the literature is outside the scope of this paper (see Sargeant and Woodliffe, 2008, for a comprehensive review). Donor

marketing, however, has developed into a sophisticated science which recognizes the presence of multiple market segments whose motives may range from pure altruism, empathy, and the desire to “give back” to power/ego satisfaction, compliance with social norms, need to belong, and financial planning and tax advantages. Individual and family giving ranges from informal or regular pledging of funds for scholarships or annual fund drives to major gifts and endowments or bequests made to a school (where a portion or all of the estate of a donor is given as a gift upon the donor's death).

Charitable giving cuts across all demographic segments. Research in the US has shown that the poor and the extremely wealthy gave a higher percent of their income than did those in the middle class (Silver, 1980); women are likely to give more frequently than men and to support human services organizations and be committed to the organization (Marx, 2000). Attitude, lifestyle, perceptions and values are also strong predictors of giving behavior.

Wealthy individuals—alumni and citizens—are central to any major fundraising campaign. The wealthy, because they enjoy an unusual measure of financial security, are able to give without feeling the pain of giving. In the new economies that are based on emerging technologies and rapidly growing markets, increasing numbers of individuals are approaching, achieving or even exceeding their financial goals, permitting them the luxury of pursuing “noble” goals that improve the world around them (Schervish, 2008). Wealthy families in western countries create family foundations (e.g., the Bill and Melinda Gates Foundation) that are formal and professionally-managed organizations which manage assets with the intention of growing the principal and donating a portion of the earnings to charitable or nonprofit institutions.

**Example: NYU Stern School Business Plan Competition.** More than \$150,000 in seed money and in-kind support was awarded to the winners of the 2008 Business Plan Competition. The winning teams, each lead by NYU students and alumni, were chosen by a panel of business professionals who listened and evaluated new venture ideas. The Stewart Satter

Family Prize of \$100,000 was shared by *Naya Jeevan for Kids* and *Madécasse*, made possible by a gift from NYU Stern alumnus and member of Stern's Board of Overseers Stewart Satter.

## Corporate and Foundation Philanthropy

Community engagement and corporate social responsibility have become prominent and pervasive values in the management philosophies of modern corporations. These values have been shaped variously by motives such as “enlightened self-interest,” altruism, strengthening personal relationships, building strategic political and civic alliances, creating goodwill, and boosting corporate public image among customers, employees, investors, and opinion leaders (see Madden and Scaife, 2008, for a comprehensive review). Corporate philanthropy today includes “multiple forms of giving by companies as vehicles for both business goals and social goals,” utilizing a combination of monetary and in-kind donations, corporate sponsorship, corporate research support, volunteer time, sharing technology and expertise, and other modes (Burlingame, 2001).

Quantifying corporate philanthropy in its broader definitions is difficult because many philanthropic activities (e.g., sharing of physical facilities, executives volunteering on advisory boards or chairing fundraising campaigns, guest lecturing in classes, mentoring students, sponsoring or participating in student projects, or collaborating in joint research projects) are either intangible or ephemeral.

Corporate philanthropy, like individual philanthropy, will not impact a business school or college unless there is an institutional or personal connection. Corporations give if there is an outcome or payoff that is consonant with the firm's broad mission. For example, a large medical center will give grants to a business school's health care administration program or a university's health science or biomedical program if the expected outcomes will result in a strong pool of qualified managers or researchers that can assist or advance the medical center's mission or programs. Connectedness can result in several ways—from geographic proximity of the business firm to the school or through its network of alumni, trustees, employers,

and friends—but connectedness must be nurtured. Businesses that are connected to a business school can represent an important audience for relationship building and stronger engagement, all of which are important prerequisites for obtaining cooperation and commitment of money, manpower, and shared resources.

**Example: Corporate Foundation Supports Minority MBA Students.** Key Foundation, a nonprofit unit of KeyCorp, a large national bank in the US, underwrites an annual minority MBA case competition that is managed by Ohio State University's Fisher College of Business. The competition invites teams from selected business schools nationwide to compete in proposing business solutions for a financial services case. Team members are limited to those from minority racial groups.

## Developing Philanthropic Relationships: Strategic Implications

Relationship-building is a necessary foundation for creating philanthropic partnerships, and this is a slow, pain-staking, and often frustrating process. Whether a business school is an independent entity or part of a university, the responsibility for partnership-building must begin at the top—usually with the dean, president, or managing director of the institution. But the responsibility for relationship building begins at the grass-roots level with students, faculty, and staff—the school's internal (and to some extent, captive) publics. “Internal” marketing, the term used to describe how an organization can nurture and strengthen its relationship with its own employees (see Lovelock & Wirtz, 2007), can be extended in this situation to include students. Deliver good products with good and caring “customer service” to students and they will leave the school with favorable memories. Treat faculty and staff as empowered members of the administrative/instructional team and they will deliver good service and advocate for the “firm.” In sum, both faculty/staff and students become participants in relationship-building.

The formal strategies for building philanthropic partners can be framed in many ways as there is no “magic bullet” that ensures success. It should be noted, however, that

effective philanthropic relationship building requires a commitment of money and time: *money* to fund events and to hire professional staff to manage the details, and *time* that the dean or director can devote weekly or monthly to this important developmental activity. Below are highly-simplified suggestions for actions that can be considered even for institutions that have not had formal fund-development programs.

**1. Build, Manage, and Update Databases.** Build databases of alumni and important stakeholders. Track graduates with regular communications programs that report their progress in their careers and personal lives. Identify wealthy or successful alumni. Segment the alumni and stakeholder groups to facilitate intelligent communication strategies and appeals to get engaged.

**2. Engage Stakeholders.** Key stakeholders (alumni, influential friends, corporate executives) should be invited periodically to participate in the life of the B-School by serving as panel discussants in symposiums and conferences, attending workshops, and school-sponsored lectures, cultural, or entertainment events or celebrations. Identify key alumni leaders to assist in reaching other alumni. Develop advisory boards for the B-School and discipline or industry-based advisory boards for special areas within the school to assist in curriculum improvements, connecting students to internship and job opportunities, and serving as sounding boards for strategies and tactical actions that are being contemplated.

**3. Review and Refine Strategic Plans.** Before large donors, foundations, and corporations can make a commitment to partner or share resources, they want to know what the school is doing and where it wants to go in the short or long term. Clear goals and credible strategies can persuade major donors who want to know how their funds will be utilized and to what effect.

**4. Develop a Menu of Philanthropic Partnering Opportunities.** These opportunities may include the following:

- Special grants and scholarships to fund new or expensive programs such as study abroad, international business study tours, financial investment club that uses real funds, a trading floor, market research laboratories, and consulting projects.
- Visiting scholar or executive-in-residence programs.
- Endowed professorships to attract world-class scholars for permanent or temporary faculty assignments
- Entrepreneurial laboratories (incubators or accelerators) to assist start-up businesses
- Service-learning projects where business students can assist charitable organizations or disadvantaged segments of the population with volunteer activities.
- Research funds to purchase expensive databases in marketing or finance to facilitate graduate student and faculty research for master's and doctoral programs.

**5. Plan Focused Campaigns or Drives.** Special campaigns can help supporters to mobilize their efforts to achieve a tangible goal (e.g., a new wing to the business building; new, state-of-the-art classroom instructional technology; special scholarships).

**6. Cultivate Relationships with Key Players.** Personal relationships and friendships take time to cultivate but they are at the heart of successful development campaigns.

**7. Learn to Ask.** Donors will not give and volunteers will not share their time and expertise unless they are asked. This is a big barrier in societies (e.g. UK, India) where the resistance to raising funds is found among both potential donors and the leadership of the institution. Asking is an art and a science which requires careful planning and the application of well-tested techniques (e.g., "foot-in-the-door" which asks for a small commitment before a larger request is

made in subsequent periods; or “door-in-the-face” which asks for an unusually large commitment followed by a compromise amount that is moderate). The responsibility of asking large donors rests with the top officials of the institution. Friends and influential alumni must be recruited to ask fellow graduates.

These suggestions are intended only as a quick overview rather than a primer on building philanthropic partners. But for institutions that want to excel on a national or global scale or even those that have more modest ambitions—and where funding sources are not bottomless—philanthropic partners represent important resources for making a difference.

### **Indian Higher Education—The Road to Excellence**

Management education is booming in India with an estimated 1,600 business schools offering undergraduate and MBA programs. Some have gained national and international stature but serious problems loom ahead including dependence on increased government subsidies and a critical shortage of qualified faculty because of low salaries (Mahalingam, 2008). According to the *Business Barometer* study, issued this year by the Associated Chambers of Commerce and Industry (ASSOCHAM), the majority of business schools in the country suffer from outdated textbooks, poorly-trained faculty, and outdated curricula (Bhutani 2008). According to this report, with the exception perhaps of the top 30 business schools, most faculty in Indian business schools are ignorant of the world's major economic issues, unaware of global business developments, and very few of those surveyed read any business periodical on a regular basis.

Beyond business, India's higher education environment looks even grimmer: A column in *The Hindu* reported that India's colleges and universities, with just a few exceptions, “have become large, under-funded, ungovernable institutions. At many of them, politics has intruded into campus life, influencing academic appointments and decisions across levels. Under-investment in libraries, information technology, laboratories, and classrooms makes it very difficult to provide top-quality instruction or engage in cutting-edge research” (Altbach, 2005).

Faculty training in rigorous doctoral programs, careful recruitment practices, merit pay, and regular faculty development are essential ingredients for building and sustaining excellence in business schools, colleges and universities. Even India's elite business schools will find the tasks of sustaining high levels of performance from faculty, recruiting world-class faculty and students, and launching innovative curricula and programs challenging if not impossible if funding is limited to conventional sources. Because of India's high economic growth, and its seemingly insatiable demand for goods and services, Indian businesses have been able to absorb business school graduates—the good, the mediocre, and the gifted—to staff their managerial posts in ever-expanding operations. But as the economy matures and global competition becomes more intense, the quality of management education and higher education in all fields will become more critical.

The knowledge society of the 21st century will force educational institutions to go beyond the boundaries of conventional practice. India's best business schools already excel in the traditional delivery of MBA and other graduate business programs. Becoming global players will require these institutions to set the bar even higher by investing in innovative curricula, recruiting the best and brightest from India and other nations to create global diversity in the classroom, attracting world-class professors, and funding cutting-edge research. It is time for India's successful and prospering business alumni to recognize their roles in building excellence in management education.

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## Encouraging Educational Innovations Through Competitive Institutional Arrangements

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### Abstract

Policymakers increasingly recognize the need to encourage educational innovations as a way to give all children access to quality schooling. Standardized systems have failed underserved and marginalized communities; state-run systems are often oriented to the preferences of bureaucrats and special interests, rather than the needs of students. Thus, theorists point to alternative organizational structures as a means to animate market-style incentives, thereby inducing school managers to be more entrepreneurial in responding to consumer demand for education. This paper surveys educational innovations in a number of nations that have embraced private sector models to aid in educational provision and innovation, including Canada, Chile, England/Wales, India, New Zealand, and the United States. The review suggests that decentralized structural arrangements have been more successful at producing innovations in areas such as governance, contracting, employment and marketing. Classroom-level innovations are more often a product of professional impulses, often within the state sector.

*Key words : Innovation, incentives, governance, curriculum, pedagogy.*

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### Prelude

Policymakers increasingly recognize the need to encourage educational innovations in order to give all children access to quality schooling, and many see competitive incentives as the most effective way to promote these innovations. It is widely believed that state-run systems have failed to foster innovations, thereby consigning students — particularly those

in underserved and marginalized communities — to inadequate schooling. Theorists note that this is because state-run systems are often oriented to the preferences of bureaucrats and special interests, rather than the needs of students. Thus, these theorists point to competitive institutional environments as a means to leverage market-style incentives, thereby inducing school managers to be more entrepreneurial

in responding to consumer demand for education. The question then arises as to whether these competition-oriented policies in fact cause education leaders to pursue more innovations and, if so, in what form. The patterns evident indicate that competitive incentives may in fact work at cross-purposes to what theorists had anticipated in terms of the incentives recognized by school leaders.

This analysis reviews educational innovations in a number of nations that have embraced private sector models to aid in educational provision and innovation. The analysis finds that alternative structural arrangements have been more successful at producing innovations in areas such as governance, contracting, employment and marketing. Contrary to the expectations of theorists, classroom-level innovations at the technical core of schools are often a product of professional impulses, often within the state sector. Theorists failed in predicting such patterns because they embraced a relatively simplistic view of how markets for education work.

So what are the sources of innovation for schools? The following section summarizes the dominant theoretical perspective guiding policymakers in this area. Public Choice Theory offers a cogent critique of moribund state administration, and advances policy prescriptions based on market-style models to promote innovation. Then the paper reviews research on innovations in several nations that have adopted such market-oriented policies for educational innovation and expansion, finding patterns at odds with theoretical predictions. The penultimate and concluding sections consider the inherent peculiarities of education markets that may resist simplistic applications of pure market mechanisms, and discuss alternative perspective on how policies can encourage education leaders to pursue innovations for more effectively educating all children.

### **Public Choice Theory and State Capacity for Innovation**

Many governments have in recent years borrowed attributes from the business sector — consumer choice, competition between autonomous providers

— to address the bureaucratic malaise and rigidity associated with state provision of public services (International Finance Corporation, 1995). The Public Choice Theory (PCT) basis for these policies essentially applies analytical assumptions and methods from neoclassical economics in examining public sector failure, thought to be inherent in direct state (nonmarket) production of public goods and services (Mueller, 1979). Under the “economic theory of regulation,” PCT perceives “captured” regulatory regimes used to insulate, enrich, and protect service providers or regulators (Kalt & Zupan, 1984; Stigler, 1998). Self-interested officials will maximize their own power by creating empires (fiefdoms, dictatorships) within and over bureaucracies and public resources (Niskanen, 1971; Romer & Rosenthal, 1979).

In this logic, state production and regulation necessarily engender anti-innovative tendencies. Since parties try to capture monopoly rents and control public resources, rather than promoting innovations that may help service-users, regulatory regimes are re-oriented toward the needs of bureaucrats or the interests that control them (Borcherding, 1977; Buchanan, Tollison, & Tullock, 1980). In education, of course, this is the “education establishment” of teachers, unions, governance agencies, etc, (Friedman, 1995; Levin, 1997; Levin & Young, 1999). Without competition and consumer-oriented accountability, the natural tendency of non-competitive state enterprises such as education is to rely on top-down mandates to impose bureaucratic fiat, so the state system will standardize, leaving little room for flexibility and innovation in the technical core practices of an organization — “Where educational systems resemble monopolies, the incentives for curricular innovations disappear” (Gauri, 1998: 22; Chubb & Moe, 1990; Friedman, 1962; Peterson, 1990).

Thus, market-style arrangements represent the most obvious approach to encouraging innovation, with deregulated state entities managed as business-style enterprises in competition with other providers — giving citizens or “consumers” an array of options.<sup>1</sup> Since the best proxy for the general social good is the aggregate of individual preferences, PCT consecrates the citizen as consumer to encourage economic-style

expressions of those preferences (on such exit-oriented expressions, see Hirschman, 1970). Responsiveness and efficiencies can best be realized through institutional arrangements that go furthest in facilitating Tiebout-style (1956) expressions of preference. Organizations, without guaranteed government funding, are placed in environments where they must compete through strategies such as product/process innovation for the patronage of consumers and the government funding they bring.

This logic is particularly prominent in education expansion and reform, in part because of Milton Friedman's (1962) prominent proposal for non-public provision of schooling (Gauri, 1998; Lubienski, 2006). PCT influence is evident in "managerialism" and "new public management" (see Oettle, 1997). Nobel-laureate University of Chicago economist Gary Becker (1999) contends that "Competition...would induce a more rapid rate of innovation into curriculum and teaching." His colleague, Friedman (1994: 101), argues that in a competitive, consumer-driven system, there would be "many more choices, there will be a whole rash of new schools that will come into existence." The Chicago school was particularly influential in the reform of Chile's education system during the Pinochet-era, where policymakers promoted PCT tenets to promote "pedagogical decentralization" (Gauri, 1998: 39). Friedman's followers created a voucher system that enabled parents to choose public, proprietary, or religious schools as state expense. Education reforms in New Zealand exemplify public choice thinking in the Treasury (1987) and Picot Reports' (1988) emphasis on decentralized institutional autonomy and enhanced consumer choice of schools (Bennett, 1994; Gordon & Whitty, 1997). Similarly, reforms of education administration and governance in the UK relied on a consumer-driven model for schooling. India has relied on non-state providers for expanding educational services, and PCT has also been influential in the thinking on school choice in North America (Lubienski, 2003, 2004; e.g., Gintis, 1995; Robson, 2001; Walberg & Bast, 2001).

1 While Public Choice advocates assume the superiority of private-style institutional types, market-style

alternatives are still typically premised on a continued state role in funding in order to provide public goods in cases where free-rider tendencies lead to an undersupply of socially desired goods (Olson, 1965).

### **Patterns of School Responses to Competition**

While the reforms in these countries have evolved, the research record on educational innovations has also matured. Despite the predictions of PCT, few schools in Chile, particularly in the proprietary sector, pursue curricular innovation (Carnoy & McEwan, 2000; Espínola, 1993; Gauri, 1998; Parry, 1997b). Instead, school leaders appear to be taking advantage of the deregulated environment in organizational areas such as employment practices and marketing, the use of selection processes for admitting students, and cost-cutting measures such as increased class-size (Carnoy, 1998; Hsieh & Urquiola, 2002; Parry, 1997a, b). Where classroom innovation occurs, it tends to appear in the public sector, while private schools offer more traditional curricula and embrace "basics" approach to teaching (Gauri, 1998; Parry, 1997b).

On the other hand, some market advocates believe that educational developments in India have resulted largely from private, not state, action (Tooley, 1999). Non-state organizations have been critical in the expansion of access to schools. Private (independent and government funded) schools have been critical in both expanding access and offering a necessary alternative to state-run schools. Aspects of this autonomous sector look promising for promoting innovation. For instance, some proprietary organizations have started research and development (R&D) units for curricular innovation (Tooley, 1999; see also Tooley & Dixon, 2005b), and a study of Hyberdad found greater availability of basic resources (water, blackboards, desks, etc.) in private sector schools, suggesting that, since private schools are able to provide greater tools and outcomes with fewer resources, they must be more innovative (Tooley & Dixon, 2003, 2005a). While few examples of curricular innovations were noted, innovations in delivery, contracting, and marketing are evident, as in a study of low fee private schools in Uttar Pradesh (Srivastava, 2004).

A number of organizational and programmatic changes in New Zealand resulted in new school themes such as athletics, vocational and ethnic emphases (Fiske & Ladd, 2000; Lauder et al., 1999). Yet other than Maori schools, researchers have found little evidence of schools pursuing innovative methods or otherwise differentiating themselves to appeal to specific markets. Mikuta (1999: 155; citing Wylie, 1994), notes that "schools are not attempting to adopt innovative approaches to teaching, curriculum or assessment in order to fill a niche in the market that will distinguish them from their competitors." Instead, school leaders are increasingly concerned with public appearances — uniforms, physical plant, advertising (Fiske et al., 2000; Lauder et al., 1999; Mikuta, 1999; Whitty, Power, & Halpin, 1998). Oversubscribed schools, typically with more affluent students, are able to give preference to students likely to enhance indicators of academic achievement at the school (Fiske et al., 2000; Lauder et al., 1999). Gordon and Whitty (1997: 458) suggest that "neoliberal claims that choice leads to diversity of provision are hard to substantiate."

Researchers report little evidence that schools in England/Wales seek innovations in practice, even when policymakers explicitly sought academic innovations (Glatter, Woods, & Bagley, 1997; Halpin, Power, & Fitz, 1997; Power, Fitz, & Halpin, 1994; Power, Halpin, & Fitz, 1994; Woods, Bagley, & Glatter, 1998). Schools in a position to shape student intake emphasize an academic orientation, and tend to seek a student body that will support that image (Whitty et al., 1998; Woods et al., 1998).<sup>2</sup> The renewed emphasis on marketing and symbolic presentation such as uniforms indicates such a strategy (Gewirtz, Ball, & Bowe, 1995; Whitty et al., 1998). Ironically, where real diversification has occurred, it has been the result of government intervention, not competition and choice (Glatter et al., 1997; Walford, 1997b).

One might expect to see more innovation from charter schools in the US (and Alberta, Canada), particularly before their practices are institutionalized, since they were specifically advanced as "R&D centers" to develop innovations in curriculum and instruction. However, virtually all educational practices in charter schools are

already used in public schools (Good & Braden, 2000; Lubienski, 2004; Stout & Garn, 1999). A comprehensive review of charter school practices across the country indicates that these schools are more successful in adopting administrative innovations, while often embracing traditional curricula (Lubienski, 2003). Indeed, while these schools often use their operational autonomy to avoid classroom-level innovations, many of the administrative practices such as school marketing, discipline codes, and parent contacts enable school leaders to shape student intake.

2 A significant degree of this standardization can be understood in light of the centralizing policies of national curriculum and assessment. However, Whitty, Power and Halpin (1998: 90) conclude that the market effects of these reforms outweigh these neoconservative efforts in encouraging standardization due to the choices of "active" consumers which, in aggregate, elevate a standard traditional model of education — in "substantive terms, the market itself thus seems to reinforce traditional norms rather than fostering the diversity claimed by its advocates."

A few patterns are evident across these different contexts: 1) School leaders are adopting innovations in administrative areas such as marketing and employment. 2) There is scant evidence of the expected innovations in classroom practices; indeed, many school leaders often used the new-found autonomy to embrace "basics" instructional strategies. 3) Where educational innovations are occurring, they are often the result of bureaucratic, professional, or public-policy interventions, not market forces, contrary to the logic of PCT.

### **Peculiarities of Education as a Quasi-Public Good**

The simplest explanation for these somewhat counter-intuitive patterns focuses on the demand-side: preferences for education are not as diverse as theorists assumed, but cluster around a relatively monolithic conception of what constitutes "good" education. Under this view, parents want schools to focus on the academic "basics" in a disciplined and orderly atmosphere, rather than as laboratories for innovations tried out on their children. While there is

certainly much merit to this argument, three important factors should be considered. Inasmuch as this is true, it does seem curious that parents were positioned by policymakers as the driving force for reforms that pursue innovation and diversification (Whitty et al., 1998). Furthermore, this perspective ignores the degree to which providers shape preferences through marketing, which is certainly a factor in these cases. More importantly, leveraging competition between providers is meant to lead to innovations not simply in product, but in production. Even if consumers are not looking for innovative services, their choices should introduce competition between providers that will generate innovative productive processes — more effective ways of attaining better outcomes. It is not apparent from the research that this is happening to any substantial extent.

In contrast to this demand-side perspective that explains standardization *in spite of* supply-side competition, an alternative explanation analyzes standardization *as a consequence of* increased competition, focusing on the incentive structures imposed upon providers. Economists note that when peculiarities inherent in production of goods in particular sectors precludes pure-market-style arrangements, attempts to impose more market-like dynamics may lead to less-optimal and perverse outcomes — with no *a priori* way of knowing the likely effects (Lipsey & Lancaster, 1956). Consequently, rather than idealized markets, we are left with less-than-optimal markets in mixed-sectors for quasi-public goods such as education. Therefore, in such cases, one cannot assume that further moves towards market-style accountability mechanisms will address problems as intended, yet policies that nevertheless pursue purer market dynamics often corrupt intended results. According to Lancaster and Lipsey (1956: 11), such counter-intuitive patterns are continually rediscovered in isolation, yet “this seems to evoke expressions of surprise and doubt, rather than of immediate agreement and satisfaction at the discovery of yet another application of the already generally accepted generalizations.” In education, public choice policies seek to fashion even closer approximations to purer markets, yet several unique aspects inherent to public education necessitate non-market forms of

accountability, access, regulation, and funding. The consequent pathologies corrupt the intended incentive structures, which then encourage schools to manage uncertainty not by innovating processes of production or horizontal differentiation, but by emulating traditionally prestigious institutions and shaping student intake.

For example, public choice positions schools to compete for students to obtain funding. In purer markets for consumer goods or services, firms go out of business if they fail to attract and retain consumers. Yet, in most cases, those consumers are not legally compelled to make a purchase. That is not the case with education markets. Governments may mandate that parents obtain an education for their children — but not that they choose the best education. States can only set a minimal standard, which may institutionalize incentives for inertia, not active consumer-style discrimination between options that should promote school responsiveness. Particularly when a school is situated within a community of passive clients, it is not subject to forces intended to drive innovation.

Moreover, in education markets, the role of the “customer” — a central and sovereign character in market arrangements — is inherently fragmented. Whereas consumer markets establish an individual customer to choose, purchase, and enjoy a product or service (or suffers the consequences of a bad choice), in school choice plans, the agency of those functions are necessarily distinct. In theory, a parent chooses a school, while in most cases the state pays and the child (ideally) benefits from that choice. Consequently, there is a notable degree of confusion in public choice thinking over the identity of the sovereign “consumer” — students? parents? future employers? taxpayers? All have legitimate claims on education. Yet those claims on governance often conflict when it comes to issues such as curriculum or instructional strategies, and conflict is anathema in PCT. Since this fragmentation of the consumer is peculiar to less-than optimal markets, pure-market mechanisms for mediating conflicting claims (ownership, bidding, selling, exit, etc.) are not only ineffective in these cases, but may engender perverse incentives and consequences counter to purer market outcomes — disempowerment of choosers,

disenfranchisement of payers, discongruence between chosen and employable training, and as Brighthouse (2000) notes, displacement of the effects of good and bad choices from the proxy-choosing parent onto the child. In that sense, it is not clear who is the intended beneficiary of any attempts at innovation.

Furthermore, different constituencies have different conceptions of the “product” of schooling in second-best education markets. Students might emphasize the experience of schooling, social opportunities, athletics. Ideally, parents choose based on curricular or other criteria presumed to enhance academic outcomes, but in reality also consider factors such as a school’s discipline code and safety record, ethnic composition, graduation rate, etc., so that the process is conflated with the product. Employers value the production of skilled graduates. And societies place multiple goals on schools, including shared civic values and cultural knowledge, assimilation, literacy, vocational training, socialization, etc. Such multifarious goals often stand in stark contrast to the narrow focus on core academics. Of course, many reformers would note that a move to a more academic mission is exactly what schools need and parents want. Yet, even if parents truly want only a narrow academic training for their children, this academic instrumentalism essentially disenfranchises the goals and concerns of constituencies who have a valid claim on defining the “product” of schooling, and bear the cost of education. While eliminating social goals constrains programmatic diversification, nebulous conceptions of the product in second-best education markets inhibit process innovations.

According to public choice logic, the range of schools will respond to consumer preferences — as businesses do in consumer markets. While a particular neighborhood school might not be the best option for a given child, other schools would emerge to meet particular preferences (Friedman, 1994) — schools are thought to be more effective when students are grouped into more homogenous preference clusters (Chubb et al., 1990). Yet, just as private businesses may exclude potential customers based on ability to pay or other criteria, many schools situated in increasingly competitive environments realize incentives to shape

their student intake in order to stake out positions of competitive advantage in local markets. Deregulated schools with more market power should be expected to establish favorable positions by attracting the more desirable consumers who will further enhance the relative market position of the school; attending to the difficult-to-educate consumers is relegated to philanthropic, not market, impulses. Consequently, while many schools may not legally discriminate, they have reason to shape their intake through other means: advertising, school mission, and “covert selection” (Walford, 1997a). As such, rather than seeking as many customers as possible, like a discount chain, schools necessarily limited by physical and service considerations are defined by their clientele, as is the case in markets for leisure goods and activities.

Together, these considerations suggest the difficulties inherent in transferring market logic onto necessarily less ideal markets for mass education. In fact, the heavy-handed application of market arrangements tends to slight more nuanced economic analyses of various market conditions that can encourage or constrain differentiation. Instead, the peculiar nature of education markets appears to confound market mechanisms leveraged to achieve specified ends, so that innovation is often administrative, rather than educational.

### **An Alternative Perspective on Sources of Innovation**

While in public choice logic, competition is thought to induce innovation, Schumpeterian economic logic challenges that automatic assumption. PCT logic associates state administration with monopoly rents and bureaucratic uniformity. However, as noted, in several cases the most innovative practices are generated in the regulated state sector, free from competitive pressures. Following Schumpeter (1943), it may be counter-productive to place such schools in more perfectly competitive conditions (Lubienski, 2004). Since R&D requires investment of resources (and the ability to absorb real, sunk and opportunity costs of experimentation), innovation requires such rents as those targeted by public choice policies. In fact, because state sectors enjoy some degree of

monopoly rent due to imperfect competition, as with large firms in other sectors, they are able to shield R&D units from the immediate pressures of competition. In environments characterized by more perfectly competitive conditions, the rents necessary to nurture innovations are lost, leading to overall underinvestment in R&D. Conversely, where innovation is a policy goal, there typically is some degree of imperfect competition to generate rents to support R&D (Stiglitz, 1991).

Models such as North American charter schools and City Academies in the UK are designed with an intended R&D function to serve as “engines of innovation” for the state sector, yet are placed in the untenable position of devoting resources to innovation, and then being required to freely share results with competitors. The public aspect of mass schooling suggests that it would be prohibitively costly or inappropriate to secure innovations as proprietary knowledge; in such cases where it is difficult to disentangle public and private proprietary rights, private parties recognize fewer incentives to undertake innovations (Dosi, 1988). Without the real possibility of substantial private reward to an innovator, or with the potential for free-riders to adopt an innovator’s work at little or no cost to themselves, underinvestment in R&D is likely without public sector intervention.

Indeed, PCT tends to emphasize conditions, and then simply assume that innovation will occur as a result, without considering organizational processes endogenous to an institution. Other factors such as technical knowledge and learning are at least as important as the environmental incentives intended to induce innovation. Certainly, PCT tends to discount the type and structure of any particular second-best market, its potential approximation to the free-market ideal, the importance of pure and/or applied knowledge in that sector, and the nature and distribution of R&D costs in such a market. In many sectors such as education, technical knowledge is often personally cumulative, locally-dependent, and inherited within an organization — suggesting path-dependencies for which the sunk costs would make departures from established trajectories prohibitive.

## Conclusion

Public choice prescriptions for education seem to produce effects in some cases contrary to the assumptions of theorists and reformers regarding innovation. Public Choice theorists blame rent-seeking providers for imposing uniformity on production processes, and elevate competition to create a more innovative sector that meets consumer preferences for schooling. However, in response to competitive pressures, school leaders are too often not developing innovations in the classroom which would diversify programmatic options on a horizontal scale — indeed, successes often come from public policy interventions, not market forces. Instead, many school leaders embrace more traditionalist symbols and curricula, or pursue innovations in administrative areas — tendencies that promote isomorphism, where vertical diversification occurs based on institutional prestige and social characteristics of students (Lubienski, 2007).

This analysis attempts to understand these patterns in terms of the logic of policies that elevate competition to remedy public-sector rigidity. The peculiar aspects of education markets may confound and corrupt the incentive structures intended by public choice policies to encourage school leaders to innovate in response to competition. In fact, a more nuanced analysis suggests that perfectly competitive conditions pre-empt innovation by competing away the rents necessary to support R&D. Indeed, instead of perfect competition or pure monopoly, education markets reflect some degree of monopolistic competition in that they tend to include numerous providers offering substantially similar services within a discernable product field (Chamberlin, 1933; Robinson, 1933). Under such circumstances, where each provider has some control over a segment of the market, incentives emerge not for substantive innovations, but for school leaders to differentiate their services symbolically through marketing (Mansfield, 1970; Schumpeter, 1943). The dis-incentives for substantive process innovations (necessary to enhance the value-adding potential of a school’s effectiveness) may force schools to compete through symbolic representations designed to shape intake — a safer and more certain route to improving market position.

However, this form of diversification is taking place on a vertical scale of perceived indicators of schools' academic "quality" — the proxy for which is often found in symbolic areas such as school uniforms, the racial and social composition of student intake, or raw test scores (Lubienski, 2007). Overall, then, rather than innovating and diversifying, schools are often isomorphic to a monolithic model. Moreover, as Oettle (1997) notes, inasmuch as reforms induce schools to behave increasingly like private entities, this has the ironic effect of limiting overall choices for parents in terms of institutional type and — as this analysis suggests — programmatic options.

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## Leadership: The Bhagavad-Gita Paradigm

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### Abstract

Deep scholarly disagreement about the core nature of leadership indicates that it still eludes researchers. Using logical deductions based on the Bhagavad-Gita, this article establishes meaning as the core of leadership enabling its unified view that extends even to the non-people domain such as books and flags. It is not yet another way to lead; it attempts to explain leadership per se. The Bhagavad-Gita paradigm of leadership can redefine organisations as work places facilitating expressions of Svadharma – the way of self, with egalitarian work cultures and morally uplifting impact.

*Key words : Guna, Leadership, Meaning, Svadharma & Transcendence.*

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### Introduction

The metaphor of 'The Elephant and the Blind Men' describes the current state of affairs in the leadership studies. Over a century of leadership studies reflect that its scholars hold deep disagreement about its nature and processes (Bass, 1990; Fleishman et al., 1991; Yukl, 1998). What can account for it? Either the core nature of leadership still eludes the scholars or there is nothing really common in the phenomena studied. Before settling in favor of the latter, it makes sense to explore the former argument further. Humans have been contemplating on the issues concerning the core of the existence since pre-history. India has the privilege to originate the oldest known systems of thought such as the Sankhya Darshan. It has impacted almost all known systems of thought in India. This article proceeds with an assumption that the core of existence must also correlate with the core of phenomena such

as leadership. It attempts to explore the core nature of leadership on the basis of the philosophy of the Bhagavad-Gita that expatiates on Sankhya Darshan in the human context. The Bhagavad-Gita is the epitome of Hindu philosophy and ageless wisdom. It is an internationally acclaimed text that has enlightened people from different walks of life. From great philosophers such as Schopenhauer and Thoreau to great leaders such as Mahatma Gandhi, the Bhagavad-Gita continues to enlighten people throughout the world. A Business Week special report (Engardio & McGregor, 2006) indicates that the Bhagavad-Gita might soon emerge as one of the most popular Eastern texts among the management professionals. This article builds on the philosophical premises drawn from the Sankhya Darshan of the Bhagavad-Gita. It proposes the Bhagavad-Gita paradigm of leadership that suggests a shift in leadership studies in four major ways. First, it attempts to shift the attention of study

from the manifestations of leadership to its core. The metaphor of 'Elephant and the Blind Men' would give way to that to a 'Flywheel'. Second, it philosophically dissociates leadership and motivation. Third, it accepts the possibility of non-person entities as leaders. Fourth, it posits goals and performance as incidental to leadership. Transcendence from the perceived limitations justifies the existence of leadership in the Bhagavad-Gita paradigm.

It posits meaning as the core of leadership that helps to develop a unified view of leadership extending even to the non-people domain such as books and flags. Meaning as used here denotes prospected possibility of transcendence from perceived limitations. The Bhagavad-Gita paradigm is not yet another way to lead; rather it attempts to explain leadership per se.

It reconciles the trait and process approaches to leadership by positing leadership as a function of people's nature as well as the meaning attribution-acceptance processes. Further, it rules out the possibility of a universal leader.

It uses the philosophical premises to conceptualize the core of leadership, hypothesize regarding its different aspects and discuss critical research requirements. It goes on to compare the deductions with the literature and conclude by indicating its implications on the practice.

### **The Bhagavad-Gita Paradigm**

The original text of the Bhagavad-Gita is a discourse in Sanskrit language between Arjuna, the warrior and Krishna, his charioteer. It is a part of the sixth chapter of the great Indian epic Mahabharata. It is organised into 18 chapters containing 700 verses in all. While citing its verses, I would throughout use my interpretation of them rather than their literal translation. Though the Bhagavad-Gita discourse seldom uses arguments, I would be using them to facilitate a better comprehension of its philosophy.

### **The Philosophy**

The Bhagavad-Gita declares God to be the ultimate cause of the universe (Gita Press, 2001: Chapter VII

-Verses 6, 7). The whole world exists in God like the pearls strung on the thread; God remains beyond the world even while continuing to permeate it. The very description of God in all-encompassing terms such as omnipresent, omniscient and omnipotent takes Him out of the grasp of mind. The idea of grasping presupposes limits and the concept of God presupposes limitlessness. It means that even the concept of God can only indicate and never describe Him. Thus ends the possibility of God being the subject of a scientific enterprise. How can God be just when there is so much of disparity present in the world? The Bhagavad-Gita (Gita Press, 2001: V-14) states that the day-to-day operations of the world are governed by the laws inherent in their own nature. This position allows for the disparities arising out of the causal relationships as causes determine their effects. Causal relationships make the existence of the scientific enquiry possible as well. However, God mirrors the faith of people in Him (Gita Press, 2001: IV-11). He graces those who, in utmost love and faith, surrender themselves to Him. (Gita Press, 2001: IX-22). The idea of 'inherent nature' can account for a just God only if the inherent nature results from a cause other than God. The Bhagavad-Gita (Gita Press, 2001: XVIII-40) proposes the existence of the fundamental constituents called Guna, three in number, whose proportion determines the nature of everything else. They arise out of God though He remains beyond them (Gita Press, 2001: VII-12). They keep on intermingling with each other and hence everything arising out of them is transient, subject to change. As long as the three Gunas remain in equilibrium, the world cannot manifest. God punctures the equilibrium to create the world and restores it to dissolve it. There is no purpose behind this creation and dissolution; it is just God's sport.

*Philosophical Premise 1: The three Gunas viz. Sattva, Rajas and Tamas constitute everything that is subject to change.*

This constant intermingling of one Guna with the other two is known as Viroopa Parinama (Saraswati, 2008). It makes it possible for a Guna to take the shades of the other intermingling Guna. The 14th chapter of the Bhagavad-Gita elaborates the concept of Guna in

human context. Sattva binds meaning and non-excited pleasure in a causal relationship, whereas, Rajas does that for actions and their effects. Tamas relates inaction with loss of consciousness in varying degrees such as sleep, procrastination and unwariness. Sattva induces pleasure as well as meaning seeking behaviors with a concern for others, whereas, Rajas induces incessant desire to work and a concern for self. Tamas checks both by inducing nonchalance towards everything. Together, the three explain all human behaviors. Manifestations of their incessant interactions are called actions or Karma (Gita Press, 2001: III-27). Each action leaves its impression called Sanskara on the psyche. Sanskara contains the momentum of an action, which develops the tendency to repeat that action in the future. The more one repeats an action, the stronger its Sanskara becomes. Stronger Sanskara contains greater momentum and makes the performance of that action easier.

*Philosophical Premise2: All actions result from incessant interactions of the three Gunas.*

Together, PP. 1 and P P. 2 necessitate actions as an inescapable feature of nature (Gita Press, 2001: III-5).

*PP. 1 & PP. 2 Corollary: There cannot be an escape from actions within the domain of nature.*

This corollary is not as deterministic as it sounds. It still leaves enough room for making choices regarding actions. The Bhagavad-Gita (Gita Press, 2001: XVIII-14, 15) states that the outcome of an action is dependent on five essentials – its basis, its performer, required implements, different techniques and the previous actions which are yet to show their full results. One can make choices about the first four, but the fifth, being the past, remains beyond control. Thus people can choose actions to perform but not their results (Gita Press, 2001: II-47). That provides future with an uncertainty that is necessary for a worthwhile human enterprise. What performs the action of making choices? Sattva gives rise to intellect that performs the action of making choices. Intellect will be able to make right choices if Sattva is predominant (Gita Press, 2001: XVIII-30). Dominance of Rajas or Tamas hampers its ability to make right decisions (Gita Press, 2001: XVIII-31, 32). People show

a general propensity toward a particular Guna and their constitution is called Sattvik, Rajasik and Tamasik accordingly. Sattvik people, for example, generally exhibit Sattva-dominated behaviors with occasional display of Rajas and Tamas dominance. PP. 1 and PP. 2 taken together imply that actions arise out of one's constitution. Freedom to act would be meaningless if choices are to be determined by an immutable constitution. The Bhagavad-Gita (Gita Press, 2001: XIV-10) states that the proportional dominance of the Gunas is dynamic as they take turns in dominating each other. Such dynamism opens up the possibility of changing the ir proportion. Besides, Viroopa Parinama opens up the possibility of giving a Sattvik shade to Rajas and Tamas and vice versa. How can people increase the proportion of a particular Guna in their systems? Because the Gunas constitute mind and matter, they must be subtler than both. Thus the possibility of their direct selective intake ends. One cannot perceive the Gunas directly, but one can infer them from their characteristic actions. Because actions give rise to Sanskaras, it must be possible to accumulate the Sanskaras related to a particular Guna. With increased ease in performing actions characterizing Sattva, for example, it can be inferred that, as per PP. 2, Sattva has increased. The 17th and 18th chapters of the Bhagavad-Gita discuss this issue in great detail.

*Philosophical Premise 3: It is possible to alter the proportion of the three Gunas in humans. It is also possible for the dominant Guna to take the shade of any of the other two Gunas.*

Can the proportion of the three Gunas be completely altered? The Bhagavad-Gita holds that people take birth with a particular constitution or Svabhava that is largely stable. Fundamentally changing the Svabhava would require a long-term adherence to the actions characterizing a particular Guna. Such extraordinary adherence would itself need the support of Svabhava for its sustenance. Thus proportional changes in the Gunas are possible only within the domain of Svabhava and not beyond it. What is the impact of Svabhava on the choices that people exercise while acting? The idea of Svabhava leads to two distinct choices:

- a. *Acting in accordance with Svabhava*: Acting in accordance with Svabhava means uniting thoughts, words and deeds. It would lead to a perfect harmony with one's own nature. Being in perfect harmony with Svabhava is called Svadharma -the way of self.
- b. *Acting not in accordance with Svabhava*: It would mean stopping the action emerging out of one's own nature at the level of thought or word itself. One might think something and do something else. It would create a dissonance in the system and cannot be sustained in the long run. The Bhagavad-Gita calls it Paradharma -the way of others.

Does the idea of deviating from actions emerging out of one's constitution violate PP. 2? Not at all – such choices are made by an intellect dominated by Rajas or Tamas. Only a Sattva-dominated intellect can actually discriminate between Svadharma and Paradharma. For all others, uniting the thoughts, words and deeds is the way to get established in Svadharma.

What if people find their Svadharma menial and devoid of glory? The Bhagavad-Gita (Gita Press, 2001: XVIII-47, 48) declares that no action, like fire and smoke, is free from demerits. In such a scenario, the harmony resulting from Svadharma is much better than the discord created by Paradharma. Svadharma establishes people in Sattva; thereby, filling their lives with meaning and happiness. Humans can realize God by worshiping Him through actions resulting from Svadharma (Gita Press, 2001: XVIII-46). This is the exalted doctrine of Karma Yoga that the Bhagavad-Gita propounds for the attainment of the supreme bliss while at work. In this context, choosing Svadharma would be acting as one should and hence it would be an issue of drive rather than motivation. Going for Paradharma would mean inviting dissonance and dissatisfaction and hence hardly offers a room for motivation to operate. Thus in either case, the Bhagavad-Gita doesn't need motivation as the hypothesis to explain human behavior. Can there be a meaning in life if one must live to dance to the tune of the Gunas? To provide an answer, the Bhagavad-Gita introduces the possibility of going beyond the Gunas. One cannot go beyond them through actions as all actions whatsoever are in their domain. Thus the possibility of going beyond can

be realized only as 'being' rather than as 'becoming'. Hence the Bhagavad-Gita (Gita Press, 2001: X-20) posits the idea of soul, a part of God that is present in all living beings. Soul is ever witness to the unceasing interactions of the Gunas and is not affected by them in anyway. How do soul and Gunas come together to make life possible? The concept of ego attempts to bridge this unbridgeable gap. Ego arises out of Sattva and attaches the soul with the Gunas. This attachment is a delusion and doesn't affect the soul in anyway; it just clouds the ever witness soul to make it appear as the doer of actions. How is it possible for the ego to cloud soul that is absolutely beyond the Gunas? The Bhagavad-Gita (Gita Press, 2001: VII-13, 14) answers it by invoking God's power viz. Maya that literally means 'that is not, which is'. With God, everything is possible! One should appreciate that a concept beyond the grasp of reason need not be consistent with it; logical inconsistency would emphasize the limitation of reason rather than that of such a concept. People can realize the highest possible meaning in life if they could transcend the bondage represented by the Gunas. Self-realization thus becomes the highest goal in life, where self means the soul. If life becomes meaningful only in presence of the possibility of transcendence, then the perceived possibility of transcendence itself must constitute meaning. Thus meaning seeking behaviors must also be those seeking transcendence from the present limitations, both being induced by Sattva.

*Philosophical Premise 4: Perceived possibility of transcendence constitutes meaning.*

All limitations must remain within the domain of the Gunas as they cannot be ascribed to either soul or God. Therefore transcendence within the domain of the Gunas must be a journey from limitation to limitation. Transcendence involves going beyond limitations that people have accepted as a part of their lives and hence it need not be necessarily spiritual in nature. Depending on the idea of limitation, it can be as mundane as better performance and as sublime as liberty or enlightenment. It is implicit that people would trust their perception of transcendence. Lack of trust in such perception is equivalent to not perceiving the transcendence at all as it would not make any difference to the situation.

The Bhagavad-Gita ((Gita Press, 2001: IV-39, 40) declares that people with trust would realize meaning, while people without it would continue to suffer from meaninglessness.

*PP. 4 Corollary: Trust is the essential prerequisite for meaning realization.*

The Bhagavad-Gita (Gita Press, 2001: XIV-19, 20) states that once the distinction between the Gunas and the soul becomes clear, the soul gets liberated from the delusion of ego.

However, if such realized souls attempt to communicate that realization, they have to enter into the domain of the Gunas again as all actions result from their interactions. Therefore the communication would be in accordance with the nature of the communicator. Thus PP. 2 allows for the diversity that is seen in the description of spiritual transcendence present across religions and philosophies. It allows for the subjectivity in experiencing, interpreting and communicating reality as well.

## **The Science**

How does the Bhagavad-Gita philosophy help in determining the core of leadership? Leadership is intimately associated with the idea of movement toward a perceived better future and hence its core must be anchored in either Sattva or Rajas. The idea of better future is intimately associated with the idea of transcendence from the perceived limitations of the present. The idea of movement in this context necessitates the perceived possibility of transcendence. Thus, as per PP. 4, meaning and thereby, Sattva become central to the idea of leadership. PP. 1 and PP. 2 taken together imply that all human beings seek meaning in varying degrees as per their nature. Can a subjective experience like meaning be induced objectively? Post-mortems would become really difficult if knives could objectively induce pain! One might argue that cuts do induce pain with varying intensities when people are receptive. Even this argument accepts that cuts are neither sufficient nor necessary conditions for pain. Extending this analogy, it is possible to conclude that one can realize meaning but cannot really inspire

it from outside. How can one connect to the other if meaning can be realized but cannot be inspired? Meaning realization would force people to reflect on its cause. Upon reflection, they might think of someone as the cause of meaning. Thus they would attribute meaning realization to someone.

Upon attribution, one can choose to lead the attributors in their journey to transcendence. Thus leadership would arise out of the meaning attribution matched by its acceptance. If leadership must begin with meaning attribution, then anything getting that should initiate leadership. Acceptance of attribution would be assumed in case of non-person entities. As long as people find meaning in books, ideas, flags, other symbols, and even dead, they can be in a leader-follower relationship. Followers of Krishna, Muhammad, Buddha and Jesus would probably outnumber those of any leader still alive. People would find it easier to attribute their realization to someone consistent with their idea of a leader. The same holds good for the acceptance behaviors as well. Hence leadership becomes vulnerable to the issues related to culture and gender as is evident from numerous researches such as those of Hofstede (2001) and House et al. (2004). Inasmuch as situations facilitate meaning realization, attribution and acceptance, they might have a say in the leadership process. Who can be an effective leader? As per the corollary of PP. 4, trust becomes a necessary condition for leadership. As long as leadership should continue, trust must be there. Trust as the relationship of reliance (Rotter, 1980) would be at its peak if, during even the most uncertain times, leaders remain examples of what they professes. As per PP. 1 and PP.2, it is possible only if such actions are coming out of Svadharma. It means that Sattva must predominately constitute such a person. With high levels of trust uniting the leader and the followers, the Sattva of the leader would start activating the Sattva of the followers. The followers would start emulating the leader and together they would begin their journey to transcendence. The more Sattva is exercised, the loftier would be the journey to transcendence. Because all morality and spirituality are primarily driven by Sattva, leadership would be a morally uplifting experience for all those involved. Thus as the transformational leadership theory (Bass, 1985)

maintains, leadership would actually transform the leader and the followers. I put forward the following propositions to facilitate research into these ideas: –

*Proposition 1: Consistent Sattva -induced behaviors are strong predictors of a potential leader.*

*Proposition 2: Strong Svadharma -orientation is positively related to the followers' trust in the leader.*

Can people follow a leader who is not attuned to their Svadharma? If the followers indeed tend to emulate their leader, then effective followership would necessitate attuned Svadharma. If Svadharma of the leader is Paradharma for the follower, then the resultant discord would weaken the leader-follower relationship. Thus the possibility of the universal leader ends considering the diversity present in the world. Because assigned leadership assumes universal acceptance, it is less likely to result in an uplifting leadership experience, at least for some people.

*Proposition 3: Assigned leaders are more likely to have followers dissatisfied with their leadership than emergent leaders.*

Should leaders develop followers in their own image? Because meaning arising out of Sattva constitutes the core of leadership, increased Sattva should enhance the leader-follower relationship. Sattva continues to increase while people follow Svadharma. Thus people established in Svadharma would be better followers than those who are not. Because Svadharma-orientation would result in a trustworthy leader as well, leadership is likely to result in leaders rather than dependent followers.

*Proposition 4: Effective followership is positively related to the attuned Svadharma of the leader and the followers.*

*Proposition 5: Helping followers getting established in their Svadharma will strengthen the leader-follower relationship.*

Should leaders use sustained force to make followers change their ways? If Svadharma best sustains the leader-follower relationship, then sustained use of

force might harm it. It would force them to deviate from what naturally comes to them leading to further dissonance and dissatisfaction.

*Proposition 6: Sustained use of force to change the followers' behaviors will weaken the leader-follower relationship.*

Is leadership an instrument to achieve goals? Because one can only exercise control over the actions and not over their results per se, goal-oriented leadership might be rather frustrating. With meaning as its core, transcendence would be the intended outcome of leadership. Because transcendence within the domain of the Gunas is a process rather than a state, there would be no final goal to be achieved. Besides, a goal-view to transcendence is highly likely to culminate in the followers associating the leader with success. It would only accentuate dependence on the leader. Further, a goal-view necessitates motivation as the construct to explain human behavior, something that the Bhagavad-Gita doesn't provide for. Is leadership not at all concerned with goals? Gradual increase in Sattva by a leadership grounded in Svadharma would increase the effectiveness and efficiency of all those involved. Such outcomes are at best the useful byproducts as leadership in the Bhagavad-Gita paradigm primarily remains the collective expression of Svadharma for transcendence.

*Proposition 7: People working with a leader showing consistently high levels of Sattva-induced behaviors will be above-average performers.*

Is there a possibility of a Rajas -induced leadership? People showing consistently high levels of Rajas-induced behaviors would work tirelessly but can hardly fulfill the meaning needs of their people. Thus Rajas-dominated people have little chance to invite meaning attribution. Besides, they are primarily concerned with themselves. However, there is no theoretical limitation as far as their ability to get the job done is concerned. With position power and a favorable task structure, they can possibly become successful managers and executives. Because Rajas characterizes motion, Rajas-dominated people would vacillate in their determination of meaning as well. Their inability



to determine meaning for themselves would give someone else that chance. If a Rajas-dominated person laps up the chance to interpret meaning for others, then he or she might invite meaning attribution as well. However, such framed meaning can never lead to the uplifting leadership experience induced by Sattva. Because PP. 3 indicates the possibility of increasing Sattva in all, people can learn to become leaders. The phenomenon of Viroopa Parinama opens up the possibility for a Rajas-dominated person established in Svadharma to develop influential Sattva in the long run. Thus it might be possible for such people to develop themselves into true leaders. What does Svadharma mean for the culture of an organisation? Svadharma as a concept is specific to each and every individual and hence doesn't support comparisons. With the extinction of the possibility of comparison ends the concept of superiority of the way of a particular individual. That gives chance to a truly egalitarian work culture, where the work of an executive gets as much respect as that of an entry-level employee. Svadharma fosters dignity of work and appreciates workforce diversity. In the nutshell, Svadharma mandates that all differences should be negotiated from the position of equality and not otherwise. Most importantly, the Bhagavad-Gita exhorts the leaders to transcend the bondage represented by the Gunas. After realizing their true self, leaders should utilize the agency of the Gunas for Lokasangraha or acting for uplifting all (Gita Press, 2001: III-20). Lokasangraha is the highest form of leadership as displayed by the greatest leaders of humanity such as Krishna, Mohammad, Buddha and Jesus. Such leaders lead people in their journey to transcendence from ego. Thus the greatest leaders display a unique detachment to name and fame and work to express their Svadharma for the benefit of all.

An empirical investigation into the Bhagavad-Gita paradigm of leadership would require tools to assess people's constitution as well as their Svadharma-orientation. Because the Gunas are fundamental, their expression must be free from any social influence. The biggest challenge to such tools would be the language used to represent the Gunas as that could be situated in a social context. If a way could be found to neutralize the social context, then it would be possible to develop

universally applicable tools to assess the constitution and Svadharma. The other way could be to develop tools adapted for different cultural zones and equivalent in reliability and validity. Qualitative approaches would be in a better position to offer insights into the inner workings of the theory.

### **Implications for the Theory**

The Bhagavad-Gita paradigm of leadership necessitates a shift in many established theories. The meaning-leadership relationship, for example, is the first to undergo a major shift. While the leadership literature in general considers leadership as the source of meaning (Bass & Avolio, 1990; Bennis & Nanus, 1985; Kouzes & Posner, 2007; Smircich & Morgan, 1982), relational leadership perspectives consider 'meaning-making' as the source of leadership (Drath, 1994; 2001; Wenger, 1998). The Bhagavad-Gita paradigm significantly differs from both in its usage of meaning. While they consider meaning as something that can be made, shared and negotiated, meaning in the Bhagavad-Gita paradigm is effortlessly realized like a sudden flash. In this context, meaning per se is never a result of rigorous intellectual processes though it might fuel them subsequently. Influence is central to the leadership discourse of the day. Leadership studies are experiencing a shift from the idea of 'leader as the influential person' (Pearce & Conger, 2003) to that of 'shared influence' (Graen & Uhl-Bien, 1995). Taking an influence view to leadership inherently makes it inequitable. Besides, it fosters a performance-oriented relationship that bothers about people to the extent they are useful. The Bhagavad-Gita paradigm restores human dignity by emphasizing leadership as 'shared meaning' and work as the expression of self. Meaning is not shared in the sense of being collectively arrived at; it is shared in the sense of the possibility of going beyond similarly perceived limitations. Leadership and motivation have traditionally been thought as related constructs (Minor, 2005). The Bhagavad-Gita paradigm represents a shift in this position and posits people as spiritual beings who work to express themselves. Svadharma-oriented leadership cannot be exploitative in nature. It facilitates the expression of people's potential to the fullest. The Bhagavad-Gita paradigm is singular in its acceptance of

the possibility of non-person entities as leaders because leadership is traditionally taken as human-to-human interaction. The situational perspectives on leadership (Fiedler, 1967; Hersey & Blanchard, 1993; House, 1971; Jermier & Kerr, 1997) study situations to the extent they affect leaders and followers. Even the symbolic leadership theory (Pondy, Frost, Morgon & Dandridge, 1982) accepts the role of symbols in leadership only to the extent they support the leader. The Bhagavad-Gita paradigm is in tune with the established ideas as well. The idea of leading by example and being highly reliable is well established in the leadership literature (Bennis & Nanus, 1985; Kouzes & Posner, 2007). Workplace spirituality and spiritual dimensions of leadership are fast gaining ground (Fairholm, 1996; Fry, 2003). Recent studies on transformational leadership show that it is positively related to Svadharma and Sattva (Kejriwal & Krishnan, 2004; Mehra & Krishnan, 2005; Narayanan & Krishnan, 2003). Karma Yoga has been found to be positively related to an enhanced life satisfaction (Mulla & Krishnan, 2006). Mehra & Krishnan (2005: 6, 7) reported a negative relationship between Svadharma and trust though they mentioned that it might be due to the limitations of their research.

### Implications for the Practice

The Bhagavad-Gita paradigm of leadership can redefine organisations as work places facilitating expressions of Svadharma, with egalitarian work cultures and morally uplifting impact. It can guide the staffing, training and performance management practices of the organisations. It emphasizes the importance of appreciating humans as essentially spiritual organisms for a blissful work experience. Thus the practices based on the Bhagavad-Gita paradigm can significantly reduce stress and employee burn out related problems. It emphasizes taking the work place diversity into account before taking crucial organizational decisions. It can find its applications in diverse contexts such as politics, sports, military, spirituality as well as in the day-to-day life. The philosophy of Bhagavad-Gita has enlightened humanity since ages; now is the time for the science arising out of it to take charge.

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# Leadership : Today's Requirements and Future Challenges

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## Abstract

Organisations are caught in the web of globalization, facing challenges of the **'dot com'** world. It is felt that the key to the castle of organisational success is **'leadership'**. A leader is one who verbalizes a compelling vision and mission, possesses a healthy blend of optimism and courage, and looks beyond mere promulgation of plans, engagement in empty rhetoric or delivering few glib phrases and platitudes. The present paper explores the current dimensions of leadership requirements, along with an introspection of the upcoming challenges for a global leader. Implicit in the paper are certain concepts in leadership, like that of **entrepreneurial culture, fast track leaders, wisdomization of leadership, orchestration, transformational leadership and ethical leadership**. The **'Leadership Era'** seeks to succeed the bygone Industrial, Information and Knowledge era. The paradigmatic shift from the **'brick world'** to the **'click world'** has transformed the role of leaders, the only continuity between the bygone and the coming ages is that of the leader being a dreamer, daring to gaze beyond the horizon.

*Key words : Leadership, Entrepreneurial Culture, Fast Track Leaders, Wisdomization of Leadership, Orchestration, Transformational Leadership, Ethical Leadership & Leadership Era.*

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## Background

Modern organisations are facing multiple, ambiguous and complex challenges for which their existing resources, approaches and solutions are inefficient. This bears an implication on the management of the organisations regarding how it is to be run for productive growth of the organisations. This in turn is throwing a plethora of challenges and expectations for the global leaders of today. It is important that the global organisations not only operate across the national

boundaries achieving integration but also retain the local differentiation and flavour. The mushrooming of these organisations have occurred within the time frame of a single generation at a rapid pace where the global leader has been given colourful descriptions like that of 'cultural synergisers (Adler & Bartholomew, 1992) , true planetary citizens (Roddick, 1998) and cross fertilisers (Bartlett, Doz & Hedlund, 1990), (Velsor & McCauley, 2004: 364). The step towards being a global manager would involve being an international manager first, wherein the concentration would be on the

exchanges taking place across the nations; while for a global leader, collective awareness with an inclusive perspective is important therefore going international is a precursor to being a global leader. Certain questions crop up in our minds then,

- 1) What is the definition of a leader, in the changing times of today, with reference to the changing context?
- 2) What is the role and responsibility of a leader in the dynamic world?
- 3) In the face of increasing complexity in the internal / external environment, what are the implications for leaders?
- 4) What are the requirements to be met by leaders in the present situation?
- 5) What are the forthcoming challenges to be confronted by leaders of the organisation?
- 6) What are the best practices to be adopted by leaders in the global world of today?

To sum it all, how do we situate the role and practices of a leader in terms of the requirements and future challenges in the rapidly changing times? The premise of this paper is in highlighting a leader who brings desirable changes by keeping pace with complex time, demands and pressures. If we observe deeply, we can see that organisations are evolving in new directions, charting new trajectories that of artistry and spirituality (Hatch, Kostera & Kozminski, 2005: 2) along with being market savvy and profit driven at the same time. There is thus an evolution of organisation and management aesthetics (Hatch, Kostera & Kozminski, 2005: 2) since organisations today depend upon creative, innovative minds and also ethics to attain and maintain the legitimacy needed to allow a superfluous resource flow and keep talent alive. Therefore, leadership is changing from being control driven i.e. supervision and domination, to deriving powers from one's mythological consciousness like creative imagination and inspiration (Hatch, Kostera & Kozminski, 2005: 3). The 21st century leader may not completely abandon the traditional procedural techniques and only focus on the attainment of preordinate goals of rationality, profitability and excellence, rather he will seek to explore places where

there is no safe haven or predetermined outcome and engage in heroic adventures through one's courage, vision, mission, imagination and ethical discipline (Hatch, Kostera & Kozminski, 2005: 3). Thus a leader has two faces - that of an artist and that of a priest. The artistic trait of leader implies imaginativeness, originality, an innovator and a creative actor in the organisational canvas. When into the mould of a priest, a leader displays faith, devotion and purity and is inspired towards achieving the goal, and thereby also inspires his followers for attaining organisational success. The role of a leader can be visualised, as that of a director directing organisational members in the organisational arena. The leader, thus, has manifold faces, meeting the ever changing demands of the dynamic world.

### **Understanding Leadership**

Flipping back through the pages of history and looking into the earlier perspectives of leadership, the theme had been widely discussed by Plato, Caesar, Plutarch and many others in the classical era. 'Chinese classics are filled with qualities of divinity to their king like, "Authoritative offerness is in thy mouth, perception is in thy heart and thy tongue is the shrine of justice." Egyptians demanded qualities of authority, discrimination and just behaviour. Homer's Iliad (Greek) identified justice, wisdom and counsel, shrewdness, valour and action (Bass & Stogdill, 1981: 5). This provides a useful insight on leadership as evident in the bygone eras. Then came the industrial era which redefined leadership and forced the organisations to be driven towards technological advancement and attainment of profits by sidelining one's values and principles. Thus leadership competencies required changes by bringing new leaders who could adjust to the new era. Then India embraced globalisation which conquered the country in the span of a decade, influencing it socially, culturally and economically; also bringing with it, tides of stiff competition, changing demand patterns, innovation and revolution in technology. The times changed further, the booming knowledge economy led to the emergence of the Knowledge and Information era where human resources were regarded as capital for investment in organisations for growth, development and success.

The leaders again, had to confront with some new challenges like managing cultural diversity, retaining talent in times of extreme mobility, rising expectations as well as maintaining quality and standards. It can be said that the role of leadership is imperative in steering the ship from the bygone industrial era to the present knowledge and information era. Now, slowly, we are advancing towards the leadership era where leaders are at the forefront, facing brink of challenges like increased competition, work force demands, ranging diverse interests, lifestyles, preferences and to top it all, matching competencies to deal with the complexities of life. Organisations now want to be winning organisations with leaders placed at all levels (Pareek & Shukla, 2005: v) by not necessarily employing leaders but engaging in producing leaders from their organisations itself. Thus organisations are being termed as the breeding ground for leaders where they are able to develop the much needed competencies and also trained to tide over difficult situations. An organisation today without a leader stagnates which is self indicative of the importance attached to the leadership era where a leader can either help organisations to scale new heights or wipe out its very existence. There is need of statesmanship of charismatic leaders at all levels in hierarchy as organisations are flattening with more participation and empowerment of organisational members. The world is being driven to a new leadership era where a leader not only verbalises a compelling vision by possessing a healthy blend of optimism, courage rather looks beyond mere promulgation of plans, engagement in empty rhetoric or delivering few glib phrases and platitudes. We can say that leaders make the organisation and organisation makes a leader. Gary Yukl (2006) defined leadership as "the process of influencing others to understand and agree about what needs to be done and how to do it and the process of facilitating individual and collective efforts to accomplish shared objectives"(Rowe, 2007: 1). Whereas according to Peter Northouse (2007) leadership is "a process whereby an individual influences a group of individuals to achieve a common goal" (Rowe, 2007: 1). Thus to summarise, leadership is a process that involves influencing others. It happens within the context of the group involving goal attainment which is shared by

both leaders and followers. In this context, it would be interesting to mention certain important Thai concepts of relationships in the workplace for the leaders of today as under (Rowe, 2007: 78),

- i. **Sam Ruam** means 'to travel the mid path' by exercising restraint and maintaining composure during stressful situations.
- ii. **Kraeng jai** deals with restraining one's own self interest and desires in conflicting situations and conditions of discomfort.
- iii. **Hai Kiad** is 'to show honour', paying due respect and show of honour to help motivate the subordinates and promote their skills.
- iv. **Nam Jia** meaning 'water from the heart' that is it values genuine acts of kindness, showing consideration for others and thus helping others in their workplace.

Thus the current understanding of leadership is indicative of the fact that it is a long term partnership between leaders and group members where four things are necessary for effective leadership - a purpose, joint accountability, absolute honesty and assertiveness (Dubrin, 2004: 3). The present paper explores the varied, current dimensions of leadership in the present era, what are the requirements of a dynamic leader along with an introspection of the upcoming challenges for the global leader in the future eras.

### **Varied Dimensions of Leadership**

Leadership is a universal human phenomenon and is the "most observed and least understood phenomenon on earth" (Bass & Stogdill, 1981: 5). W.F Buckley (1979) sees a successful leader "as one who crystallises what it is that people desire, "illuminates" the rightness of that desire and coordinates its achievement" (Bass & Stogdill, 1981: 20). As we all know that situations are changing, leadership too is getting moulded into newer forms where relationships and concern for productivity and growth would have to go hand in hand, mere laissez faire leadership will not be tolerated and so also not a drift back to autocratic styles. Transformational Leadership fits some what well in the present scenario,

where a leader not only recognises an existing need for a potential follower but he goes further, seeking to satisfy higher needs by providing the necessary elevation /stimulation that converts the followers into leaders and may convert leaders into moral agents. (Bass & Stogdill, 1981: 20). Transformational leadership style is flexible as it helps one to see both the external and internal world and there is reflexivity or a kind of spiritual quest enabling one to understand self and the counterparts deeply, in turn developing strong linkages. Reflection and introspection is the springboard of all the actions of the leaders of today leading to development of inner strong self. Leadership is a circle of concern as well as our circle of influence (Pareek & Shukla, 2005: 63). Today's leaders must be able to relate to their people by connecting at deeper levels for knowing the problems skin deep. Leaders have to break the barriers that exist between material and spiritual world and enable the former to be able to imbibe wisdom from the latter so that leaders are able to sense and respond to the ever changing world and its varied problems. This forms the core of transformational leadership.

We all know that the biggest enemy that organisations have to defend themselves from is the level of uncertainty that looms over its head every moment. The one trait that helps to distinguish a leading organization from that of a mediocre one is the élan with which its leaders welcome and embrace uncertainty. The effectiveness and efficiency that leaders manifest during unforeseen circumstances, determines the altitude to which the organisation would rise up to (Pareek & Shukla, 2005: 78). Thus an organisation needs to know its strengths and weaknesses, work upon them so as to be able to better equip themselves for facing any kind of challenges and make most of the given opportunities. An important quote emphasises the importance of leader in any organisation - Show me the leader and I'll know the organisation, and show me the organisation and I will know its leaders (Pareek & Shukla, 2005: 78).

The role of leader has shifted from that of being a mere controller to being a facilitator, mentor and coach to now, even newer roles, that of a reflective thinker and a strategic transformational leader (Pareek &

Shukla, 2005: 130). In the competitive world which is technical, system driven, highly customer centred, quality conscious and that which believes in the speed and rapidity of transactions, we require fast track leaders who are able to help organisations keep pace with the changes in the dynamic world and are able to balance short term targets with long term concerns of organisations. According to Brian Lee (1997) and Franklin Covey, "Leadership is an intensely human enterprise and does not fit neatly into definition and boxes. Leaders have all the spontaneity, unpredictability, frailty, vulnerability and potential in the human race. If we are to lead with honour, we must start with the promise that flexibility, adaptability and wisdom are possible, that we have seeds of greatness in us and if we care deeply about the life of others, we can work together to accomplish worthwhile things" (Pareek & Shukla, 2005: 160). Organisations have started investing in developing leaders from inside by identifying talented people who are promising and have proved their mettle. It is important to recognise the potential leadership talent within the organisations and allow growth in their respective career graphs which motivates them to learn and advance at the same time as well as contribute to organisational productivity. As employees no longer remain wedded to a single organisation and keep on looking for greener pastures for career advancement, it is important that organisations are able to attract these fast track leaders and retain them for the benefit of the organisation. Fast track leaders are the future leaders who achieve more than what they ought to, considering their age and experience (Pareek & Shukla, 2005: 181). They are the need of the hour and helping them attain leadership powers in a short duration of time is being taken up by the organisational heads so as to cater to the global thirst for efficient leaders. Thus, in the recent era top managers are giving training, providing resources and even mentoring / coaching the new talent for developing able and efficient leaders. They are being given developmental opportunities and career advancement drives to help them take on important position as leaders and work towards organisational excellence.

Organisations are not only important at the global and national level but at the local level too. Therefore, we see

multinational companies mushrooming in small towns and villages. The leaders have to work hard to place their organisations on the map of the world covering every region, big or small. For doing this they need to influence, motivate employees to work in the right direction which is possible through wisdomization. We all know how important acquisition and deployment of knowledge is to help organisations move in the road to success. Even more important is wisdom that allows an individual to make decisions about future. Organisations need to be move towards wisdomization. This is the process by which the distilled essence of experience is used to deal with explicit and tacit knowledge (Pareek & Shukla, 2005: 213), providing a perspective through which the leaders can find their path through the vast open knowledge space. Thus wisdomization helps to integrate knowledge with action as otherwise knowledge remains sterile and arid, causing no impact on organisation process and systems. The creation of knowledge society and the rise of the specialist – Drucker’s knowledge worker – clearly points in the direction of the need for business to effectively manage knowledge and convert it into wisdom in order to keep space. The 21st century organisational leadership enables the integration of knowledge with action and institutionalising this wisdom into collective organisational psyche (Pareek & Shukla, 2005: 213). To set the journey of organisations towards wisdomization – a learning ambience that fosters continuous improvement is needed - collaboration instead of competition and support and service rather than control and command are the call of the day. Thus leaders of today have to promote wisdomization of organisation to enable its employees to be able to comprehend, analyse and make right decisions and convert them to workable solutions for any problem identified.

Winning leaders are those who make mistakes but bounce back by taking their failures as stepping stones to success or as building blocks for organisational development. They view the situations through fresh lens and make use of their opportunities. They help tap the convictions of organisational members and utilise them for organisation development. Thus a successful leader faces the challenges by pushing himself away from the comfort zones after achieving huge success

in the field. Orchestration is one important aspect of leadership which was introduced by Wallace (2002), who applied it to senior leaders in the context of school in the education system. He refers to a dictionary definition of the term: ‘to organise a situation or event unobtrusively so that a desired effect or outcome is achieved’. Orchestration is unobtrusive, characterised by behind the scenes string pulling, it is evolutionary and it includes attention to detail. Orchestration contrasts starkly with the public, visionary and charismatic behaviour widely popularised as hallmarks of leadership (Glatter & Kydd, 2003: 235). Thus it can be said that orchestration contains elements of both leadership and management. Wallace has described three major activities of this important process, they are, flexible planning and coordination, culture building and communication, and lastly, differentiated support (Glatter & Kydd, 2003: 235). These are important for an efficient leadership. Thus orchestration is an important aspect of leadership practices. It is a known fact that leadership practices fall short much of what is desired and professed. Leadership can’t do without either as they provide guidelines for behavioural disposition of employees in an organisation for maintaining quality and standards, herein comes in ethical leadership, where a leader is committed to excellence, open to constructive criticism and becomes a role model for his employees. A leader is an energy provider, an architect, a sculptor and a catalyst for an organisation. For playing such a diverse role, ethics form the pillar of strength, the sole source of energy for the vigilant leader of today (Pareek & Shukla, 2005: 246). A leader without ethics is a body without soul thus faithful adherence to one’s beliefs, values and culture is essential to traverse the difficult road to success.

After looking into the important aspects that are part of successful organisations with effective leadership like transformational leadership, wisdomization of leadership, orchestration, fast track leaders and ethical leadership we can say that all these diverse characteristics together contribute towards an embedded, people friendly culture within organisation i.e. Entrepreneurial Culture. Every organisation has its foundation built on certain values, beliefs, ideas and assumptions i.e. the underlying philosophy of



an organisation is represented by its organisational culture. We have moved from a mere functional culture to a more process oriented, time based and network directed culture (Pareek & Shukla, 2005: 219) where timely response to new opportunities and threats through networking and strategic alliances is the key to thrive in an uncertain world today. The culture of today is speeding towards entrepreneurial / democratic/ organic culture where people are important rather than single domination by top level heads. Organisations are becoming more flat with team cultures taking over. The 'YES BOSS Culture' of Autocratic / Bureaucratic culture is dwindling as one doesn't want to only create clones, as Stephen Covey puts it, "When you have people thinking like you, talking like you....then you feel that you are validated as a leader because other people value you. But they are telling what you want to hear and not what you need to know." (Pareek & Shukla, 2005: 220). Transformational Leadership, empowerment of employees, creating a team through collaboration of important stakeholders like customers, suppliers, teachers, students, administrators, government officials and share holders helps cultivate a people friendly culture. Entrepreneurial culture stresses upon building complementary, multicultural teams where people with diverse backgrounds, varied talent and different skills unite for attaining a single mission. Many organisations of today believe in a leadership team at the top which in turn is supported by several successive layers of team leaders below. Therefore we can have two important roles for leaders of today - one, that of a disciplined active doer who performs his duties as per organisational rules, procedures and maintains a status quo; the other, a creative innovator, a risk taker and a thinker who is futuristic and blends thought and action for a better tomorrow. A healthy blend of both may be the actual essence of leadership requirements to meet future challenges in the coming decades.

### **Leaders of Today**

"Troops can't be managed into battle. They have to be led" as told by Napoleon (Smith, 1996: 69). Leadership is critical in today's organisations. We need passionate leaders who can break the bureaucratic icebergs like ice breaker ships and courageously chart a new course all

together. These are innovative leaders. As traditional walls crumble, the base of power changes (Smith, 1996: 69). Initially leadership was role based on position and status but now there are a new set of forces that are operating. As earlier, it was a simple process where direct orders were passed to the subordinates and all would have to follow, but in the present times, passive management in the form of mini and major bureaucracies or teams have come up. "A leader is a person who inspires a person to take a journey to a destination they wouldn't go to by themselves. Today, more than ever we need people who breathe new life into organisations and take them places they wouldn't go to by themselves" (Smith, 1996: 71). Let us look at the traits of an innovative leader of the 21st century. They create a vision so as to fulfil their mission. They keep ahead even in times of crisis. They are experts in their fields and are risk takers. They are patient listeners and act like teachers and mentors for organisational success. Leaders need to be passionate to help transform an idea into reality. Leaders have to be open to the outside world and be adaptive to the emerging trends. Thus the most important way to bring freshness in the old sagging organisations is by bringing about innovative leadership. The occasion of change in leadership is always a useful moment to step back and examine these subtle transformations. There is an experiment in biology where a frog is placed in a shallow pan of pond water and the temperature is raised in small increments. The water can be brought to a boil, eventually causing the frog's death, without the frog leaping out because at no interval of time had the rate of change been sufficient to trigger a threshold of threat to the frog. Similarly, many of our organisations have experienced such continuous changes that only when they look back can they see how some of the significant features of the environment have changed (Gilmore, 1988: 32). Thus the present form of leadership is moving slowly towards participative styles of management by empowering organisational members who are not only a part of change, but also bring in changes of different magnitudes, whatsoever.

### **Leaders of Tomorrow**

Leaders are driven by values, principles and ethics and they motivate people, coach their efforts and

finally inspire their action. Then leadership is not an end but a means to an end; where leaders are developers, continuously developing organisations. There are emerging views regarding leadership for the coming times. To mention a few - time management i.e. accomplishment of task on time is very important. There is need to orient oneself for looking into what lies ahead thus envisioning future for better prospects is regarded significant. We need leaders who exhibit knowledge, confidence and whose leadership is based on holistic worldview in terms of flexibility and diversity. Excellence lies in adopting approaches that help foster deeper understanding by constructing bridges across cultural, religious, racial, ethical and other groups, promoting social cohesion and overall tolerance and welfare of mankind. Thus promoting humanistic culture by embracing humans in all their varied backgrounds is significant.

Thomas Friedman has said, "The world is being flattened. I didn't start it and you can't stop it, except at greater cost to human development and your own future. But we can manage it, for better or worse. A city in which we live, maybe American or Asian by geographical location or even could be a microcosm of the rest of the world today. Access is the key word. There is a palpable integration, an irrefutable buzzing and spilling over of boundaries and borders. As the world is becoming smaller and its people are getting more connected with one another, the manner of interaction between beings is changing dramatically" (Cohen, 2007: 143). A great leader is equivalent to a hiker's compass. The hiker, on his way, may be a gifted athlete but without the aid of navigation, he is sure to get lost. A leader guides and motivates others to follow a path that in her mind is clearly defined. He is able to generate a climate of honesty, trust and accountability (Cohen, 2007: 151). Leaders need to be CAPABLE which stands for Cultivate credibility, Achieve results, Practice humility, Acquire perspective, Build leaders, Leverage conversations and Exercise balance (Weiss, & Molinaro, 2002: 184) thus CAPABLE is the acronym to describe the actions of effective leadership for cultivating credibility and be able to meet the challenges that future holds for them. Thus leaders of tomorrow need to develop an insight to foresee the changing patterns of organisational life

and match the spectrum of changes by filtering and blending the positivities of present and past into a common fabric to adorn the coming future that would bring success to individual and organisation overall.

### **Leadership Challenges for the 21st Century**

It is a truism that the context of a given locale or era shapes leadership (Burns, 1984, Johnson, 1996) and contemporary educational leaders function in complex and highly variable local contexts (Murphy, 2002: 20). The focus here lies in seeking to map the contextual terrain facing contemporary leaders in term of six key features, political, economic, financial, staffing, demographic and accountability (Murphy, 2002: 21). Let us take them up one by one. Educational leaders have to meet state expectations and deal with political pressures tactfully in order to maintain a congenial environment for all. This represents the political terrain that needs to be taken care of. Education and Economics are symbiotic as both contribute to one another in a synergistic way. Education provides the human capital to be utilised for country's productivity and economic sources are vital for organisational functioning, therefore the leader must play a proactive role in establishing a positive link between the two disciplines. The educational leaders always need to answer certain important questions like, "How do I procure more resources for my institution?", "How do I manage the available resources and make best use of them?" (Murphy, 2002: 28). Here comes the role of educational leader to manage the financial terrain that would have direct bearing on organisational productivity. Coping with labour shortages, dealing with problems of recruitment, maintaining diverse and qualified professional staff and meeting their demands is crucial for any leader of an organisation if he wants to maintain the quality and standards of the organisation. Thus staffing too is an important area that needs to be looked into for organisational success. A leader is also faced with challenges to meet the diverse needs of the population, those employed, without hurting their cultural sentiments and values. Thus demographic terrain too hold significance in leadership arena as he has to arrange for capacity building and other specialised programmes for the people he is catering to. Accountability is one important terrain that

needs to be taken care of as it is important today to be accountable to entities beyond one's organisation, be accountable for not only the process but the outcome as well. Thus today's educational leaders are working in complex situations and accountability holds an important place in agenda of leaders. At the end, three important features seem to dominate the contemporary landscape - first, the shifting of the national economy from 'muscle work' to 'mind work' due to an excessive demand for educated youth.( Murphy, 2002: 37); Second, the importance of being attached to political movements and policies that have a direct bearing on the organisations' functioning; lastly, accountability to both the insiders as well as the varied stakeholders so as to facilitate smooth navigation through all the terrains without any obstacle. This definitely provides the compass to leaders for finding the path that leads to success through varied challenges posed to them in the near future.

### **New foundation: New understanding of Leadership**

Three metaphors have been used to sketch a portrait of leadership, that of a moral steward, an educator and a community builder. An important belief shared by all is "the new science of administration will be a science with values and of values" (Murphy, 2002: 75). The leaders must develop a passion to work - work towards their goals, be committed to their work and help create a moral order that will help to bond the leader as well as his followers. Thus the present leaders have to act as moral stewards to serve the organisation and society at large. Pedagogic motive, ethos and culture of teaching as a profession provides the most effective form of leadership which repositions leading from managing to learning. It requires a thorough understanding of the situation and then be motivated to learn from them. The leaders need to be educators, to be aware, to be more knowledgeable about the changing priorities, thus, be learners and dissipate their knowledge to one and all. Creating an open system where there is access and personalized learning environment is central aspect of community leaders who do not believe in hierarchical structures and leading from the apex of the organisational pyramids; rather, who lead from

the very grassroots level or from the intense web of complex societal relationship (Murphy, 2002: 76-77). The fundamental basis of leading would be based on professional expertise, participative management and moral imperative rather than being merely authoritative and controlling all. Thus leaders need to essay all the roles with great efficiency so that they are able to inspire the work force and help build an army of efficient workers. The leaders need to stretch their leadership practices across organisational members, structures and system to be able to meet the growing demands of the global world and simultaneously meet the individual and organisational goals as well. The leaders need to collaboratively develop and communicate a value driven vision for the future in order to give a sense of purpose, satisfaction, meaning and hope to all in the society. This envisioning process would definitely involve interaction with people, help build sustainable relationships and promote individual and organisational success.

### **Implications for Educational Leadership**

Leadership is the ability to inspire confidence in and support among people who are needed to achieve organisational goals, which means that leadership is said to deal with change, inspiration, motivation and influence. Leaders ought to play multiple roles like that of figurehead, spokesperson, negotiator, coach, motivator, team builder, team player, technical problem solver, entrepreneur and strategic planner which in turn have implications on organisations worldwide (Dubrin, 2004: 24). An important development has been the development of partnership, between leaders and group members, fostering team work and promoting team based organisation by empowering group members (Dubrin, 2004: 24). Team leaders thus share power, deemphasize individual glory and understand that power sharing increases their own power. (Dubrin, 2004: 282). Another thrust of leaders is to help their organisations grow by assisting workers to become better learners. A leader thus manages knowledge and cultivates a learning organisation. Knowledge Management is the systematic sharing of information to achieve desired goals. When knowledge is managed effectively, information is shared as needed, whether it is printed, stored electronically or resting in the

brain of the workers. (Dubrin, 2004: 415). A learning organisation is one that is skilled at creating, acquiring and transferring knowledge and at modifying behaviour to reflect new knowledge and insights. (Dubrin, 2004: 415) and organisational leaders must take the initiative to create conditions whereby enhancement of capacities and learning takes place (Dubrin, 2004: 420) by creating a strategic intent to learn, created a shared vision, encouraging system thinking, encouraging personal mastery of the goals and team learning. (Dubrin, 2004: 422). A multicultural leader with skills and attitude to relate effectively to and motivate, influence and inspire people across race, gender, age, social attitudes and lifestyles is the need of the hour. The leader must be aware of overt and subtle cultural differences which function as starting points in the leader's attempt to lead a person from another culture (Dubrin, 2004: 424) thus management of a diverse work force helps unlock the potential for excellence among employees who might otherwise be overlooked.

The world today is dominated by the idea that leadership is one of the major factors –sometimes, the only factor – that will determine whether an educational organisation will succeed or fail. Thus, there are many colleges and training centres coming up for leadership training and development. Alongside this, many books, articles on leadership in general and educational leadership in particular are appearing at an increasing rate, emphasising on the importance of leadership and how research findings can contribute towards the same (Simkins, 2005: 9). Bolman and Deal more than ten years ago said, "An unquestioned, widely shared canon of common sense holds that leadership is a very good thing and that we need more of it atleast, more of the right kind." (Simkins, 2005: 10). Leadership is having implications in all sectors and policy structures as there is stress on standards and accountability, devolution and delegation, flexibility and innovation and expanding challenges. Educational institutions are changing as new waves of transformation are hitting them, including new forms of partnership, networking among schools, varied public- private sector enterprises, trying to move from policy climate of 'informed prescription' to one of 'informed professional judgement' where the former was crucial to achieving rapid advances

that were needed, not least in literacy and numeracy. Now, however we need to restore more autonomy and professional control to teachers, albeit within a national system of accountability (Simkins, 2005: 12). Due to dynamic policy environment and political system, expectation of leadership from our educational heads soars high as the key question for the leadership remains as to "What kind of organisation is this to be? Like should a school be conceived as – a branch office of the national educational education system, delivering a specified set of products to specified standards or a participatory community, responding to expectations and demands of key stakeholders as expressed through the governing body or a competitive business, seeking to attract parent – consumers who wish to purchase its product or what? The answer maybe – 'all of these'. This implies that the roles of leadership have to be redefined. This signals to three important roles, that of - enhanced line roles: leading, managing and supervising others to ensure their effective performance; project roles: orchestrating the use of resources to achieve specific ends, often oriented to the achievement of clearly delineated, narrowly focussed short term outcomes; and, networking roles: working with individuals and groups in other organisations to build partnerships for tackling common problems or pursuing shared purposes (Simkins, 2005: 15). In future, much attention will be given to sharing of understanding and practice between different parts of the sector - public and private and also between international educational leaders where assumptions about a particular kind of educational reform go largely unquestioned, rather welcomed and practised if it is contributing to the success of all. Internationalised universities and school are likely to be a significant development too- in one form or the other in the 21st century. (Simkins, 2005: 22).

Observing a flock of birds in flight makes us assume straight away the bird out front is the leader who sets the flight path, the same mindset is at work in our folkloristic description of the harvester ant queen who is said to rule over colonies. Yet no such things happen as there is division of labour and each is involved as a team in accomplishing the desired task. (Lakomski, 2005: 16). Similarly Leadership is not what leaders do, rather leadership is what leaders and followers do together for

the collective good. In today's society, leaders operate in a shared powered environment where many people participate in leadership, some as leaders and others as followers. Leadership in new millennium will be more collaborative by allowing cooperation and consensus rather than competition and conflict truly fostering the collaborative spirit. Our organisations are no longer the enduring institution of old but assemblage of parts, like movie producers who assemble and disassemble the elements of a film, leaders and followers have to develop their skills at recruiting, joining, direction setting, organising and managing change and short lived teams of people. We need to match hopes of finding leaders who can articulate a genuine vision and set up a mission for achieving organisational success. John Gardener tells the story of a little girl who tells her teacher she is drawing a picture of God. The teacher replies, "But Mary, no one knows what God looks like." Little Mary replies confidently, "Well, they will when I get through" (Gilmore, 1988: 248). Thus leaders need to be creative, bold and take decisions that help the organisations to be more innovative and different, at the same time, also cater to the vast majority of the people who are dependent upon them by encouraging people at all levels to take a step forward and absorb relevant uncertainties, thereby creating the necessary conditions for others to take initiative in their areas. Leaders must work for the present and simultaneously cultivate and nurture future leaders of the organisation who would take up the tasks in the coming decades!!

## **Conclusions**

Organisations have to face the ramifications of globalisation, the explosion in digital communications and a paradigmatic shift from a supply driven to a demand driven market. Worldwide the leaders are confronted with demands of greater accessibility, flexibility, cost effectiveness, quality and relevance along with lifelong provision. Thus our leaders must learn to navigate in the crude expanse they are exposed to.

The industrial era lasted for over a century and then was born the information era which too had its share of glory. Now we are in the knowledge era which too is taking a back seat, paving way for its successor, the leadership era. As all will know, by then, how to

extract knowledge, tap it and put it to best use however managing knowledge and talent will be important and herein comes the role of a leader. Leadership era will witness more plateau organisations with leaders at all levels. Leadership is not considered a one time act but a lifelong process with exchange of baton from one generation to another. This era will promote group learning, sharing of information, creation of new communication systems and providing opportunities to others to practise leadership in their lifetime. As has been said, 'It is thus necessary to navigate rather than rule!' (Pareek & Shukla, 2005: 325). Building sustainable relationships through diverse networks by blending the multicultural differences is one of the greatest challenges leaders are facing today. Successful global leaders are being called entrepreneurs who recognise opportunities and organise resources to take advantage of the same. Their main function is to produce more leaders than followers. Thus it is important that a leader today is not only a facilitator, a guide but also a mentor, a coach and a teacher who must muster these roles with great finesse! Global leaders of tomorrow must possess certain insights. They must think globally and act locally; must listen, adapt and evolve quickly; learn the language of business and the local culture and make use of technology to create transparency and remove obstacles (Cohen, 2007: 21). Leaders should be passionate about their work and be willing to listen and learn 'You have been given two ears and one mouth for a reason: listen twice as much as speak' (Cohen, 2007: 24). Adopting a versatile style of leadership by attaining professional skills and embracing cultural diversity is important. A major challenge confronting leaders today is translation of their vision to stark reality of everyday life. To head for a good start, there is need felt to rekindle the hope within our hearts, believe in our actions and stand forward in the journey that takes us from the brick world to the dot com world and help in build worthwhile organisations that are laid upon the foundations of trust and transparency. Leaders have to meet the requirements of the world of today and be prepared to meet the challenges in the coming times. The only difference that underlines leadership of today and tomorrow is time and the similarity that transcends all times is that of a leader being a dreamer, who gazes much beyond the horizon and tries to achieve the goal

he had been aiming for all through the ages. Thus, leadership is definitely an important key to the castle of organisational success and will remain so in the next coming decades and centuries together.

*Leaders of today have inherited the tradition from foundations laid in the past, tried to rebuild and restructure the organisations as per needs of the present, and now the future leaders have a daunting task to carry the legacy of the past forward, blend it with present, remould the organisations and adorn the future as per requirements of the dawning eras and help realise their dreams for betterment of the individual and organisation by creating mini democracies within democracy!!*

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# Politics in Institutions of Higher Learning: Issues & Challenges before Educational Leadership

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## Abstract

Open & Distance Learning (ODL) and flexible approach to learning have become integral to the higher learning system globally. Flexible approach to learning is demanded by gradually increasing numbers of learners as well by the business and corporate communities (which want to develop skill and knowledge bases of their working staffs from time to time). Because of developments in educational and communication technologies, many countries are now increasingly adopting ODL system. The UK Open University (UKOU), one of the old and pioneering ODL Universities, is today reckoned as one of the best Universities in Europe. In India, we already have one National Open University i.e. Indira Gandhi National Open University (IGNOU) and 13 State Open Universities (SOUs), and various other Distance/Continuing Education Institutes/Directorate/Depts., National Open Schooling, etc. As per recommendation of Central Advisory Board on Education (CABE), every State is supposed to have a SOU. At present, about 25% of the enrolment in higher education in India is with the ODL system; the target is 40% by the end of 11th Five Year Plan.

However, one of the most depressing features of the ODL system in India is the lack of student representative bodies. When we speak of student politics, it is almost absent in Indian ODL system. For the educational leadership, it is almost a non-issue. As such, various issues and policies that can adversely affect students' interests (such as various kinds of student fees, student support and welfare services, etc.) are decided by the administrative authorities without any concern and voice of the students. There is lack of any organized student protest and opposition. Students do not feel that they are part of the institution. Leaders are also perhaps happy to see that they are not facing any student protest and opposition; they are not aware of the fact that if the students no longer consider themselves as part of their institutions then higher education can have serious problem. Students' participation in the governance and functioning of the ODL institution is marked by pervasive passivity; there is lack of interest on the part of educational leaders to promote student civic and political activities. Student politics must be encouraged in the Institutions of Higher Learning.

*Key words/Phrases : Educational Leadership, Politics, Democracy & Societal Issues.*



## Introduction

Universities are “frontiers of human knowledge”. Universities and Institutions of Higher Learning (IHL) are central to the creation of a knowledge society. As enduring social institutions of our civilization, universities play vital role in promoting human capitals for societal growth and development. They are charged with responsibility of knowledge management in order to bring about a civilized nation.

Governance of public higher education institutions (HEIs) is increasingly becoming difficult, particularly because of increasing role of external political power. Public HEIs are faced with waves of student unrest concerning various issues that directly or indirectly affect them. Campus crimes and campus violence in IHL have risen sharply. IHL have become afflicted with various activities, which are particularly anti-political and worst in their very nature. Bad politics has damaged educational and learning environment in many reputed universities/IHL. Student and faculty politics have paralyzed proper functioning of many universities/IHL in India. Political violence, murder/killings, boycott of class/exam, protest demonstrations, strikes, criminalism and vandalism, etc. within campuses has serious repercussions on role of universities/IHL; urgently calling for strong educational leadership. However, educational leaders have failed to address campus political activities; and often seem ill-equipped to discharge responsibilities of managing political activities. They see student and faculty politics narrowly and have not yet realized the importance of the same. Despite increasing concern with phenomenal student unrest, there is no clear consensus among educational leadership as to direction of change we can anticipate with regard to politics in IHL.

Thus, educational leadership demands proper management of political activities. This paper looks into dynamics of politics within IHL. It looks into positive aspect of campus/student politics; and, in fact, argues for broader campus political activities and political infrastructure in IHL. It also examines issues and challenges before educational leadership and their role in managing politics and in promoting campus political and civic activities. Student politics and

student political and civic activities are the major thrust area of the paper. However, politics/political activities involving faculty and staffs and politics of governance have also been covered. The study is largely analytical and descriptive and rests on normative and prescriptive propositions.

## System of Higher Learning – Synoptic View

System of higher learning refers to post-secondary level of education. It includes college education, university education and autonomous/specialized/professional institutions of higher education and higher learning. Traditionally, cultivation of intellect and intellectual excellence were major goals for any higher learning system. Higher learning institutions were traditionally centres of higher learning. They were largely engaged in promotion and enhancement of human knowledge system; and were meant to provide a transformative experience for student by equipping them for life, not just for making a living. Learning was hardly influenced by economic and market forces. Institutions had autonomous spheres of their own; most of them were under control of private entities (particularly under patronage of religious institutions, trusts, etc.). Medieval university system in Europe, which formed basis of modern system of HEIs, had corporate autonomy of their own. Universities were organized collegiately, administered collectively, and operated by students themselves under the aegis of their corporate and juridical *universitas*<sup>1</sup> (Umunc, Himmet). Academic freedom and self-management of institutions were largely un-affected by external political forces. But gradually, governments and state machineries intruded into affairs of such institutions. Today, political authorities *de facto* control most public HEIs.

There are attempts to dismantling traditional university education, converting university campuses into vocational schools for skill development and professional competency. Major issue concerning HEIs today appears to be growing demands for highly qualified manpower and leadership requirement for the market economy. Higher education is increasingly placed under control of business-oriented councils to ensure that curriculum is linked to needs of employers. Colleges and universities are perceived – and perceive

themselves – as training grounds for corporate berths (Giroux, Henry A.). Higher education is now a tradable (service) commodity and many universities/IHL are actually engaged in business of importing and exporting higher education. Some countries, including the United Kingdom and Australia, have national policy to earn profits from higher education exports (Altbach, Philip G., 2008). USA has a strong private higher education sector, which has been most aggressive about overseas exports (Ibid.). Rather than being a transformative experience for students, the motto of today's higher learning is: "Learn more to earn more".

As modern IHL are giving more emphasis on market driven education system, developing nations are facing several dilemmas with regard to access and equity in higher education system. Access and equity have emerged as major political issues. Demand for higher education is dramatically outstripping capabilities of nation to expand access due to: already existing shortages of space in traditional colleges and universities; a growing young population; and limitation of resources, both financial and human (Hanna, Donald E., 2003). Therefore, in system of higher learning, we are experiencing increasing concurrence from new types of institutions (subsidiaries, distance learning, corporate universities, etc.). Various flexible modes of learning, including open and distance learning, have become integral to system of higher learning. There is an increased pressure to increase enrolment; and at the same time demand to provide educational services efficiently and effectively (with less resources; and, simultaneously cutting overhead cost!). Academic quality and program effectiveness are subordinated to issues of politics and economics. Rather than teaching, learning and research, access, equity and inclusiveness have become integral to missions and visions of HEIs. The emphasis is obviously on mass higher education. With gradual expansion of (public) higher education, universities/IHL have to perform a bewildering array of highly sophisticated services for diverse constituencies. This has led to emergence of large single institutions or multiple-institution university system with branches in remote and different locations. Many universities have their own separate campuses, which are either physically connected or separate from each other. There

is ramification of courses and programmes. University is now a multiversity ('city of infinite variety') (Kerr, Clark, 1963), which is marked by several contradictions: "autonomous and constrained, powerful and vulnerable, innovative at the margins yet conservative at the core, dedicated to education as it depreciates teaching, devoted to liberal arts and vocational, non-profit and commercial, and an 'aristocracy of intellect' in a populist society" (Pusser, B, 2002). Within system of higher learning, we see "...the evolution of the 'enterprise university'.... characterised by strong executive control....the emergence of a managerial culture which is said to be at odds with traditional academic values" (Considine, Damien, 2004). With increasing cost of teaching, learning and research, there is increasing pressure on IHL to collaborate with other institutions and with business; meaning increasing regulations by external actors. There is increasing competition among universities as well as between universities and other providers of knowledge, research and education. Universities interact not only with government and agencies on a national level; but also with regional and local governments, with enterprises and business organizations, future students, and the interested public (Bladh, Agneta Ch.). As universities become increasingly strapped for money, corporations are more than willing to provide needed resources; but with binding terms and conditions and, in fact, dictating the academe. Growing influence of corporate culture on university life has served to largely undermine the distinction between higher education and business (Giroux, Henry A.). Academics are now "academic entrepreneurs" and valued according to grant money they attract rather than quality of education they offer to students. As higher education is corporatized, young people find themselves on campuses that look more like malls and they are increasingly taught by professors who are hired on a contractual basis (Henry A. Giroux, 2006). Traditional courses are viewed as impractical and worthless. As such arts & humanities, social sciences, public health, public services, which are at the core of civilizational values, are being relegated to the corner.

Richard Hoftstadter argued that the best reason for supporting higher education "lies not in the services they perform...but in the values they represent" (Press,

Eval, & Jennifer Washburn, 2000). For Hofstadter it was the values of justice, freedom, equality, and the rights of citizens as equal and free human beings that were at the heart of what it meant for higher education to fulfill its role in educating students for the demands of leadership, social citizenship, and democratic public life. Education does not exclude job preparation; it is more than job preparation; making a life involves more than making a living. Education is both a social and an economic issue.

In brief, increased societal demands have been placed on university/IHL and their concurrent use in national political maneuvering. Primary mission of contemporary universities/IHL appears to be training and education to meet vocational needs of students and human capital needs of society. This is a fact, which can not be altered in an economy driven by market forces. In such a situation, educational leader will necessarily have to ensure that the traditional meaning of higher learning – such as intellectual development and transformation of the mind of students – is made integral to missions of contemporary universities/IHL. Universities are more than vocational schools. As a social institution, the public university has to listen carefully to society, learning about and understanding its varied and ever-changing needs, expectations, and perceptions of higher education (Duderstadt, James J., 2001). Educational leaders will have to assist the evolution of a society of learning, in which opportunities for learning become ubiquitous and universal, permeating all aspects of our society and empowering through knowledge and education all of our citizens (Ibid.)

### **Politics in IHL**

Politics is about organizing and governing societies. No society can be governed “apolitically” (Bergan, Sjur). According to Dwight D. Eisenhower (former US President), politics ought to be the part-time profession of every citizen who would protect the rights and privileges of free people and who would preserve what is good and fruitful. Although politics is a part of our every day life, it is exceedingly difficult to define *politics*. For T. J. Donahue, P is politics *if, and only if*, P is the activity of either (1) making, breaking, or preserving the general arrangements of a group’s

affairs, or (2) trying to get a group to take a certain action when some group members oppose taking it, where one can use *any means* to pursue this activity, except violence against others. “General arrangements of a group G’s affairs” are those arrangements of G’s affairs about which almost every member of G has a strong reason to be concerned (Donahue, T. J., 2007). To make a general arrangement of a group’s affairs is to (try to) create a new such arrangement. To break a general arrangement is to (try to) abolish it (such as slavery). To preserve an arrangement is to (try to) take care of that arrangement (such as by making the group members understand the rule and respect it by abiding it. It may be by way of telling goodness about the rule, publishing and popularizing it, campaigning for the rule, etc; doing all these means engaging in politics of preservation) (Ibid.).

If no one opposes when a group tries to take certain action, and the group takes it, then one has not engaged in politics (provided that the proposed action would neither make, break, nor preserve the general arrangements of the group’s affairs). For the action to be called political, it has to face certain amount of opposition. Various means can be pursued to oppose and prevent a group taking a proposed action, such as organized protests and marches, to letter-writing campaigns, to speaking out in public against the proposed action, to bribing elected officials to omit taking the proposed action, to coercing the action’s proponents to retract their proposal (Ibid.). However, politics can not include violence against others; no action can be an instance of politics if it is a case of such violence (ibid.). Manipulations and coercions can be a part of politics. Coercion to use violent means (such as threats of killing, murdering) can be politics as long as such means are really adopted. Preventing and curtailing violence is one of politics’s chief tasks (Ibid.). Real politics, according to Ernesto Cortes, involves discourse, engagement, negotiation, and change. It is about “plurality” and thus key to “enlarged mentality” as people are forced to confront different world views and perspectives, understand others’ interests which may be very different than their own (Boyte, Harry C., 2003).

Any modern organization, including IHL, is directly or indirectly linked to political economy. It is based on

allocation of scarce means/resources (such as money, power and authority) among competing ends (Hertz, 1958; Benson, 1975); such allocation is intended to maximize the attainment of the ends (Hertz, 1958). Organizations are tied with networks and may consist of a series of organizations linked with multiple, direct ties to each other or they may be characterized by a clustering or centering of linkages around one or a few mediating or controlling organizations (Benson, 1975). The inter-organizational network is again linked to a larger environment comprising of authorities, legislative bodies, bureaus, publics, etc. (Ibid.). External factors and environmental forces and conditions have important effects upon network relations (Ibid). The political economy of an organization is, thus, characterized by both internal polity and external polity. The success of an organization is dependent on how it manages the internal politics (political economy) and the external politics (political factors) surrounding it.

Politics in universities/IHL occurs at three levels: politics at governance level, involving governing boards or boards of management; faculty and staff politics; and student politics. Within these domains, there are other public political issues that often seem to affect political culture of universities/IHL such as: issues of gender equality, sexual harassment, sexuality (lesbian, gay, etc.), racial politics, national origin, casteism, discrimination, reservations, affirmative action, etc. There are internal politics arising out of inter-departmental conflicts and conflicts between academic and non-academic staffs. Besides, there is politics of curriculum – left-oriented curriculum and right-oriented curriculum, clash between the two; and the issue of re-writing text/curriculum.

Universities are, in fact, political entities and politics is a source of most public university existence today (Lombardi, John V., Diane D. Craig, Elizabeth D., Capaldi, & Denise S Gater, 2002). State, on behalf of the people, creates institutions, provides significant portion of revenue, and regulates institutional behavior (Ibid). Public universities have to operate within a complex array of government regulations; and their leaders are frequently caught between opposing forces, between external pressures and internal campus politics,

between governing boards and faculty governance (and student politics). Governing boards or boards of management often view their primary responsibilities as being to various political constituencies rather than confined to university itself. They serve as mediating force between universities on one hand, and governments, markets, and societies on the other. The most unfortunate aspect is that external constituencies often do not understand the issue of academic quality (Waugh, Jr., William L, 1998).

With regard to faculty and staff politics, we must bear in mind that faculties in IHL are highly professional people. They are more faithful to their discipline – which make their reputation – than their institutions; and rarely want to follow directions from others. University teachers are still very powerful in university system with substantial autonomy in their practices – teaching and research. They are inclined to resist control and standards of administrations. In such a situation, university leadership has no option but letting the professional group gain control over the conditions under which they work (Scott, W. Richard, 1996:275). What is the most depressing is faculty collective bargaining and faculty unionization. The faculty in modern IHL has so encumbered itself with rules and regulations, committees and academic units, and ineffective faculty governance that the best faculty are frequently disenfranchised, out-shouted by their less productive colleagues who have time and inclination to play the game of campus politics (Duderstadt, James J., 2001). Conflicts between emerging managerial cultures and academic cultures are causing tension and distrust within faculties and administration. Decision processes are becoming more executive-controlled and less collegial. Managerial culture is encouraging deans and dept. chairpersons to restructure participation of faculties and other constituencies in academic planning and program development, as well as in other areas of traditional academic decision-making (undermining role of faculties in determining academic principles and requirements). Academics are being asked to meet the needs of more diverse student groups, to teach at more flexible times and locations, to master the use of information and communication technology in teaching, to design curricula around learning outcomes and

across disciplines, to teach in teams, to subject their teaching to evaluation and to develop and implement improvements, to monitor and respond to the evaluations made by students, to improve assessment and feedback, to meet employer needs, and to understand and use new theories of student learning – all demanding a greater call on the time of academics (Niekerk, Magdalena Maria van, 2005 ). There is growing dissatisfaction within academics. While academics have been given more responsibilities, their participation in key academic decision-making is gradually being taken away. As a result, they have started to resort coercive politics, collective bargaining – knowing it very clearly that they are still more powerful in the system of higher learning because of their professional and academic achievements.

Coming to student politics, we must accept that students are important agents of political change. There are numerous instances, where student force challenged governments (and their policies) and toppled governments as well. Student politics had its own share of role to play towards institutionalizing democratic practices. It helps participation of students in elections to represent their fellow students' voices and concerns through leadership roles and negotiations with concerned authorities. It helps students in involving themselves in community, civic and political life. A highly involved student is one who 'devotes considerable energy to studying; spends much time on campus; participates actively in student organizations; and interacts frequently with faculty members and other students' (Astin, A., 1997). Students want to be consulted about their thoughts, opinions, and feelings on important public decisions and issues, especially those that affect them directly (Long, Sarah E., 2002). There is a growing activism of students; they demand for participation in decision-making processes that include issues concerning library, student welfare, curriculum, appointment of faculties, research activities/facilities, etc. Being comparatively older, university students have job, family, and other social responsibilities in addition to their role as students. They can assume many types of leadership role – institutional representatives, community leaders, and agents for effecting social changes and influencing national policies.

Various motivational factors encourage students to get involved both on and off campus and active leadership positions. To quote from a seminar report of 1960s on *Student Participation in University Bodies* (held at New Delhi), "A genuine student movement must be able to see...relationships and interdependence of social, political, economic and cultural factors both within and outside the university. A student movement which fails in this will be one-sided and will soon peter out or cease to be a movement. An exclusive or disproportionate stress either on the socio-political sphere or on the educational sphere will destroy the true revolutionary character of a student" (UNESCO, 1970). Students' participation not only equips students with policy-making skills, but also provides avenues for a meaningful and creative political civic learning. Student engagement in wider political activities and in university governance structures is an important aspect of institutional life (Bateson, Rositsa, & John Taylor, 2004).

As is evident in USA, Europe and elsewhere today, there is a widespread lack of interest in public affairs; ever-rising levels of political cynicism and consequent voter apathy; decline in political participation – not only in declining turnouts in elections, but in alternative methods of engaging political issues of the day; and a general deterioration in respect for the agents and agencies of government. There is crisis in national and democratic political standards. Continuing and steady decline in civic and political participation threatens long-term stability and health of cherished democratic institutions and traditions and is a matter of growing concern for most of the democratic countries (Plantan, Jr., Frank, 2002). Institute of Politics was founded in 1966 at Harvard University – to inspire undergraduates to public service and to bridge the gap between academe and politics. USA and Europe are now very much concerned about decline of democratic political standards within their countries and has already initiated a major project to promote universities as cites of citizenship and civic responsibility. They are looking for promoting democratic and political culture through university. To quote *Report of University as Cites for Citizenship and Civic Responsibility*, "Institutions of higher education are strategic institutions in democratic political development. Universities

can become key institutions for the transmission of democratic values through direct engagement in democratic activities, democratic education on campus. Students need to learn how democracy works – through participation in student organizations and university decision-making bodies”. To quote it further, “It is our conviction that modern university is the key institutions in contemporary society for the formulation and transference of stabilizing and legitimizing societal values, the development of the next generation of political elites, and for political socialization in support of democratic values and processes”.

Students are, however, still not provided sufficient opportunities to voice their social and political concerns in constructive and effective ways. In western countries, students have rather less time for politics and governance issues; as they are highly/actively engaged in academic/research activities. Besides, student participation in university governance and in asserting or understanding their rights as students is characterized by a *pervasive passivity* bordering on indifference. Our culture is also generally unsympathetic to student political protest or activism. There are many cases of legal prohibitions on political activities within university system. Codes of conducts are being laid down by educational institutions to curb student political activities.

Use of regulations and disciplinary institutional devices by academic authorities to crack down on activist students and student politics have often become the rallying causes for further politicization of student bodies. In such a situation, we often tend to link cynicism, violence, murder, killings, criminalism, shootings, etc. (happening at campuses of many HEIs across the world) with politics. Such activities are in fact result of apolitical attitude shown by most educational institutions. Politics must be seen as a means of resolving/preventing violence by way of fostering political civic activities. It is worth quoting Donald W. Harward, who said, “Cynicism is not the opposite of civic engagement; indifference is. The promise of education is to foster an attitude of questioning, including the questioning of political authority and process....Our job, among colleges and

universities, is to foster both the critical judgment and patterns of challenge that are required for education, and to broker the conditions that support students, and that amplify their voice, as they engage in serving and learning – enduring features of civic responsibility and political action in a democratic society” (Long, Sarah E., 2002). Today democratic development is the primary challenge of society, yet most institutions of higher education have remained trapped by their own inertia of traditional practices in administration, teaching, and research (Plantan, Jr., Frank, 2002). It is high time we recognize student participation in governance of educational institutions, which is itself an educative process that best prepares young peoples for the rights and responsibilities of membership in other social institutions and citizenship in the nation at large (UNESCO, 1970). Student political civic activities provide students with social support, personal development tools, and the power to be effective public change agents (Janc, Helen). HEIs provide not only an academic venue, but also an opportunity for civic benefits that lead to successful citizenship. There is a need to sustain students’ interest in politics. Students should have clear expectations of HEIs; they should see themselves as a part of the institution. If students no longer consider themselves as a part of the institution and the academic community, higher education will have a very serious problem (Bergan, Sjur).

### **The Indian Scenario**

Higher education has been a significant factor for growth and development of India. To quote National Knowledge Commission (NKC, 2006), “It is a source of dynamism for the economy. It has created social opportunities for people. It has fostered the vibrant democracy in our polity. It has provided a beginning for the creation of a knowledge society”. India has about 350 universities and about 17,700 undergraduate colleges (Ibid). It has islands of excellence in professional education such as IITs, IIMs, and similar IHL in specialized areas. However, scenario of higher education is not rosy at all. It has several weaknesses that are a cause for serious concern – The proportion of our population, in age group 18-24, that enters the world of higher education is around 7 percent, which is only one-half the average for Asia

(Ibid.) and well below the rates in most middle income countries (Altbach, Philip G., 2008). Opportunities for higher education are simply not enough in relation to our needs. There is significant unmet demand for higher education access (Ibid.); and a huge unmet demand for high-quality higher education (Ibid.).

The current system of higher education is politicized and militates against producing general intellectual virtues (Kapu, Devesh, & Pratap Bhanu Mehta, 2004). The prevailing political ideological climate in which elite institutions are seen as being anti-democratic, finds its natural response in political control to influence admission policies, internal organization, the structure of courses and funding (Ibid.). While private HEIs are mushrooming in India, public higher education system is increasingly being embroiled into bad politics. Autonomy of universities is eroded by interventions from governments and intrusions from political processes (NKC). Politicization has made governance of universities exceedingly difficult and much more susceptible to entirely non-academic interventions from outside (Ibid.). There is a whole lot of political interference in the name of equity and access. Real issue of educational infrastructure and educational facilities in terms of academic research, teaching and learning are missing in political agenda. Political issues involving reservation, casteism, affirmative actions, etc. are gradually eating away HEIs; creating divisions within students and faculties. Student unions are toady more in news for breaking rules, behaving like rowdies, indulging in *goondagiri* (vandalism) and murdering (Sitoula, Robin 2007). Public universities and colleges have strong presence of political student wings of all major political parties. Student organizations have links and co-functions with university administrations, with political parties, with labour unions, with governments. Student organizations are not only linked to a particular universities/IHL; but have their own national and regional organizational set ups. They are organizing or attending meetings outside the campus as well. "Much of "political" activity which we noticed and sensed on the campuses is of a degenerate nature which is a blot on the concept of *politics*. It is a "politics" of expediency, opportunism, . . . ; doing it while even knowing that it is wrong. The price of the little gain for the doer may be a

disruption of educational activities for all" (UGC, 1983). Ideology-based political activities of students have led to gross manipulation of young minds by self-serving political powers (Sitoula, Robin, 2007). It has led to growth of militant political activism (naxalism), which is now considered a major challenge to internal security. Faculty unionization has also become a major cause of concern for educational leaders as this has frequently led to faculty boycott of class, exams, etc.

It is of course obvious that student do not have legal/institutionalized rights to claim participation in various decision-making processes that affect them. Several attempts were made to restrict student political activities. In case of private universities/IHL, most of them don't allow involvement of students in political life. There are demands to ban student politics; many universities are coming with proposals to ban student politics and elections. Educational institutions have also laid down codes of conduct for students. Recently, Lyngdoh Committee added some more such restrictions: fixing age limit on students contesting election, doing away with political interference, limiting ceiling on expenditure, making 75% attendance in class (mixing academic career with politics), etc.

### **Governance of IHL: Issues Before Educational Leadership**

Contemporary university has many activities, many responsibilities, many constituencies, and many overlapping lines of authority (Duderstaff, James J., 2001). As such, university governance is a complex construct. Educational leaders very often find that most formidable forces controlling their destiny are political in nature – from governments, governing boards, or perhaps even public opinion, which frequently constrain the institution or drive it away from strategic objectives that would better serve society as a whole (Ibid.). They have to handle competing situations and have to be ready to face challenges posed by the irreverence and indifference of students, the resistance of faculty members who prize their individual and collective autonomy, and the challenges of board members trying to establish their own authority (March, James G., & Stephen S. Weiner, 2003). System of higher learning developed and tested several models for governance;

but so far we are unable to find the best model suitable to governance of universities/IHL. Following six models are very frequently cited with regard to university governance

**Collegial model.** Most traditional model of university governance, whereby universities are principally governed by their academic staff; it recognizes university as a “collegium” or a “community of scholars” (Pusser, Brian, & Imanol Ordorika). Organizational members determine and control organizational goals on the basis of their professional expertise and a shared value system. Decision-making is inclusive and ideally reflects consensus and facilitation.

**Bureaucratic-rational model.** It includes a fixed division of labour; a hierarchy of offices; a set of general rules that govern performance; separation of personal from official property and rights; selection of personnel on the basis of technical qualifications; and a careerist perspective on employment by participants. Organizational goals are clear, and the organization is a closed system. It ignores power of mass movements, power based on expertise, and power based on appeals to emotion and sentiment (Ibid.).

**Political model.** Organizations are seen as composed of formal and informal groups competing for power over institutional processes and outcomes. Decisions results from bargaining, influencing, and coalition building. Colleges and universities are pluralistic entities comprised of groups with different interests and values. Conflict is a central feature of organizational life.

**Garbage can or symbolic model.** Organizations are seen as systems of shared meanings and beliefs, whereby leaders construct and maintain systems of shared meanings, paradigms, common cultural perceptions and languages by sustaining rituals, symbols and myths that create a unifying system of belief (Ibid). With growing complexity of HEIs and decision-making this model came to be analogous to a “garbage can”, with no structural arrangement of governance. Decision-making is non-rational process in which independent streams of participants, problems, solutions, and choice opportunities are linked through coincidence in time (Ibid.). Solutions are generated

on basis of university officials’ personal priorities, and those are in turn matched to particular problems. Governance is characterized by organized anarchies<sup>2</sup> (Cohen, Michel D., & James G. March, 1974).

**Managerial/corporate model.** In this model, decision-making is *de facto* and *de jure* adopting principles, practices and processes of corporate governance; imposing greater responsibility and accountability on university councils. University governance consists of Vice-chancellor and senior executives, plus or minus, or dominated by, University Councils.

**Stakeholder governance.** Identified variously with collegial and representative governance, it vests governance in a wide array of stakeholders including, among others, students, academic staff, alumni, corporate partners, government and public at large (including environmental, ethnic, gender and other public interests that are particularly germane to university). It exemplifies shared governance; not limited to academic staff, like collegial one and provides for wide participation by internal and external stakeholders in decision-making.

Besides, we also come across a new **mixed model of university governance**, which combines positive aspects/best practices of all the available models of university governance. Whatever model of governance is adopted by university leadership, it has to keep in mind that it can not expect to operate strategically by demanding greater output and imposing unilateral inspection and control on its staff. Universities/IHL differ from other organizations, requiring leadership to be a more shared phenomenon. Rather than being “strong” and decisive, effective leadership is intensely interpersonal, involving working with individuals and teams to “transform” teaching and learning. Leaders’ relationships with their “followers” are more important than technical aspects of administration, management and decision-making. In order to avoid too large a gap between leadership and ordinary faculty members, involvement of faculty members in policy formulations and strategic considerations is essential. University leadership will necessarily have to empower the best among the faculty and staff and enable them to exert the influence on the intellectual directions of the university



that will sustain its leadership (Duderstadf, James J., 2001). Strategic academic leadership also involves encouraging strategic discussions with colleagues, students, and other stakeholders. Views, opinion and arguments of students must be heeded to. If there is lack of effective mechanism to ensure participation of students in university governance then university leadership must be aware that students may tend to employ extra-legal, illegal or even violent means to achieve participation, which, by no means, will be very difficult to handle at a later stage.

However, the job of educational leadership (like any other leadership) is not one that produces friends. Because much of leadership of any institution is bound up in enforcing rules and denying request, any administrator who wants a friend should by a dog (March, James G., & Stephen S. Weiner, 2003). It is necessary that the (educational) leaders have management skills in addition to academic ones. Leadership has to have strong external relations (good internal relations essential pre-requisite for this); has to consider *internal* as well as *external* views, and *must* be prepared to come to *decisions* for the development of the institutions – however unpopular they might be (Bladh, Agneta Ch.). Primary administrative talent is, however, not one of knowing how to make good decisions but of knowing how to manage impressions, making the institutions look good in the eyes of others and creating an illusion of direction and control (March, James G., & Stephen S. Weiner, 2003). It is important to maintain a pretense of confidence and strength, even when feeling uncertain and weak (Ibid.)

In toto, universities/IHL are increasingly adopting corporate culture and educational leadership is increasingly becoming management-oriented. Professionalizing university governance is emerging as the new mantra for management of contemporary universities/IHL. It may necessarily require introduction of corporate law governance structures to augment or replace traditional university governance system. "While it is certainly impolitic to be so blunt, the simple fact of life is that the contemporary university is a *public corporation* that must be governed, led, and managed like other corporations to benefit its

stakeholders" (Duderstadf, James J., 2001). Like corporate boards, university governing members should be held accountable for their decisions and actions" (Ibid.). Leadership must also be provided with authority commensurate with their responsibilities. They should have the same degree of authority to take actions, to select leadership, to take risks and move with deliberate speed, that their counterparts in the corporate world enjoy (Ibid.). Leadership is, of course, needed to combine the traditional collegiality ethos of universities with the responsive, business-like approach demanded by customers. They have to maintain an academic equilibrium through advancement of learning and development of skills simultaneously.

### **Role of Educational Leadership**

Higher education is integral to fostering the imperatives of an inclusive democracy and that the crisis of higher education must be understood as part of the wider crisis of politics (Giroux, Henry A., 2006). Democracy demands a pedagogical intervention organized around the need to create conditions for educating citizens who have the knowledge and skills to participate in public life, question institutional authority; and engage the contradiction between the reality and promise of a global democracy (Ibid.). IHL can play a crucial role in sustaining the vibrancy of a democratic system. However, if higher education is to keep pace with extraordinary changes and challenges in our society someone in academe must eventually be given the leadership who shall necessarily recognize presence of political infrastructure of faculty and students and defend university as a venue for successful citizenship, a democratic public sphere that connects academic work to public life, and advance a notion of pedagogy that provides students with modes of individual and social agency that enable them to be both engaged citizens and active participants in the struggle for global democracy (Ibid.).

Educational leaders are most of time an administrator as well as a senior academic. They will necessarily have to lead others in a collegiate style, recognizing and encouraging quality, fostering and developing talent, intervening, coaching, being a role model of exemplary behaviour, taking risks and acting as

an agent of change. They must engage the entire institution in their vision. Shared vision is vital for the learning organization because it provides the focus and energy for learning (Senge, P. M., 1990). People generally strive to accomplish a vision that matters deeply to them. Today, "vision" is a familiar concept in organizational leadership; but when you look carefully you find that most "visions" are one person's (or one group's) vision imposed on an organization (Ibid.). To quote Senge, "Organizations intent on building shared visions continually encourage members to develop their personal visions. If people don't have their own vision, all they can do is "sign up" for someone else's. The result is compliance, never commitment" (Ibid.). Educational leadership should be deeply concerned with "value-based leadership" [which] ... should be primarily concerned with the generation of knowledge and the promotion of effective teaching and learning (Duignan, P. A., & R. J. S. Macpherson, 1993). For change in university to affect the highly entrepreneurial culture of the faculty, it must also address the core issues of incentives and rewards (Duderstadf, James J. 2001).

Student organizations are representatives of students; they should be represented on appropriate university councils, committees, and task forces as well as committees of external entities related to the university. This is important because students like to be in respectful conversation with faculty, administrator, and other authorities, and to work with them in community building and civic engagement. Institutions must investigate ways to engage in conversation with students – it is not merely enough to talk with students; their inputs should have equal weight when compared to the input of the other stakeholders in the decision-making process (Long, Sarah E., 2002). Students should be allowed to voice and vote on various departmental and campus matters. Educational leaders may take active interest in promoting leadership within student groups; and may resort to various non-institutional means and mechanisms (such as group discussions, informal meetings, adhoc consultation of students by faculties and staffs, open research, etc.) to ensure participation of students. Such participations of student are to be regarded as a part of the democratization of university life, and can play a role in democratic evolution of society in general (UNESCO, 1970).

Educational leaders have a significant role in helping students develop a public and social imagination. Their role is especially important in education for civic engagement and in actual university outreach efforts and community relations (Plantan, Jr., Frank, 2002). Educational leaders can improve their commitment to student civic engagement through service learning<sup>3</sup>, community engagement, increased support for student political activity, and attentiveness to student voice. They may develop a host of out-of-class activities, programs, community services (involving surrounding communities), and create opportunities to promote student leadership for community. They can engage students to promote leadership among members of racial, ethnic, minority communities both within and outside institutions. Student leadership initiatives may include engaging and managing students and their affairs by themselves. There may be various student clubs, organizations and arts and cultural groups. Students may be allowed to take responsibilities for developing programs and activities by way of promoting diversified campus activities. They can be engaged in various advocacies, voluntary services activities, arts and sports activities, activities/programs related to cleaning of environment in and surrounding their institutions. They can be provided funds to bring out campus publications/newspapers/magazines, organize debates and discussions, meetings, etc. Campus publications can also be carried out by institutional authorities; and, such publications can profile individuals and tell their stories of service. Better yet, administrators can write in praise of faculty, and vice versa. Campus ceremonies and rituals can be used more widely as occasions for exhibiting mutual recognition and respect (March, James G., & Stephen S. Weiner, 2003). Special days can be designated to recognize roles of various groups on campus and to celebrate volunteer efforts (Ibid.). Institutions can promote a campus culture of social and political awareness by funding campus organizations that let students mobilize and work on social and political causes (Tsui, Lisa, 2000). There can also be occasional lecture series by way of inviting eminent social, political and public figures, whereby students are stimulated to engage in discussions and debates about social, political and other controversial/difficult issues. These strategies may help battle the trend of "political

dis-engagement” currently plaguing college population in developed countries. Thought-provoking discussions spring up more readily in a campus culture that allows for “respectful disagreement” and lets individuals feel comfortable expressing dissenting beliefs and opinions. If such a climate of openness and respect is developed in class, it is more likely that students will conduct themselves in a similar fashion out of class (Ibid.). If there is a general movement against some particular university policies or actions then educational leaders must not bribe or side with only certain sections of leaders of that particular movement. It would only demean the role and value of educational leaders, as it is a strategy to abrogate broader educational responsibility by the leader. In order to discuss various issues pertaining to them, students should be provided with separate meeting rooms. In toto, university must have a political infrastructure and a platform to produce effective and efficient political leaders who, in future, can be entrusted to run the greater society and the nation.

Effective educational institutions that excel in student engagement were sensitive to their mission and used it to enhance student engagement strategies (Kezar, Adrianna, & Jillian Kinzie, 2006). An enriching educational environment becomes one where students are charged to create experiences on their own to challenge each other (Ibid.). University leaders can nurture critical thinking by encouraging students to apply critical thinking not only in their studies but also to a variety of collegiate experiences, including active learning, service learning, community/group learning, collaborative learning, etc. It is very much possible that students can be active producers (as opposed to passive consumer) of knowledge and democracy. Students have many ideas and suggestions, and the university has a duty to find out or to listen to their experiences. While university administration must reject all arm-twisting and indiscipline on the part of students, the only way to do so effectively is to allow students to feel partly responsible for decisions affecting them. To diffuse frequent student unrest, it is imperative that steps be taken to develop greater inter personal communication between students and academic staff, as well as between individual students.

Inter-departmental interaction within university has to be encouraged and promoted. Educational leaders also need to actively use various kinds of campus avenues to build trust and resolve grievances – including campus ombudsmen, special campus commissions on human relations, and retreats involving trustees and campus leaders. Campuses are well advised to draw on knowledge of conflict resolution techniques within their own faculties and faculties of nearby institutions (March, James G., & Stephen S. Weiner, 2003). In this regard, *pracademics*<sup>4</sup> can play a significant role to help out educational leaders.

In sum, today, we are faced with irreversible decline in common societal values. If we want our students to acquire the societal and democratic virtues of honesty, tolerance, empathy, generosity, team-work, and social responsibility, we have to demonstrate those qualities not only in our individual professional conduct, but also in our institutional policies and practices (Astin, Alexander, 1995). It is also imperative that public intellectuals within and outside of the university defend higher education as a democratic public sphere, connect academic work to public life, and advance a notion of pedagogy that provides students with modes of individual and social agency that enable them to be both engaged citizens and active participants in the struggle for global democracy (Giroux, Henry A., 2006). Today, we are much aware of the fact that changes in higher education is driven by market forces; but we also must remember that higher education has a public purpose and a public obligation, and it is very much possible to shape and form the markets that will in turn reshape our institutions with appropriate civic purpose (Duderstadf, James J., 2001). Universities share a common goal with regard to their students which is to transmit knowledge and further their interest in the academic discipline(s), to nurture talent and develop essential skills to enable them to enter the social and professional world as qualified individuals and responsible citizens (Bateson, Rositsa, & John Taylor, 2004). To understand fully and associate themselves with this goal, students need to see its interpretation in their day-to-day life, as active participants and not as passive recipients. They need to become involved in shaping the institutional climate through communication with their professors and

university administrators in which goals, ideas and understandings are conveyed and explored in their full diversity of meanings (Ibid.).

## Conclusions

Universities/IHL are experiencing changes and challenges that have not been seen earlier. Accordingly, leaders in higher education must be active in their pursuit of new understanding and ways of leading. The leader should necessarily try to connect and engage different constituents, expand supporters' abilities and loyalty by entrusting them with challenging task; and nourish and groom the young for future leadership by way of giving them the burden of leadership and responsibility. Students are increasingly interested in their studies as citizens. They are interested in politics, want to be involved in politics, and they are also excited about politics. IHL has a role to promote democratic culture and for that matter it must encourage the participation of students as well as staff in governance and politics of their institutions and society at large and also see that their participation has an impact. The purpose of education is not only acquiring knowledge; but also for learning to become responsible citizen. Students will necessarily have to know the broader societal and political roles and responsibilities. As such colleges/institutions of education can not be insulated from national politics. Student politics can, in fact, cover broader societal issues, including national and international ones that can affect each other. Since most of the IHL have lost their traditional autonomy and are very much under the control of political actors, its very much imperative that there will obviously be more politics in IHL; and educational leaders must not try to undermine the role of such politics.

## Notes

<sup>1</sup> Universitas was headed by a rector, called rector scolarium, who acted more or less like the corporate head of a trade guild. Elected by students of the universitas, rector and his counsellors were answerable to Congregation of the universitas, which was the supreme governing authority and consisted of the membership of all the fee-paying students. The work of the rector and counsellors was most critically

and extensively reviewed and deliberated by the Congregation, which was presided over by the rector. The drafting and enactment of disciplinary and other relevant statutes, the appointment and expulsion of masters, their salaries and working conditions were all matters under the mandate of the Congregation.

<sup>2</sup> To quote Cohen and March: "In a university-anarchy each individual in the university is seen as making autonomous decisions. Teachers decide if, when and what to teach. Students decide if, when and what to learn. Legislators and donors decide if, when and what to support. Neither coordination nor control is practiced. Resources are allocated by whatever process emerges but without explicit accommodation and without reference to some super ordinate goal. The "decisions" of the system are a consequence produced by the system but intended by no one and decisively controlled by no one."

<sup>3</sup> Service-learning has been called a "strategy for civic engagement". Through service-learning, we have the opportunity to share and relate our experiences with others and to explore the broader context of our service activity. Service-learning, with its rich integrations of readings, reflections, and class discussion, offers feedback and recognition and makes us realize that collectively we are powerful force for social change

<sup>4</sup> Pracademic is a term coined to describe academics who are scholars and teachers in the field of dispute resolution and actually practice what they preach in their university. They can be seen as indigenous dispute resolvers in the academic culture. Unlike others who play similar roles and are officially designated to process grievances such as the specialized university ombuds, pracademics retain their traditional faculty role (Volpe, Maria R., & David Chandler)

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**Synopsis - Ph.D. Thesis****Trends in the Marketing of Fast Moving Consumer Goods (FMCGS) in Karnataka State**

S. Sathyanarayana

**Introduction**

Indian rural market with its colossal size and demand base offers great opportunities to marketers. Two-thirds of India's consumers live in rural areas wherein almost one third of the national income is generated. It is seen as a profusion of opportunities, whether for marketing durables, textiles and garments, personal care products or financial services.

A rural marketer is faced with an entirely different set of conditions and problems while marketing in rural area as with an urban area. For most marketers planning to enter the rural markets, distribution poses a serious challenge. For the successful exploration of rural markets, a basic requirement is infrastructure. The absence of such an infrastructure is aggravating the distribution challenges in rural India. There are many other challenges that FMCG companies face in tackling rural markets, viz., geographically scattered nature of rural markets, their small size, remoteness, poor connectivity and tremendous heterogeneity. Low level of literacy, too many languages and dialects, cultural diversities, inadequate banking facilities, spurious products, low per capita disposable incomes, acute dependence on the monsoon; seasonal demand, and

media darkness are some serious limitations.

Therefore, the real problem for the marketers to penetrate into rural markets is in understanding heterogeneous rural consumers, reaching products to these remote locations, and communicating with media-dark rural audience. Even greater challenge lies in terms of the vast differences in the rural areas which severely limit the marketer's ability to segment, target and position his offerings.

**FMCG Sector**

FMCG sector is the fourth largest sector in the economy with a total market size in excess of Rs 60,000 crore (Equitymaster 2003), (PWC for IBEF 2007). This industry essentially comprises consumer non-durable products (Dogra and Ghuman 2008) and caters to the everyday need of the population. Products belonging to the FMCG segment generally have the following characteristics:

They are used at least once a month (Jha 2000); they are used directly by the end-consumer (Majumdar, 1998); they are non-durable; they are sold in packaged (Hattangadi S.) and branded form (Kotler P & Amstrong G. 1999). The main segments of FMCG sector are (Karvey research) **(a) Personal Care, (b) Household**

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*This is an edited version of the synopsis. The detailed thesis was prepared under the guidance of Dr.B.H.Suresh, Chairman & Professor in Commerce, Department of Studies in Commerce, University of Mysore, Manasagangotri, Mysore – 570006.*

**Care, (c) Branded Packaged Foods & Beverages, (d) Spirits & Tobacco, (e) Others (such as OTC drugs, Greeting cards & Drycell Batteries.**

The FMCG sector has been the cornerstone of the Indian economy. The FMCG industry is a low margin business. Volume holds the key to success in this industry. For this reason, only the industry players put so much emphasis on marketing and distribution. Brands are key determinants of success in the market place. Main threat for this sector is from unorganized players, whose main strategy is "low price, high volumes" and they have benefited without spending even a single paise on advertising and brand building. With domestic consumption close to Rs. 80,000 crore (Jha 2003), the key characteristics of the Indian FMCG sector are heavy launch costs, less capital intensive, Contract manufacturing and marketing drive. Now companies are adopting a new drive called "Quantity versus Quality equation" and "distribution synergies" to try and leverage for the best possible distribution at the least possible cost. This could be a crucial factor in deciding the fate of the players. The key factors that are expected to trigger future growth for the FMCG industry include reduction in excise duties, relaxation of licensing restrictions and reduced dominance of unorganized sectors. The growing reach of advertising Media like satellite and cable TV is too expected to give a boost to the market penetration initiatives of the industry players.

**FMCGs and Rural Markets**

Domestic market is witnessing a structural shift in terms of demand with rural markets beginning to show increased demand for FMCG products. This is happening at a time when the urban market is showing signs of saturation. However, the low level of penetration in the rural areas is a cause of concern. For a number of consumer expendables, the penetration levels are extremely low, but are expected to increase with the passage of time and rise in income levels. For instance, for toilet soap, the average expenditure per user household for low-income households is Rs. 237, while it has increased to Rs. 706 for high-income groups. Rural market at a staggering Rs.122 million, five times the urban market, is hard to be ignored by anyone.

Rural markets are vital for growth of most of the companies, for example, HLL, the largest FMCG company, more than half of its annual turnover of Rs 9,954 Crores comes from the rural market added to this the FMCG companies have to market their products under the constraints of the small size; remoteness; poor connectivity; minimum or no infrastructure facilities and the like, as a result, the FMCG companies face the challenges of understanding rural consumers; reaching products or services to remote rural locations; communicating with vastly heterogeneous rural audiences; variations in regional behaviour; physical distribution and channel management and understanding the psyche of rural consumers.

**Statement of the Problem**

In the recent past, global and Indian marketers are concentrating their efforts heavily to cater to the rural consumers, who have not yet tapped with organized marketing and superior products. All the while, rural consumers were a neglected sect by the producers and manufacturers of goods and services. As the growth potential in urban markets is reducing, to sustain and survive, the default imperative for all companies is to look, reach and serve the rural markets, for volume-based growth. Thus proper appraisal of the constituents of rural markets, the buying behaviour of rural consumers, the objectives behind the purchase of FMCG by the rural consumers, the operational issues involved in reaching rural markets, demand forecasting methods used for rural markets, the outlets where the rural markets usually purchase, help understand the needs, desires and value of potential the rural consumers to the marketers and manufacturers who help them offer rural specific products and services which provide desired level of satisfaction to rural consumers, is essential. The present study is undertaken to make an assessment of rural consumers & the trends set in marketing of the select FMCGs.

**Need for the Study**

The review of literature on rural marketing, thus throws light on facts relating to the gap in the study of this subject: (i) the study of rural marketing focuses the conceptual issues; and (ii) the companies have



taken up research in rural marketing independently to suit their needs; (iii) however, very little is known or experimented from rural marketing point of view to find out the informal sources such as neighbours, friends and family, innovators and influentials. This study focuses on identifying such opinion leaders and assists the marketers to find out ways of going about and making use of the informal sources by collecting information on interpersonal communication networking where marketers can employ effective communication strategies for diffusion of innovation through the opinion leaders; (iv) very few research studies have focused on the nature of shopping behavior exhibited in the Indian rural environment. A few researches have been noticed recently in Indian journals and most of those studies have looked at the marketing decisions taken by the companies using various points like feeder towns and sources of supply. In such a scenario, there is a need for studying the rural shoppers' behaviour. It is imperative for Indian businesses to understand changing shopping behavior amongst the rural consumers especially with regard to their preferred points of purchase. With better disposable incomes and improving infrastructure, consumers have a wide choice of stores to shop at. It is, therefore, necessary for rural marketers to understand rural shoppers' motivations and attract rural customers residing beyond the, hitherto considered, catchment areas around the store. The researcher attempts to link the distinct store features as perceived by rural respondents with the true motivations of various consumers in patronising various stores; (v) the literature on Supply Chain Management (SCM) has many references with regard to these issues but falls short in providing enough empirical evidence of this relationship in the context of rural marketing. Amit (2005) observes in his research that, most of the available literatures on SCM are based on the direct observation methods like case studies or descriptive statistics alone and his view is supported by Kadambi (2000) & Sahay et al. (2003). Further, it is also very important to identify the relative influence of the issues on SCM practices in rural context. The gaps identified in the above literature survey are (a) innovative application of secondary data; (b) research on rural distribution management especially in context to the state of Karnataka state is not at all available;

(vi) Various researchers have found that different types of promotions evoke differential response. However, studies have not attempted to systematically identify the entire range of promotions launched in the market place especially in the rural context. In India fast moving consumer goods (FMCG) category has witnessed an outburst of sales promotional activities in the post-liberalization era. Very little literature has focused on sales promotion perceptions. All the above discussed researches have focused on price promotions and their response in urban context. This study considers perceptions for price as well as non-price promotions in FMCG categories in rural areas. The present study provides an empirical view of the variety of promotions (both consumers and dealers) launched by the FMCG marketers in the rural Indian market in recent years. This study is an attempt to address the gap in literature by providing empirical support through exploration; (iii) no comprehensive study on various dimensions of rural marketing with a focus on a region has been taken, hence the present study has been taken up with a focus on Karnataka State to bridge the gap in rural marketing research mainly in the areas of (a) rural buyer behaviour; (b) brand recognition and brand loyalty and motive behind brand switching habits, national and regional brand preferences; (c) role of packaging; and (d) role of retailers in rural marketing.

### **Objectives of the Study**

The following are the objectives of the study:

1. To enumerate the characteristics of the villages in Karnataka;
2. To understand the rural consumers on the broad contours of demographics;
3. To understand the rural consumers' buying behavior with respect to FMCGs;
4. To study the retailing practices in rural Karnataka &
5. To study the motive behind stocking regional brands.

### **Hypotheses of the Study**

The following are the major hypothesis of the study:

- H1: There is a significant influence of education on the basic amenities that the rural respondent possesses at their living home.

- H2: There is a significant influence of distance to the nearest town of the rural consumer respondents on the amenities that the rural respondent possesses at their living home.
- H3: There is a significant influence of the sex of the respondents on the preferred timings for viewing television.
- H4: There is a significant difference in the perception of rural consumers on the usefulness of advertisements in helping make informed decisions.
- H5: There is a significant influence of gender of the rural consumer respondents on the factors considered while purchasing FMCG.
- H6: There is a significant difference in alternative actions taken by rural consumer respondents when a sought after brand is not available.
- H7: There is a significant difference in the importance of packing while purchasing FMCG as perceived by rural consumer respondents.
- H8: There is a significant influence of the education on the package reading habits of the rural consumer respondents.
- H9: There is a significant influence of the occupation of the respondents on price sensitiveness of purchases of FMCG.

## **THE METHOD**

### **Nature of Study**

The study is exploratory in nature as it endeavors to uncover the latent behavioural aspects of rural consumers and retailers in the state of Karnataka. As the study involved covering the respondents from several rural regions of north, south, east and west Karnataka, the study has been executed in phases.

### **Universe of Study and Population**

The universe of the study is rural retailers and consumers in the rural villages of Karnataka situated in India. The universe of the study is classified as North Karnataka, South Karnataka, East Karnataka and West Karnataka. The scope of the study is limited to retailing and retail

industry and concentrates primarily on the aspects of marketing and rural consumer buying behaviour. The study is based on the empirical survey of 200 villages situated in the state of Karnataka.

The universe of the study helped the researcher create the sample. The study covered selected villages of various districts of Karnataka state. For this purpose Karnataka state has been divided into four zones viz. South, West, East and South. South and West Karnataka represent the upcoming face of villages with developments in respect to infrastructure, literacy, and shift from traditional occupation (farming) to dairy farming horticulture etc. On the other hand, rural areas in North and East side are still struggling for basic facilities. Composite indices of various districts, taluqas and villages were computed to classify them into homogeneous groups with Census data of 2001 as the base.

### **Primary Data Source**

First hand information was obtained from the respondents through structured questionnaire. An interview schedule was constructed to elicit information from the respondents. The researcher chose an interview schedule since the respondent has to be coaxed to answer the questions put forth in the questionnaire. Moreover the researcher had a stringent requirement for the data to be pure and in all senses comprehend the very spirit of the questionnaire and thus the research. The researcher could also clarify any doubts to the respondent and explain the objective of each question whenever the respondent raised doubts.

Researcher has to construct two sets of questionnaire; one for eliciting information from the rural retail respondents and the second questionnaire was distributed across all strata of consumer respondents, the strata decided by the distance to the nearest town and every seventh household in the selected strata. The questionnaire contained different sections and each section concentrated on particular aspect of the retailing and buying and consumer behavior. The questions were both open ended and close ended. In close ended, questions consisted of dichotomous, multiple choice and rating scales, to elicit the respondents' association with the question posed.

## **Pilot Study**

Before scaling for full research, the researcher initiated a pilot study with 30 rural retail respondents and 100 rural consumers. These collected questionnaires were analysed to determine whether the data collected helps the researcher to fulfill the objectives of the study, apart from testing the validity of the questions put across to the respondents – both rural retail respondents and rural consumers.

In this section, the researcher discusses the results of the survey in reference to the validity of the questionnaire and profiles of the respondent and retailer along with that simultaneously the researcher discuss the testing of the proposed hypotheses. The validity of the questionnaire was adjudged using Cronbach's coefficient ( $\alpha$ ) was calculated to test the reliability and internal consistency of the responses. Cronbach's coefficient, having a value of more than 0.5 is considered adequate for such exploratory work. The values of  $\alpha$  in this study for the three reported questions were found to be 0.736, 0.805 and 0.765, giving an average value of 0.768. It implies that there is a high degree of internal consistency in the responses to the questionnaire.

## **Secondary Data Source**

The sources for secondary information was from published reports, census data (2001), NCAER research reports, CII reports, study conducted by IRMA (Anand) and various renowned national and international journals.

## **Sampling Plan**

The sampling plan adopted for the survey was stratified two-stage. The census villages were the first stage units (FSUs), while households were the second stage-sampling units (SSUs). The selection of villages was done with probability proportional to population (with replacement), based mainly on the 2001 census list of villages. For first stage units, the sampling frame of the strata was the 2001 census list of villages. The sample blocks were selected by simple random sampling without replacement, also in the form of two independent sub-samples. The list of villages were

listed in spreadsheet (MS Excel) and random numbers generated. The condition by which a sample (village) is included is based on the condition whether the random number generates a value greater than 0.5. If the random number generated is less than 0.5 for an assigned village, the village is excluded from the sample.

## **Selection of Households at Second Stage**

In order to understand retailer's role, the researcher covered three hundred and twenty retail shops across two hundred villages to study the rudiments of rural – retail channel. On the basis of observation and capital employed shops are divided into – less than Rs. 1,00,000, Rs.100,001 to Rs. 2,00,000, Rs. 2,00,001 to Rs. 3,00,000 to Rs.4,00,000, Rs.4,00,001 to Rs.5,00,000 and above Rs.5,00,000. In covering each village, an attempt was made to contact two to five retailers depending upon the number and type of shops existing in the village. The required information is collected during 2007-08 through personal interviews with the help of a structured questionnaire for retailers.

## **Sample Size**

The researcher has arrived at a sample size of 1600 for rural consumer respondents and 320 for rural retail respondents from among four zones of Karnataka state comprising approximately 200 accessible villages.

## **Analytical Method**

The data collected is initially organized in a meaningful manner with the help of software. Once organized, the researcher tabulated the frequencies, which provided the requisite profile of the data collected and help the researcher build the contingency tables for further detailed analysis. On performing detailed analysis, patterns from the data is further put for validation through testing of hypotheses, wherever the researcher deemed important and based on the conditions set for such a test.

## **Summary of Findings**

### **Demographic Factors (Consumers)**

Majority of the rural consumer respondents i.e., 66.5% belong to the age group of 34 years to 49 years, 22.5%

belong to the age group of 18 years to 33 years and 11% belong to the age group of 50 years to 65 years. As much as 68% of the rural consumer respondents included in the survey was male and the rest 32% were female. 12.5% of the rural consumer respondents do not possess any formal school education, 31% possess some primary education, 22.5% received school education, 4.5% received vocational education, 16% indicated that they have not completed graduation, 13% received an undergraduate degree. 48.5% of the rural consumer respondents included in the survey are farmers, 11.5% agricultural labour, 3.5% partly agricultural and partly non-agricultural, 8% shop keepers, 13% home makers, 4% cattle rearers by occupation, 8% from service industry, 1% retired and 2.5% from other miscellaneous professions. 51.5% of the rural consumer respondents lived with an annual income class of less than Rs.60000, 35% between Rs.60001 to Rs.120000, 5% between Rs.120001 to Rs.180000, 8.5% with a salary greater than Rs.180000. 40.5% of the rural consumer respondent's annual household income was seasonal, 35.5% respondent's income regular and steady, 24% respondent's income is partly fixed and partly seasonal. 25.5% of the rural consumer respondents held arable agricultural land (plantation type), 3.5% were holding land as a part of farm house and 33% were holding dry and 5.5% holding wet land.

85% of the rural consumer respondents own a house and 15% live in a rented house. 84% of the rural consumer homes are electrified, 48% have toilet facilities, 55.5% of the rural consumers houses are connected with tap water connection.

### **Media Habits**

90.5% watch television and the 9.5% do not have an opportunity to watch TV. There is a significant influence of distance to the nearest town for the rural consumer on the regularity of watching television. 72.5% of the rural consumers stated that Chandana is the most preferred channel; 65.5% viewed ETV Kannada (second preference); 63.5% indicated National Network (third preference); 44% indicated Udaya (fourth preference); 11% viewed Sun TV (fifth preference) and all other channels were viewed less than 10%. There is a

significant influence of the sex of the respondents on the preferred timings for viewing television. 79% of the rural consumer's motive behind viewing television is entertainment, 49% for killing time, 32% for educational and awareness motive and 2.5% were not able to indicate the reason or motive behind viewing television.

38.5% of the respondents watch most of the advertisements, 28% watch some of them, and 13% watch all the advertisements. Advertisements help rural consumers arrive at good buying decisions. There is a significant difference in the perception of rural consumers on the usefulness of advertisements in helping them make informed decisions.

### **FMCG Shopping Frequency**

32.5% of the rural consumer respondents shop for FMCG once in a week, 26.5% whenever needed, 25% shop monthly and 16% buy every day. 47% of the rural consumer respondents' average monthly spending on FMCG and Grocery Bill is between Rs.1,251 to Rs 2,500, 30.5% spend less than Rs.1,250, 12% spend between Rs1, 250 and Rs3, 750 and, 10.5% spend more than Rs3,751.

There is a significant influence of sex of the rural consumer respondents on the factors considered while purchasing FMCG. 73.5% of the rural consumer respondents ask for a particular brand, 37% ask for just about any brand and 12.5% ask for certain specifically priced FMCG. 59.5% of the rural consumer respondents equally opined that they would go for the next alternative brand, and buy it in the next shop respectively, 19% buy it the nearest town and 16% will not buy any other brand till the arrival of stock. 26.5% of the rural consumer respondents purchase FMCG products by paying cash and 73.5% use both cash and credit basis to purchase FMCG products.

### **Packing Preference of the Rural Consumer Respondents**

98.5% of the rural consumer respondents preferred sachets, 97% preferred loose packs, 47.5% preferred poly packs and 25% preferred plastic jars. 83% of the rural consumer respondents prefer sachets of their low

unit consumption as the prime reason, 78.5% stating low price, 53% stating need based purchase and 45.5% stating storing convenience. 64.5% of the rural consumer respondents observe the written descriptions while purchasing FMCG and 35.5% do not observe the packing of FMCG while purchasing. 54.5% of the rural consumer respondents look for MRP, 47% look for date of manufacturing and expiry, 32.5% look for brand name, 31.5% look for logos and signs and 30.5% look for special offers. 57.5% of the rural consumer respondents indicate that they sometimes switch brands, 40.5% never switch brands and 1% each articulate that they mostly and, always switch brands.

### **Level of New Product Adoption by The Rural Consumer Respondents**

64% of the rural consumer rarely try new brand, 26% never try new brands, 5% often try new brands and 4% not at all try new brands. There is a significant influence of the sex of the respondent on the frequency or rate at which they try new brand. For 80% of the rural consumer respondents, the source of new product information is retailers, 61% said that they come to know about new products, 28.5% through friends and relatives and 7% through neighbors.

### **Price Sensitivity of Rural Consumer Respondents While Purchasing FMCG**

61% of the rural consumer respondents are not price sensitive and 39% are price sensitive while purchasing FMCG. In case of price increase, 31.5% of the rural consumer respondents stated that they will look for substitutes, 27% switch brands in the same product category and 8.5% do not switch brands, but reduce consumption of the price increased brand.

### **Store Loyalty of Rural Consumer Respondents**

85% of the rural consumer respondent purchases their entire FMCG requirement in one shop and 15% do not depend on the same shop. 38.5% attributed the predominant factor being the availability of credit, 33% personal rapport with the shop keeper (rank 2), 16% price (rank 3), 36.5% good service (rank 4), and 40% proximity of the retail outlet (rank 5).

### **Suggestions Sought by The Rural Respondents From The Retailer Before Buying FMCG**

66% of the rural consumers seek clarification (case-on-case basis) from the retailer before purchasing the product, 8% always clarify before purchasing from the rural consumer and 26% do not seek suggestions from the retailer. 61% of the rural consumer respondent's clarification is regarding the quality of the product, 44.5% regarding special offers, 40% indicating price, 33% indicating suitability of the need of the product, 21.5% clarifications regarding alternative brands while switching and 21% regarding the usability nature of the product. Only 26.5% of the rural consumer respondents do not avail credit, 55% always (yes) buy on credit and 18.5% sometimes use credit facility.

### **Transfer of Benefits Offered by Marketers to The Rural Consumers by Rural Retailers**

52% of the rural consumer respondents state that they are not being passed with the benefits, 23% state that the benefits are passed on by the retailers and 25% state that they sometimes receive the benefits. There is a significant influence of the distance to the nearest town of the rural consumer and the passing of benefits by the retailer to the rural consumers.

### **HAATS**

55.5% of the rural consumers use bus to visit haats, 36.5% use two wheelers, 29.5% use bicycles, 21.5% visit haats by walk, 17.5% use LCV's or trucks, 13.5% use cars or jeeps and 11.5% use tractors to visit haats. 81% of the rural consumers visit haats only for purchases, 30% for trading and 29% for daily purchases. 80.5% of the rural consumer respondents' state reasonable or low price as the motive for shopping in weekly haats, 59.5% state wide variety, 57.5% state convenience and 51.5% state good quality compared to village outlets. 81% of the rural consumers respondents noticed advertisements and 19% have not noticed advertisements in weekly haats. There is no significant influence of sex of the respondent on bargaining while purchasing in weekly haats.

## **Findings – Retailers Demographic Factors**

As much as 83.1% of the rural retailer respondents surveyed was males and 16.9% were females. 22.8% of the rural retail respondents are in the age group of 28 to 34, 21.9% each between the age group of 35 to 41 and 42 to 49 years, and 16.9% each between the age group of 21 to 27 years and 50 and above, years respectively. 32.5% of the rural retail respondents possess only primary education, 32.2% qualifying PUC, 23.4% completed SSLC and 11.9% were graduates. 49.7% of the rural retail respondent's motive behind entering rural retailing is to circumvent unemployment, 31.3% motive being to continue ancestors' business, 10.6% the motive being side business. There is a significant influence of religion of the retailer on the motive behind entering rural retail business. 61.9% of the retailer respondents have a capital outlay of less than Rs. 100,000, 24.4% between Rs 100,001 and Rs 200,000, 8.8% between Rs 200,001 and Rs 300,000 and 5% more than Rs 300,001.

## **Method of Shopping by Consumers While Shopping For FMCG**

35% of the rural retailer respondent's consumers ask for a specific product, 58.8% ask for specific product sometimes, 80.3% sometimes ask for just about any brand, 62.2% sometimes ask for specifically priced products and 25% sometimes ask for nothing particular. The most important factor considered by consumers are both quality and price with 27.5% responses, followed by special schemes and offers with 21.9%, packing with 16.8% and brand image with 15.4% responses. 15.3% of the rural retail respondents consumers stated that they will go for other brands, followed by 7.2% stating that they do not buy any other brand, 82.8% state that they sometimes go for other brand, 78.1% stating that they will sometimes seek the rural retailer's suggestion, 75.6% stating that they sometimes do not buy and 73.4% stating that they sometimes go to the next shop.

## **Factors Influencing the Pushing of Unbranded Products**

As much as 47.8% indicate rank 1 for non difference in quality between branded and unbranded products, 42.2% responses for rank 2 for affordable price for

customers, 42.2% responses for rank 3 for more margins and rank 4 for pushing retailer favorite brand with 15.9% responses.

## **Product Categories for which Suggestions are sought by the Consumers from the Rural Retail Respondents**

When packaged and processed food products are to be purchased, consumers ask suggestions from rural retail respondents with 29.7% responses with a rank of 1, rank 2 with 23.1% responses for household care products, rank 3 for skin care products with 29.1% responses and rank of 4 for other FMCG with 14.7% responses.

## **Promotions**

As much as 44.1% responses of the rural retail respondents rank 1 the promotion by means of price-off, rank 2 for one-to-one offer with 35.3% responses, rank 3 for freebies with 26.6% responses, rank 4 for extra for same price with 41.3% responses and rank 5 for gifts with 20.6% responses. There is a significant difference in the attitude of customers in their FMCG purchasing habits.

## **Shelf Movement of Various Product Categories**

As much as 65.6% of the rural retail respondents state that hair care products are fast moving; 72.8% articulate skin care products are also fast moving, 83.4% articulate that fabric care products too are fast moving, 93.8% of the respondents articulate loose provisions are fast moving, 45.9% articulate that beverages are normal moving and 64.1% articulate that household care products are slow moving.

## **Stock Holding Pattern of the Rural Retail Respondents**

As much as 37.2% retailer respondents prefer medium price products, 32% favoured cheaply priced products, 24.3% stocked premium products and 6.6% stocked only cheap products.

## **Ranking of Motive behind Stocking Unbranded Products**

Rank one for the retailers who stock unbranded products for getting more margins, rank 2 for credit

facility provided by the seller, Rank 3 for low price of unbranded product & rank 4 as the rural customer's preference.

Total items stocked in shelf by the rural retail respondents: 33.1% of the rural retailer respondent's stock 25 to 50 items, 27.8% stock 51 to 75 items, 26.9% of the respondents stock 76 to 100 items, 1.6% stock less than 25 items in shelf.

Frequency of replenishment of stock by the rural retail respondents: 44.6% of the rural retail respondents replenish stock on a daily basis, 35.7% replenish stock once in a week and 19.7% replenish stock as and when the need arises.

Sources of replenishment of stock by the rural retail respondents: 37.8% of the rural retail respondents' source of replenishment is weekly haats, 36.4% visit near by town and cities for replenishment of stock, 19.2% depended on dealers van or sales people visit for replenishing their stock, 5.9% depend on company sales people and 0.7% on other miscellaneous sources. 50.9% of the rural retail respondents used public transportation while self-procuring, 25% used two wheelers and bicycles, and 17.4% used jeeps and lorries (private conveyance).

Method of recognition of brands by rural consumer as per the observation of rural retail respondents: 27.6% of the consumers recognize the brands by looking at the picture shown to them.

Selling of the products at MRP: 50% of the rural retail respondents sometimes sell their product at MRP and 42.8% sell only at MRP and 7.2% are not selling the products at MRP. 50.9% of the rural retail respondents stated that there is not enough profit to sell the product at MRP, 45% stated more transportation cost and 26.9% stated that there is no enough volume of sales. There is a significant influence of capital outlay on the retailer selling the product at MRP.

### **Credit Facilities**

56.3% of the rural retail respondents sometime provide credit to their customers, 35% provide credit to their customers many a times, 7.2% never offer credit

and 1.6% of the rural retailers said that they always sell products on credit. There is a significant impact of average daily turnover and provision of credit to customers by retailers. SPURIOUS PRODUCTS

26.6% of the rural retail respondents required more margin, 21.5% favoured low price, 20.6%, due to customer's preference, 13.5% since spurious product suppliers offered credit facility and 11.2% due to availability of spurious products. There is no significant influence of capital employed on reasons for selling spurious products. 48.9% of the rural retail respondents point to multi-brand whole sellers as their major source of spurious products, 25.4% relies on traveling sales men, 13.8% on distributors, 7.9% indicate miscellaneous source and 4.1% of the respondents indicate other sources. 41.8% of the rural retail respondents indicate the other retailers form a predominant purchase source for spurious products, 21.6% indicated that weekly haats, 17.1% from mobile retailers, 15.4% from manufacturer's agent and 4.1% from other miscellaneous sources.

### **Sources of New Product Information**

The primary source for new product information was dealers and distributors, the second best source was customer queries, the third was advertisements and the last source was company sales representatives. 64.4% of the rural retail respondents state that that the youth asks queries with respect to a new product, 60.6% men and 55.6% women customers query about new products at less frequent intervals.

### **Transfer of Benefits offered by The Sellers to Consumers**

61.3% of the respondents passed on the benefits to consumers that have been given to them by companies and 38.7% were not passing on the schemes to consumers, though they have been provided with it. There is a significant influence of capital employed on passing of schemes or offers to consumers that are offered by marketers. 34.86% of the rural retail respondents do not transfer the schemes to consumers since there is not enough margin, 11.01% to make profit, 5.50% pass on the offers and schemes when

the consumer buys only in bulk and 4.59% stated the following reasons as - exhausted, less profit, less stock turnover, less volume and more cost, not available in villages and not profitable.

### **Array of Promotions provided by the Marketers to the Retailers**

44.1% of the rural retail respondents rated price-off as rank 1, 35.3% rated one to one offer as rank 2 and 26.6% rated freebies as rank 3, 41.3% ranked extra for the same price 4th and gifts ranked 5th with 20.6% responses. 48.4% of the rural retail respondents considered posters as effective, 30% considered banners very effective and 20% indicated that they are effective. 22.8% of the respondents suggest that wall paintings are very effective and 22.2% suggesting that they effective. 30% of the rural retail respondent considers hangings as very effective and 15% stating that it is effective.

### **Product Strategies**

1. When marketers introduce products in rural areas or develop a new advertisement campaign either to increase market share or to create awareness or for deeper penetration, it is suggested to display the product and accompany it by a salesperson who has thorough product knowledge is capable of giving a demonstration and clarifying the doubts of the rural consumers pertaining to the product. As rural consumers have different levels of education, only one means of promotion will not work in this market.
2. Focus should be on engineering the products or brands specifically to cater to the rural markets. In cases where designing an altogether separate product or brand for the rural market is not possible, reverse engineering is recommended. However, on the quality front, a rural consumer looks at value for money. The condition is that it must suit their culture and its price worthiness. The packaging of the product must be sturdy. Products meant for rural markets have to travel longer distances and the external packaging should withstand frequent and rough handling.

### **Spurious Products**

As the rural consumers recognise brands by packaging, logos, trademarks and colours, a few unscrupulous

marketers introduce pass off or look alike spurious products to exploit the rural consumer's emotional surplus identity. It is suggested to employ product's name in local languages and dialects to create consumer awareness.

### **Price**

For rural products, the strategies adopted must focus on cutting the middlemen margins; reducing frills and keeping lower stocks to reduce transaction costs and passing these benefits to customers can further increase the turnover. Therefore, it is suggested that marketers use urban markets for value and rural markets for volume to achieve trade-off between value and volume.

Keeping in view the seasonality and low disposable income of the rural consumers, penetration pricing will undoubtedly be very effective.

### **Promotion**

1. Only village youth and children are demanding for the offers. Therefore the retailers should be motivated to pass on the benefits offered by the marketers. The entire promotional campaign communications should be targeted towards village youth and children because most of the time only this group demands for schemes and offers.

As many of the rural respondents are connected with cable and the most viewed regional channels are – Chandana, ETV (kannada), National network and Udaya. Advertisements should be telecast during the evening primetime as rural respondents prefer this timing for watching television.

2. As the rural respondents do not enjoy commercial breaks greatly and few of them also consider it an interruption to their favorite programmes, the advertisements should be as entertaining as the programmes they currently watch; such that the respondents do not feel the commercial breaks as an interruption or disturbance.

Advertisements in the regional language should be taken seriously rather than hiring just national channels. Most of the time, rural households are



connected to regional channels like Chandana, ETV Kannada, Udaya etc.

3. While hiring broadcast media, it is suggested to buy during evening prime time (7 PM to 10 PM) because at this time the viewer ship is maximum.
4. Most of the rural consumers watch TV only for entertainment and most watched programmes are serials, feature films and News. 'Edutainment' (education and entertainment) is a good route to take when targeting the rural audience.
5. There is a dearth of creative minds to produce software for rural folk. Therefore, it is suggested to tie up with local ad agencies or language writers to think creatively and develop a communication package to reach the rural audience.
6. While hiring the most popular media radio, more prominence should be given to jingles. Jingles should be carefully framed with dialogues from popular regional films and popular local musical instruments.
7. Focus should be more on BTL (Below the Line) rather than ATL (Above the Line) because rural consumers give more prominence to touch and feel effect and face-to-face contact rather than advertisements on mass media. Emphasis should be more on non conventional media viz. puppet shows, drama, wall painting, cutouts, video vans, P o Ps, demonstrations, contests etc. While communicating through this medium, it is essential that the brand message be delivered.
8. In Karnataka, cinema commercials still a promising media choice to reach rural audience. Therefore, it is suggested that the marketers, come out with novel cinema commercials and they must tap this cost-effective source to reach rural audience.
9. Avoid product concept in branding while building brands in rural markets. Build an emotional bond between the brands and target rural consumers. Consumer-centric emotional branding is the key and the narration should depict the rural consumer's lifestyle, dreams and goals.

10. A well known brand can be used for umbrella branding, because the concept of brand loyalty is more in rural India. Rural consumers, while purchasing new products perceive the same quality of a well established and known parent brand and prefer it to any unknown new brand.

11. Lion's share of the rural respondents is depending upon self procurement and majority of them are still utilizing public transportation for the same. Most of them procure the requirements from feeder towns and haats. Therefore, it is suggested to focus on these feeder towns and haats to reach rural consumers rather than all the villages in Karnataka State.

### **Rural Distribution**

The marketer can build the rural distribution system by using van operations. The same van can also be used for promotional activities viz. audio-visuals, demonstration of products or distribution of free samples. To achieve this well trained marketing executive should be employed. The distribution costs in the initial year would be high because of low volumes and this cost is to be treated as an investment rather than expenditure.

Most of the respondents purchase FMCG within the rural areas and a rural retailer knows his customer better than anyone else. Therefore, a few set of questions should be administered on the rural retailers and the same should be analysed by the regional heads and sent to the corporate headquarters for reference.

### **LUPs**

It is suggested that the marketers offer products in flexible and low unit packs. Even while designing the packages, local language should be used. Colours should be used extensively and distinctive. Date of expiry or manufacture and MRP should be displayed in bold letters (because these are the most observed contents on packs in rural areas). This ensures that over pricing of products by rural retailers is minimised.

### **Test Marketing**

Only a handful of marketers are engaged in this activity. With the rural marketing emerging as an

important segment (domain) and growth driver for FMCG marketers, they will have to test their products in the villages as well. For this, it is suggested that separate cluster of villages are set up to conduct pilot studies. This will assist in comprehending the rationale behind rural retailing practices and buyer behaviour in the following areas: (i) product quality; (ii) pricing policy; (iii) packaging; (iv) advertising message and its credibility; and (v) media vehicle. This should be done especially in the case of brand extension, because a small mistake in brand extension has a negative impact on the parent brand in other markets. Based on the feedback, marketers can make some modification in their marketing-mix and segmentation of rural products before full fledged commercialisation.

### **Limitations of this Study**

The limitations of this study are:

- (i) is confined to geographical limits of Karnataka state only.
- (ii) is restricted to FMCG sector only.
- (iii) only branded i.e., national level brands have been incorporated.
- (iv) the researcher has come across problems pertaining to rating and ranking of rural respondents which is due to illiteracy.
- (v) the information obtained from the respondents is based on both questionnaire and face to face interview. The respondents' responses are likely to change in other occasions.
- (vi) the sample is supposed to represent the views of the whole population and
- (vii) the study has assumed eight product categories to provide a fair representation of the FMCG category.

### **Conclusions**

The study titled "Trends in rural marketing of FMCGs in Karnataka" has been conducted empirically to comprehend the gap that arises out of standardisation of marketing practices between urban and rural markets. This became evident when the urban markets provided the top line for companies. With the saturation of urban markets and the thrust being shifted from urban to rural, a comprehensive study on the rural markets became necessary.

The study was conducted during 2007 – 2008. This period is crucial as the penetration of television, cable and satellite television links have provided greater awareness to the rural consumers. While on the other hand, it provided the marketers the requisite thrust to penetrate these markets, which is not viewed as a profitable proposition earlier. Thus the study comes at a crucial time when the Indian markets have become more open to the retail sector and establishment of stores in rural markets. The study could have been conducted in many varied dimensions. However, the researcher in this study has focussed the energy and resources on the following areas to understand the characteristics of the villages in Karnataka in terms of (i) demography (ii) buying behaviour (iii) price sensitivity (iv) preference of retail outlets (v) role of retailers in rural marketing of FMCG (vi) role of spurious products and (vii) media habits of rural consumers, and provided comprehensive findings that will help the decision makers to have a fair idea and a better understanding of the rural markets with respect to the behaviour of rural consumers and also the rural retailing practices adopted by the respondents in various strata.

The study highlights the buying behaviour of rural consumers, where their purchase is mainly on a daily or a weekly basis and the family disposable income is a collective outcome of the family rather than that of individual members. The channels of distribution that can be successfully deployed to reach these untapped pockets require ingenuity and creativity. The means by which the products are identified or recognized are different from that of the urban masses. This provides a reasonable opportunity for pushing spurious products, which needs to be controlled. The credit practices, shelf space, buying patterns, stock replenishment, suggesting products in case of queries of rural retailers is different from that of the urban retailing practices. The role of a retailer is more predominant in rural areas, which is virtually non-existent in urban FMCG markets. The locations from which the products are purchased are also different from that of urban markets.

The results of the study can be applied as a guideline to develop and manage rural markets especially in Karnataka region. Based on the study, marketers can

frame effective marketing strategies incorporating rural consumers' behaviour effectively and efficiently. With this study, the media practices and darkness prevalent in rural India can be understood and effective rural specific media planning can be offered to build strong and powerful rural brands which serve rural masses by creating everlasting relationship.

Marketers have to understand the fact that rural marketing in Karnataka has a tremendous potential and try to tap this. To conclude, it may be said that the shape of rural income distribution and their consumption pattern needs to be looked into from a wider spectrum. To tap the rural market, it is essential to have an understanding of rural consumer psychology in terms of their usage habits and their shopping behaviour along with emotions and value system. Ingredients for success in rural markets include long-term commitment, cost re-engineering and sustained innovation to meet the needs of rural masses. Once the necessary homework is done, the mirage will surely transform into concrete reality.

### **Directions for Future Research**

The researcher has identified the following areas for future research:

- (i) Since the study was confined to geographical limits of Karnataka state only, an extended study of this kind encompassing other states as well.
- (ii) The present study on rural markets has been restricted to an eight nationally branded FMCG products. Studies covering more number of consumer products and durables may be taken up at the regional level.
- (iii) Studies may be conducted using panel data for assessing temporal changes.
- (iv) More rural research studies should be undertaken to understand the rural consumers better and generate more reliable data on the rural sector at periodic time intervals as it will capture the rural markets' evolution.
- (v) Measurement problems may be addressed for region-specific rural consumers.

## **BOOK REVIEW**

# Microfinance and Sustainable Livelihood Promotions in India

**M.R.Shollapur & Naveen K. Shetty**

Microfinance And Sustainable Livelihood Promotions In India- Excel Books, A-45, Naraina, Phase 1, New Delhi-110 028-First Edition New Delhi 2011, Pg1-632 plus XXIII.

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The publication under review is an anthology of papers published for a two day seminar on the same subject at Post Graduate Department of Management Studies and Research Centre of Siddaganga Institute of Technology(SIT),Tumkur in December 2010. The theme on Microfinance is spreading across countries, to enable respective governments, for chalking out action oriented programme for poor and the downtrodden. The theme acquires temporal relevance in the context of more than 40% of people in the world below poverty line. Financial inclusion is considered to be an infrastructure state policy to make people covered under safety net. Given the capabilities and feeble power of the poor, financing them for carving out sustained livelihood assumes greater significance. While education and health care are recognized as safety nets for increasing life expectations and hastening of economic development, it's further essential to spread financial literacy amongst the poor to bring them under the process of development. The present book deals with micro finance as a theme for promoting sustainable livelihood in India.

The book has been divided into seven parts covering fifty seven chapters. The theme of micro finance has

spread across backward and forward linkages to acquire better knowledge of the situation of micro finance and its related institutions in India. The areas covered ranges from product diversification, governance, technical challenges, women's role, financial inclusion, opportunities and challenges, institutions, livelihood promotion and micro enterprises. On an average, a paper has 11 pages under seven themes. The themes are: microfinance and inclusion, Growth models of microfinance and Livelihood financing, microfinance and financial inclusion micro finance and women empowerment, micro inclusion, health, housing,water and sanitation,technical challenges and governance of micro finance and micro enterprise development. All the themes referred to the process of 'bottom up growth' realised through by Non-Government Organisations (NGOs) and Self Help Group (SHGs). Each theme has a minimum of six papers to a maximum of nineteen papers. The present review intends to cover an overall review of subject themes and findings under each part.

### **Microfinance and Inclusive Growth**

There are six papers under this theme. All are empirical evidences covering the state of Karnataka except one

paper which has entire India as its focus. The main theme is performance of SHGs and the general reflections as drawn by the authors. Papers cover SHGs infrastructure in terms of rural credit need, linkage, investment, fiscal infrastructure, organizational structure, management and functional needs. The papers, in general, examine the status of poorest of the poor in the social structure. The papers concentrate on the impact of SHGs in Karnataka and in India. Some general conclusions have been drawn from the performance of SHGs and their impact on rural poor. The authors generally conclude inequality in lending, on the problems being faced by SHGs, purpose oriented lending and the need for extension of such a facility for the poor in rural areas. There is need for counselling for credit delivery, need for financial inclusion in funding for micro finance and concentrating on occupational lower strata not getting 'enough credit'. There are some observations as regards unevenness in deposits collected and credits by occupation, education and by gender.

### **Models of Microfinance and Livelihood Financing**

This part has six papers concentrating on micro finance leading to livelihood financing. The area of study extends to Kerala and Karnataka. Micro financing through SHGs and NGOs have been examined across occupation. Micro finance should be studied in greater depth as a linkage to prove sustainability & livelihood by the lower strata of society. The papers generally conclude that there is a need for better linkage between savings and lending and size of credit and quality of governance. The papers record need for a federation for integrating SHGs and micro finance institution. The concept of direct financing has been enumerated well. Some grey areas of study are linkage between SHGs and Non-SHGs parametric composition of SHGs, credit flow, income, general development and transformation of people through livelihood financing have been identified. There is a need for and fund of SHGs as chain agents of alleviating poverty need be studied greater detail.

### **Microfinance and Financial Inclusion**

This section has fourteen papers, the largest number amongst the theme parts. The concept of financial inclusion has been studied across linkages of banks

with SHGs, Small Industries Development Bank of India (SIDBI). The role of SHGs with commercial banks and strategies for financial inclusion have been peripherally examined. Most of the papers concentrate on Karnataka state while the two papers cover Uttar Pradesh(UP) and India respectively. The entire gamut of papers link up women issues with SHGs and tribal issues with SHGs and banks. The papers discuss on need for financial inclusion and asset creation. Since there is a change being experienced in social sphere, papers enumerate on finance for tribals based on their food habits, reduction in income, marginal effects of finance and change in socio economic fabric. The arguments, that loans are for meeting domestic needs and credits for livelihood, deserve further attention. Activity linked credit, community based credit have been stressed in the paper presented in SHGs as instrument of building up social capital. The concept of wealth creation has been through access, reach & availability for alleviating poverty. Two papers on financial literacy make their influence on the need for education to be imparted by banking institutions—NABARD and RBI- programmes that may help in reducing regional disparity.

### **Microfinance and Women Empowerment**

Women issues have acquired global significance. The concept of SHGs and development oriented NGOs are moving towards empowering women by provision of credit and making them participate in the process of development. There are several success stories recorded in India(LIJJAT case is an example). Women are to be socially empowered by women centric approach in institution building. Women empowerment becomes a socio economic reality when it is spread across all cross sections of women under social fabric. Thus women empowerment, concentrated funding, broadening the credit base for tribal women and mobilizing people for purpose based credit are to be taken up by redefining situation-specific SHGs. Total financial inclusion is still a dark reality as 256 districts out of 650 districts in India are out of coverage. The studies indicate variations in reach, quality and performance of micro finance institutions. SHGs and NGOs should make empowerment a tool by broadening the activity of the institutions. It is generally perceived that loan defaults

are at the lowest level where ever women have been managing SHGs. The studies are based on opinions & as such results cannot be generalized for the entire country wherein women are yet to socialize for sorting out intra-family issues.

### **Product Diversification: Micro Insurance, Health, Housing, Water and Sanitation**

Micro Finance for insurance, health, housing, water and sanitation, in general, rural infrastructure development is yet to acquire a seminal position in the realm of finance research. The product diversification for health & education in rural areas is beset with problems of reach, identification of the target group, production of social products and individual Vs group viability. Micro institutions in rural areas are yet to be taken up as a unit for the programme. The product such as 'Sampoorna Suraksha'(complete protection) if implemented the country may lead to unbelievable change in the health status of rural people and hence reduction in risk of rural mortality of people, cattle live stock, poultry, fishing and species. No such scheme is put into action for caring the ecological assets. Micro rural institutions are beset with problem of leading entrepreneurs in the area of rural development. The papers donot succeed in highlighting scope, variety & size of the market for solving the problems in the above areas. Non-availability of micro finance for rural housing, however, has been documented. Yashaswini programme for health care in Karnataka is a success story under cooperative sector could have been enumerated for fullscale research.

### **Governance and Technological Challenges in Microfinance**

All the six papers in this theme are concept papers except one which deals with initiative of an institution. The concepts of innovation, empowerment,

accountability and availability respectively have to be linked to governance of SHGs. An intent survey has to be drafted for an efficient linkage & adaptation. Banks & development institutions have to be in the domain group performance. These concepts have to be evaluated under Input-Output- Outcome (I-O-O) paradigm. The papers lack social outlook in analysing themes identified for research.

### **Microfinance and Microenterprise Development**

SHGs and other microfinance institutions are yet to acquire an outlook of a micro enterprise. An enterprise activity should look into resources such as people, input, process, output, asset creation & sustenance. Micro enterprises are a niche in its functioning with a strong family orientation in India. The concept of a group enterprise is yet to acquire solidification. Group enterprise will combine in itself volume, size, spread & logistics. More important is the coverage of risks of various kinds by practicing well conceived social objectives. The concept of group entrepreneurship should be lead to NGOs for rural economy and social transformation. There is a need to redefine NGOs for society.

The reviewer acquired knowledge of micro finance by reading all the 57 papers. The concept of micro finance has an influence on livelihood promotion has been explicated in the context of financial institutions and NGOs in the book. The authors and editors commend praise for their strenuous efforts. The review, however, felt that the editorial skills could have been sharper. The book is a resource material for planners and researchers. The value of the book could have been enhanced with a critical review of all the papers as a backdrop.

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## Guest Editorial

# International Conference on Educational Leadership

**Lakshmanan Prasad and Nayana Tara S\***

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The papers in this issue encompass the imperative of thinking unconventionally about issues confronting educational leaders. Their academic rigour is followed by highlights that are seminally important for application. Most importantly the papers cover second and third world countries. Readers from the first world make the best out of reading the critical findings derived from analysis of data sets. This is not to undermine the utility to be derived from the other domain of the world.

Yusuf and Jain emphasize the need to go beyond just teaching and research and create economic value through innovation – invention and commercialization through technology transfer, either individually or as a part of the university system. Their empirical results are based on 77 respondents, 41 male and 36 female. They find that entrepreneurial behavior of academic leaders represent a significant enabler to academic entrepreneurship. They must help faculty in overcoming various hierarchical and internal constraints in public universities which are governed by rules, regulations, procedures and systems set by the Government.

Goodman, Beenen and Ramanujam highlight some of the features of new innovative, young, “start-up” institutions and explore some alternative forms of higher education, as external forces of change challenge the viability of current set up. They use the concept of the organizational learning contract - a shared agreement among the major parties in a college or university about their roles and responsibilities regarding learning.

They contrast two institutions (one innovative, one traditional) and discuss some of the implications for higher education. The basic findings were that in the contract, outcomes were very explicit and because of a variety of socialization mechanisms, students knew the learning outcomes. While existing organizations do not have the luxury of starting with a clean slate there needs to be some self-designing system in place to strengthen the basic contract.

Rajasingh and Rajasekeran study the gap in the perceptions of leaders of academia and industry with respect to the quality outcomes of students and teaching faculty in order to streamline the education process in tune with the demand for quality students in the globalized environment. Based on a sample of 100 respondents from Industry and 201 respondents from Higher Education Institutions such as Engineering and Management Institutions, they identified a wide gap especially on generic skills and academic preparedness and even wider one on the presentation skills of the faculty. They recommend introduction of Indian Educational Services Examination with qualified faculty paid the most attractive package to enhance the quality of Higher Education.

Since few educational institutions impart the knowledge and skills that students need to make the transition from academic life to the world of work,

Esther John examines the role of one organization preparing students to smoothly adjust to the demands



of the work place by identifying and inculcating employability skills that graduates are lacking from an employer's perspective. Based on data provided by 21 employers and 30 employees, she graphs the importance of a set of skills (Oral and written communication, Listening skills, Computer skills, Intra- and interpersonal skills, etc.) before and after training. Results confirmed that the skills of the candidates can improve if proper training is given. It also confirmed that employers are the best people to consult in order to provide a training program that will complement academic skills of the students with employability skills. This will go a long way to help and guide young adults to be well equipped for a professional life through their education.

Griffiths studies the continuing under-representation of senior women managers in higher education,

by conducting in-depth interviews with six women heads, or former heads, of departments in the United Kingdom. While the number of women academics has increased in recent years, but not as rapidly as the number of women students, there is still a large under-representation of women in management and professorial positions. Since being a woman manager in a largely male-dominated university context is a tough job, universities need to provide adequate training, including some one-to-one coaching or women-only group training. They also need to provide spaces for women managers to get together to discuss issues and problems. While senior managers need to be sensitive to the inevitable demands of middle management roles, there is a need for more women managers to be positive role models.

## New Forms of Higher Education

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### Abstract

The present study is exploratory in nature. In order to examine the forms of higher education organizations two organizations— a traditional and an innovative institution—have been studied. Data were collected on organizational learning contract and the student recall of learning outcomes. The study has revealed that the innovative institution is dominant than the traditional one although both have positive scores on learning outcomes. The organizational learning contract enables an organization and the client to mutually commit for better inputs and learning. There is, however, a need for self designing system to strengthen basic contract.

**Key words / phrases:** *Traditional institution, Innovative institution, Organizational learning contract & Learning outcome.*

The goal of this paper is to highlight some of the features of new innovative institutions of higher education and contrast these features to a more traditional institution. We want to explore some alternative forms of higher education. Our label, "new innovative institutions," refers to institutions that are "startups" (~ five years old) and designed as new approaches to higher education. The design question is: "If we could start from the beginning without any constraints, how would we create a new form of higher education?" The institutions in our study are all face-to-face, teaching and research institutions.

Why rethink the organizational forms of higher education? The primary reason is that there are many external forces of change, which are challenging the

viability of current forms of higher education (Duderstadt, 2003; Rhodes, 2004). Some of the specific challenges include: increasing financial pressures for both public and private institutions (Rhodes, 2004), greater diversity in student backgrounds and expectations for college (Zemsky and Duderstadt, 2004), declining student effort and self-awareness (Kuh, 1999), the information technology revolution is changing the basic structure and process of universities (Goodman, 2001), increasing pressures for accountability in institutional performance from public and private funders, and so on.

Within the context of professional management schools in the higher education sector, there has been particular criticism of the educational value of management schools (Goshal, 2005; Pfeffer and Fong, 2002). Others

(cf. Chen, Donahue and Klimoski, 2004; Early and Peterson, 2002) have proposed redirecting the focus of management education to important issues such as globalization, disruptive technologies, and ethics.

Given these challenges and criticisms and the inertia for change within institutions of higher education, examining startup institutions of higher education that were relatively unconstrained seems like a positive learning opportunity. If we can identify unique features of these new institutions, there may be some lessons that would inform existing organizations of higher education.

The paper is organized as follows: (1) we introduce the concept of the organizational learning contract as a way to contrast innovative and traditional institutions, (2) we describe two institutions (one innovative, one traditional) and provide information on how we collected data from these institutions, (3) we present some data highlighting the features of these institutions, and (4) we discuss some of the implications for higher education.

### **Organizational Learning Contract**

An organizational learning contract is a shared agreement among the major parties in a college or university about their roles and responsibilities regarding learning (Goodman and Beenen, 2008). The major parties include the principal agents of the institution (e.g., faculty, staff, administration) and the students. The contract is organizational because it is initiated by the institution and is between the institution and its students. The contract itself stipulates what, where, when, and how students will learn. Earlier, the concept of a "learning contract" had been used to signify an agreement between an individual faculty and an individual student. It permitted students to individualize their learning opportunities. The organizational learning contract is at the institutional level and covers all students in the same way.

The organizational learning contract has three major dimensions – learning outcomes, learning environments, and system components (see Figure 1). Learning outcomes refer to the knowledge or skills

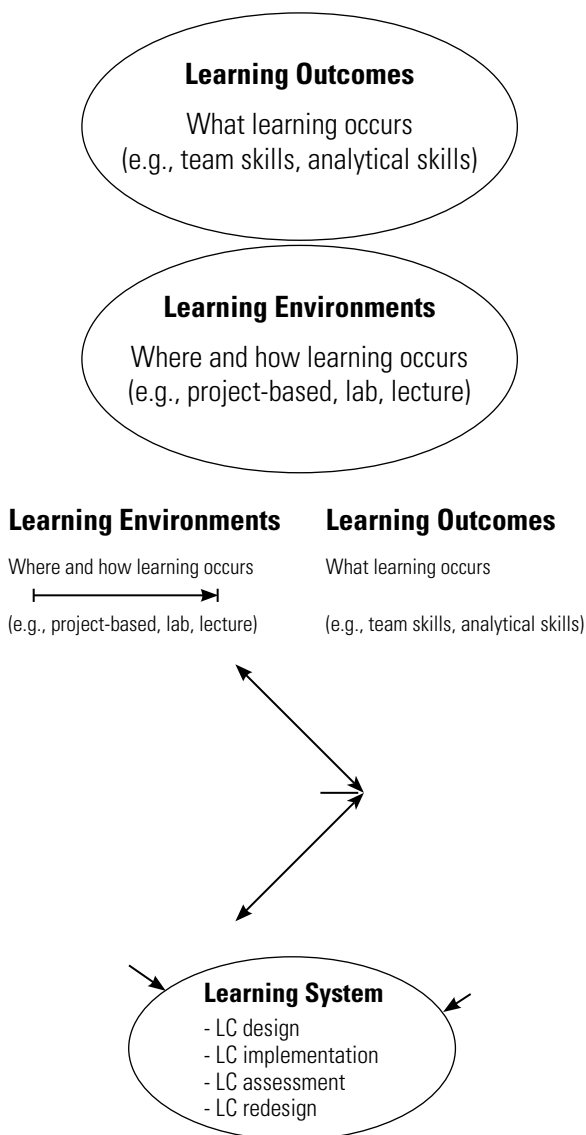
that students are to acquire. In a management school context, for example, they might include quantitative skills, leadership skills, and group skills. Each institution may select different sets of outcomes. The major characteristics of learning outcomes are: (1) they may be either explicitly or implicitly stated, (2) they can be acquired in classroom and non-classroom settings, (3) they are multidimensional in nature, and (4) they require practice and feedback in order to be achieved. In the new innovative institutions, they are explicitly stated, practiced in a variety of classroom and non-classroom settings, and there are feedback systems to assess the acquisition process.

Learning environments refer to how learning takes place, the specific methods to create learning. The lecture method has persisted for many years. The case method has been a dominant method in many management schools. Project-based learning is emerging as a new tool for learning, particularly in professional schools. Other approaches to learning include mentoring, peer-based learning, the studio, working in student clubs, etc. The major difference between innovative and traditional organizations is the mix of and use of the different learning environments. The traditional institution will exhibit a greater percentage of usage of lecture and discussion methods, while the new institution will rely more on active, formal learning, such as the use of project-based learning. Our argument is not that one type of institution will use one environment and not another. The argument is that the relative use of learning environments will vary between new and traditional institutions. There is some evidence in the literature that more active forms of learning environments facilitate learning.

The third element in a learning contract is the system dimension. To function effectively, a learning contract requires some kind of management system. That is, there needs to be a way to design the contract, implement it, assess its viability, and redesign it. To illustrate, students, faculty, and staff need to learn about the learning outcomes. In one innovative institution, the outcomes appear in the recruiting materials and process and are emphasized when students visit the institution. They are reiterated during

acceptance and later orientations. The institution initiates these early socialization experiences to define the roles and responsibilities of all the parties to the learning contract. The outcomes are explicit in each course. There are a number of non-course learning experiences built around the learning outcomes. In addition, there are multiple assessments of learning outcomes and a committee designed to monitor the outcomes and suggest curricula changes. All of these

**Figure 1 :  
Dimensions of the Learning Contract (LC)**



examples represent system components designed to make learning outcomes explicit and shared in the college community.

Contrasting Learning Contracts in New and Traditional Institutions. To examine some of the differences between the new innovative and traditional institutions, let's start with some of the commonalities. We will focus on two institutions as illustrations – College A and College C. Both are training undergraduates to be technical professionals for the same type of jobs. Both focus on face-to-face vs. distributive education. Both value research and education. Each institution has access to other colleges to supplement their educational experience. The quality of students is roughly similar. We asked where the students had applied to college and many had applied to both institutions. This is a possible control on input quality.

While these institutions have similarities on inputs (student quality) and outputs (placement in a professional technical job), there are important differences. The new school is around five years old, while the traditional school is a little more than 100 years old. The new institution was set up in order to create new forms of education. The traditional organization is highly ranked and prides itself on doing excellent undergraduate education in this professional field. As a startup, the new organization is still growing in terms of students, while the traditional school has been at an equilibrium for some time.

We collected data from these institutions primarily using a 1:1 semi-structured interview. Data were collected from freshmen and juniors in two waves, one year apart. Also, in Wave 2, we administered a survey after the interview. We used the semi-structured interview because of the complexity inherent in the learning contract components. On average, we interviewed 56 students in College A and 54 students in College C. Approximately 89% and 80% responded in both interviews for each college. All interview respondents in Wave 2 filled out the survey.

## Results

Table 1 focuses on student recall of learning outcomes. After some setup questions, we asked students to

identify the learning outcomes (i.e., the knowledge, skills, and abilities) students were to acquire. More students in the traditional institution were unable to identify any of the outcomes. None of the students were able to identify five or more out of the eight outcomes. On the other hand, 44% of the respondents from the innovative school were able to identify at least five or more outcomes. The table clearly shows that students in the new institution knew more learning outcomes.

**Table 1 : Student Recall of Learning Outcomes**

Number of Learning Outcomes Reported	College A (Start-up School) % Students Recalling Outcomes (N = 56)	College C (Traditional School) % Students Recalling Outcomes (N = 54)
0	19.6%	25.9%
1	5.4%	16.7%
2	8.9%	31.5%
3	10.7%	18.5%
4	10.7%	7.4%
5	19.6%	
6	14.3%	
7	7.1%	
8	3.6%	
9		---

Note: College A has 9 espoused learning outcomes; College C has 8 espoused learning outcomes. Percent of students recalling outcomes based on unaided recall of number of learning outcomes students believed their institution expected them to achieve.

Why are these findings important? Understanding of skills one is to acquire focuses one's attention on the learning process. If I need to learn group skills, I will more likely find activities that let me practice these skills and be open to feedback, which will help me learn these skills.

Knowing the expected learning outcomes creates a meta focus for the students and faculty. Instead of focusing primarily on a course and completing that

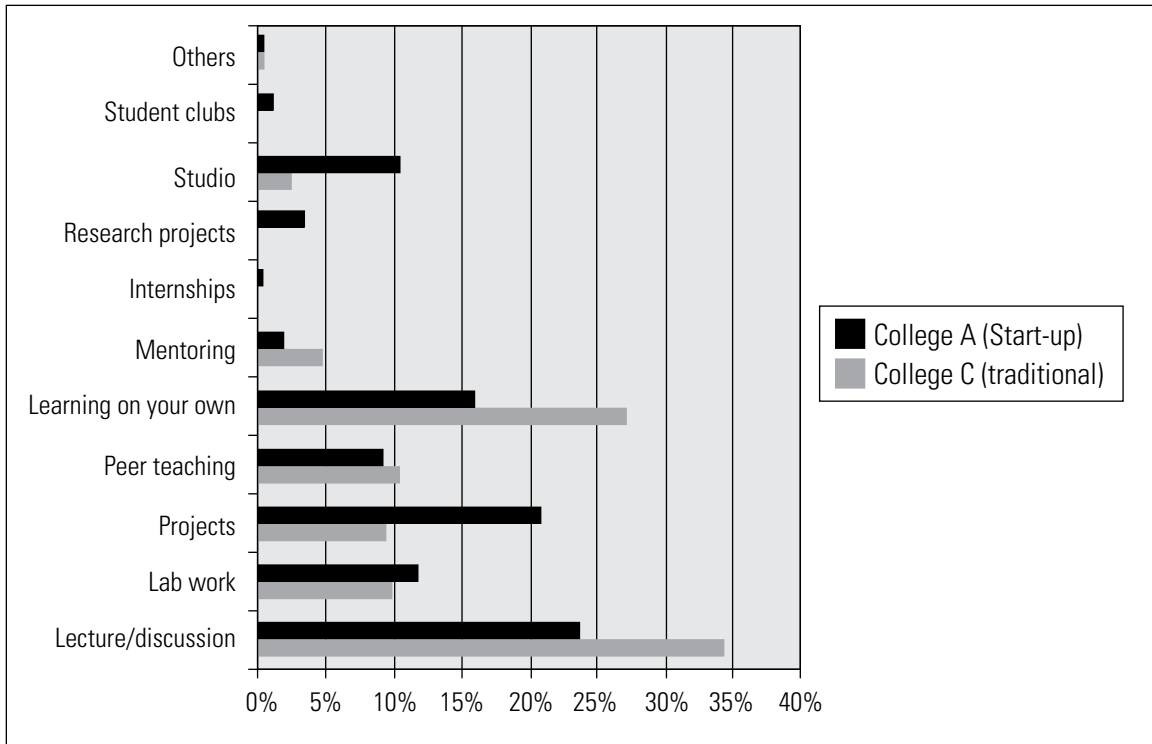
course successfully, the learning outcomes focus on skill acquisition across courses.

Table 2 captures the percentage of learning time spent in different learning environments. The lecture/discussion method dominates in the traditional institution. Also, students learn on their own in College C. There is a strong emphasis in the innovative school to work and do homework with others. Project-based learning is more predominant in College A, as is the studio. The studio (Wilson, 2001) is a newer form of educational environment built around a simultaneous use of mini lectures, discussion, and labs, all occurring within the same classroom.

While both institutions use many of the same environments, the innovative institution focuses more on active-based learning and working with others. There are other studies in the literature (cf. Carini, Kuh & Klein, 2006, Kuh, 1995, Zhao & Kuh, 2004) that find more active based learning, more tied to effective changes in learning.

We also looked at how students mapped the relationship between learning environments and learning outcomes. The basic question was: Given a learning outcome (e.g., lecture/discussion), which learning outcome would this environment most impact? They would draw a line from lecture/discussion to the learning outcomes. We did not expect 1:1 mapping. In the analysis of this data there are some commonalities across both colleges. Using groups as a learning environment has its greatest impact on acquisition of group and communication skills. Learning on your own has the greatest impact on learning to learn. These similarities are not surprising because we are asking students to map learning environments to learning outcomes. This is a different question from whether the two schools differ in the amount of time spent on group or project-based activities. Another question is looking at the learning outcomes and asking how many learning environments affect changes in these skills. For College A, team skills and learning to learn are affected by 50% of the learning environments. For College C, which has different outcomes, problem solving is affected by the largest number of learning environments (~50%).

**Table 2 :Percent of Student Learning Time Spent in Different Learning Environments**



**Note:** The chart displays average portion of time spent in each learning environment for each sample; totals therefore do not equal 100% for each college; Data based on student self-reported estimates of time spent in each learning environment; N = 56 (College A); N = 54 (College C).

**Table 3 : Impacts of Learning Contracts**

IMPACTS OF LEARNING CONTRACTS - 1		
	College A	College C
Overall Effectiveness of Teaching	95	81
Challenging High Quality Environments	90	84
IMPACTS OF LEARNING CONTRACTS - 2		
	College A	College C
I have a strong sense of belonging	95	72
The organization has a great deal of personal meaning to me	96	60

We have explored some differences between the new and traditional institutions on knowledge of learning outcomes, learning environments, and the relationship between learning environments and learning outcomes. We also have data on some global effectiveness measures.

Table 3 shows students views on the quality of teaching and the extent to which they are in a challenging, high quality environment. For both questions, students in College A report higher scores than the traditional institution. We also asked some questions about the overall importance to them of their college experiences. For both questions in Table 3, students in College A have more dominant scores. Since learning and personal development are core issues in the classroom and non-classroom environment, these last two global questions are reflective of the learning experience at both institutions.

## Discussion

Our goal was to explore the nature of the new innovative institutions. These initiatives represented thinking about higher education from a clean slate. The designers were not interested in incremental change. They wanted to think about new ways to design higher education. We used the learning contract to organize how to think about the differences between the new and traditional institutions. The basic findings were that in the contract, outcomes were very explicit and because of a variety of socialization mechanisms, students knew the learning outcomes in College A. Secondly, there were differences in the learning environments. The lecture was used in both institutions, but more so in the traditional institution. Project-based learning was more extensive in College A. When mapping environments to outcomes, there were differences between the institutions.

How do all these differences add up? In terms of overall effectiveness of the teaching/learning environment, College A had high positive endorsements. In terms of the global assessment of the organization, College A again had high positive endorsements.

As in any study, there are limitations. We only reported results for the two organizations. The problem is that there are not a lot of innovative startups. There are new universities, but for the most part, they are modeling traditional universities with some incremental improvements. Second, we are operating with relatively small samples. The challenge is that data collection in this domain really requires interviews, and that is a very labor-intensive activity. We chose to do a more intensive study in two waves and operate with a smaller sample. A third issue is that we haven't captured all agents of the learning experience. For example, in College A, there is a persistent theme that faculty are around all hours of the day to help the students. That is an important predictor. Our view, however, is that while we did not discuss that issue, it is part of the broader learning contract at College A. Another issue is whether the character of College A will remain the same or revert to more traditional forms over time. We don't have the answer to that question. Time needs to pass before one can make that assessment.

In conclusion, we have provided some data about the differences between a new and traditional institution. In addition, we have some evaluation data on evaluations of teaching quality and sense of attachment to the institution. While both institutions have positive scores, College A clearly is dominant.

What are some implications for existing organizations that do not have the luxury of starting with a clean slate? The learning contract could be used as a diagnostic tool. What are the espoused learning outcomes and what are those in action or reality. Can one evaluate existing learning environments and perhaps experiment with some new forms. It might be useful to review the existing system components. What is missing and what needs to get reinforced? There needs to be some self-designing system in place to strengthen the basic contract.

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## Entrepreneurial Leadership and Academic Entrepreneurship in Malaysian Public Research Universities

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### Abstract

Entrepreneurial leadership, capable of overcoming various hierarchical and internal constraints, as well as conflicts, has assumed great significance in the wake of institutions of higher learning trying to promote academic entrepreneurship. There is still a paucity of empirical research on academic entrepreneurship especially in the context of a developing economy like Malaysia and its higher education system. This paper analyzes and presents academic entrepreneurship as a leadership process of creating economic value through acts of organizational creation, renewal or innovation within or outside the university that results in research and technology commercialization. It contributes to the literature by examining the theoretical connection and relationship between leadership behavior and the level of academic entrepreneurship in Malaysian public research universities. Findings and results from this study will enable public research universities to evaluate the level of entrepreneurial leadership, their leadership strategies and capabilities in developing an entrepreneurial mindset which pervades the entire university organization, the status of their entrepreneurial systems within and outside the universities, identify enablers and barriers for academic entrepreneurship within their academic organizations, and, enhance decision making especially in fostering academic entrepreneurship.

*Key words : Entrepreneurial Leadership, Leadership Strategies, Academic Entrepreneurship, Entrepreneurial Mindset*

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### Introduction

At the heart of this research lies the phenomenon of academic entrepreneurship. It has become a very interesting, complex and important phenomenon because it is situated at the core of changes in the landscape and context of higher education

transformation in Malaysia. In essence, it is changing how universities are being viewed. No longer are universities viewed only as the liberator and protector of all knowledge and science, of fact and principle, of inquiry and discovery, of experiment and speculation. No longer does it only play the role of producer of

human capital and industry-ready workers. In this century, universities pursue academic entrepreneurship to strategically place and position themselves as important engines of sustainable technological development and economic growth.

Academic entrepreneurship is the leadership process of creating economic value through acts of organizational creation, renewal, or innovation that occurs within or outside the university that results in research commercialization and technology transfer. It may occur at the level of individuals or groups of individuals, acting independently or as part of a university system, who create new organizations, or instigate renewal or innovation within the university or outside the university in science and technology parks, university-owned corporate firms, spin-offs or research centers. It is also the cumulative results and integration of these individuals' scientific activity, academic activity and commercialization activity in discovering, exploring, pursuing and capitalizing on the creation, innovation and renewal opportunities in the intrapreneurial process. These individuals are referred to as academic entrepreneurs or intrapreneurs.

This study addresses academic entrepreneurship in four public universities which have been designated as research universities by the Malaysian government in 2006 under the Ninth Malaysian Plan 2006 – 2010 (EPU, 2006). More specifically, this study examines the relationship between entrepreneurial leadership behavior and the level of academic entrepreneurship in Malaysian public research universities. Findings and results from this study are expected to enable public research universities to evaluate the level of entrepreneurial leadership, their leadership strategies and capabilities in developing an entrepreneurial mindset which pervades the entire university organization, the status of their entrepreneurial systems within and outside the universities, identify enablers and barriers for academic entrepreneurship within their academic organizations, and, enhance decision making especially in fostering academic entrepreneurship.

## Literature Review

The academic entrepreneurship literature is fragmented

due to the different approaches utilized by scholars in researching the phenomenon. Past studies have approached the inquiry from various angles including commercialization of knowledge (Lowe, 1993; Argyres and Liebeskind, 1998; Agrawal and Henderson, 2002), patent-related issues (Mowery *et al.*, 2001; Saragossi and van Pottelsberghe de la Potterie, 2003), licensing of technology and inventions (Conceicao *et al.*, 1998; Thursby and Thursby, 2004), entrepreneurship education (Gibb and Hannon, 2006), new venture creation (Chrisman *et al.*, 1995; Steffensen *et al.*, 2000; Nicolaou and Birley, 2003), academia-industry collaboration (Etzkowitz, 1998; Mansfield, 1998), proposition surrounding the triple-helix model (Etzkowitz *et al.*, 2000; Etzkowitz, 2003) and issues related to national policies and socio-economic development (Etzkowitz and Klofsten, 2005; Gibb and Hannon, 2006).

Based on content analysis and review of 173 published papers, Rothaermel *et al.* (2007) identified that there are four major research streams emerging in this area of study. These research streams are: (1) entrepreneurial research university, (2) productivity of technology transfer offices, (3) new firm creation, and (4) environmental context including networks of innovation. In investigating the phenomenon in the UK, Brennan *et al.* (2005) conceptualized the field of academic entrepreneurship as a confluence of three overlapped streams of research on technology-based firms, the commercialization of academic discipline knowledge and the role of universities in society.

Several empirical studies which have developed or used an entrepreneurship, academic entrepreneurship or entrepreneurial university framework in examining entrepreneurial activities in a university setting include research by Louis *et al.* (1989), Keast (1995), Chrisman *et al.* (1995), Clark (1998), Klofsten and Jones-Evan (2000), Louis *et al.* (2001), Jacob *et al.* (2003), Laukkanen (2003), Zhao (2004), Bernasconi (2005), Brennan *et al.* (2005), O'Shea *et al.* (2005), Powers and McDougall (2005), and, Brennan and McGowan (2006).

Keast (1995) studied a single university and interviewed the vice president and director of research. He found that entrepreneurship activities or initiatives were becoming increasingly important to administrators in

the university. Chrisman *et. al.* (1995) also studied a single university and documented the entrepreneurial activities of the university faculties as well as the impact the university had on regional economic and technological development and the impact its budgetary problems might have on such activities. Data was collected through a multi-stage procedure which includes the use of questionnaires to all faculties, interviews with selected faculty members, interviews with entrepreneurs and managers, and secondary data.

It is possible that Louis *et. al.* (1989) were among the first to pioneer the use of the academic entrepreneurship label. The research was on the academic entrepreneurial behaviors of life scientists in universities in the USA and later was extended to clinical and non-clinical life sciences faculty in universities (Louis *et. al.*, 2001). Even though they referred to Etzkowitz's (1983) work on entrepreneurial university, theirs was among the earliest empirical study on entrepreneurship within a university setting. Consequently, other researchers such as Klofsten and Jones-Evans (2000) and Laukkanen (2003) had referred to Louis *et. al.*'s (1989) study. For instance, Laukkanen (2003) adopted Louis *et. al.*'s forms of academic entrepreneurship in his empirical research which identified the drivers, modes of transformation and the internal frictions created in the development of an entrepreneurial university.

The study undertaken by Klofsten and Jones-Evans (2000) focused on identifying entrepreneurship activities which had developed in five Irish universities and four Swedish universities. The study discussed and contrasted the extent to which academic entrepreneurship (i.e. all commercialization activities outside of the normal university duties of basic research and teaching) had developed. Data was collected via a structured questionnaire and statistically analyzed. The results demonstrated that there was considerable entrepreneurial experience among academics in both countries, and that this translated into a high degree of involvement in "soft" activities such as consultancy and contract research, but not into organizational creation via technology spin-offs.

A different approach was utilized by Brennan *et. al.* (2005) and Brennan and McGowan (2006) in their

exploratory study of academic entrepreneurship within a university setting. The overall aim was to understand the enablers and barriers to academic entrepreneurship. The corporate entrepreneurship perspective was synthesized with several other theories to construct a framework of academic processes and five ontological dimensions/knowledge types. In both studies, they used a single case study method and a purposeful sampling approach. While in-depth interviews were used for both, a questionnaire was developed in the former to assess preferences in academic entrepreneurs.

There were also studies that focused on factors that stimulate the creation of spin-off firms from universities. O'Shea *et. al.* (2004) and O'Shea *et. al.* (2005) argued that existing literature on university spin-off activity can be divided into six distinct research streams or domains. Two studies (O'Shea *et. al.*, 2005; Powers and McDougall, 2005) used the resource-based view of the firm to investigate the impact of internal determinants i.e. resources, on university spin-off activity. O'Shea *et. al.* (2005) collected secondary data and through econometric estimators found history dependence for successful technology transfer to occur other than faculty quality, size, orientation of science and engineering funding, and, commercial capability. On the other hand, Powers and McDougall (2005) ran negative binomial regression analysis on secondary data of 120 universities and found a set of financial, human capital and organizational resources to be significant predictors of university's commercialization activities.

Using semi-structured interviews, direct observation and documentary reviews of five European universities, Clark (1998) identified issues associated with the entrepreneurial transformation of these universities and found five core elements of entrepreneurial universities. Bernasconi (2005) used Clark's entrepreneurial universities framework and studied a university undergoing transformation and privatization. Using secondary data, he concluded that under the pressure of privatization, the university orientated itself to the market as a means of survival and growth, and used a triple-helix strategy for that purpose. Jacob *et. al.* (2003) also applied Clark's framework to a single

technology university and based on interviews with key personnel involved in the university's internal transformation process, identified several important elements required for innovation. At the macro level, vision and implementation were crucial while at the micro level, flexibility and diversity were critical.

The review of extant literature reveals that there seems to be three differing views on academic entrepreneurship: first, the view that academic entrepreneurship is in conflict with the traditional view of the university, thus, it normally and conveniently occurs outside the university and beyond the traditional role of the academia due to the conflict and tension created thereby (Louis *et al.*, 1989; Klofsten and Jones-Evans, 2000; Laukkanen, 2003); secondly, the view that academic entrepreneurship is merely the creation of new business ventures by any of the university agent, which therefore positions academic entrepreneurship as a mechanism of technology transfer (Chrisman *et al.*, 1995; O'Shea *et al.*, 2004; O'Shea *et al.*, 2005; Powers and McDougall, 2005; Kirby, 2006); and thirdly, an integrative view based on corporate entrepreneurship perspective where academic entrepreneurship encompasses organizational creation, innovation and renewal inside and outside the university (Brennan *et al.*, 2005; Brennan and McGowan, 2006).

In explaining academic entrepreneurship, this study adopts and uses the corporate entrepreneurship perspective as the background theory since the view has received the most attention as a concept in explaining entrepreneurship within an existing organization (Zahra, Jennings and Kuratko, 1999; Sharma and Chrisman, 1999; Christensen, 2004; Antoncic and Hisrich, 2004; Schildt *et al.*, 2006), as is evident from special issues of journals, for example, *Strategic Management Journal in 1990 (Corporate Entrepreneurship)*, *Strategic Management Journal in 2001 (Entrepreneurial Strategies for Wealth Creation)*, and *Entrepreneurship, Theory & Practice in 1999 (Corporate Entrepreneurship in a Global Economy)*.

### **Dimensions of Academic Entrepreneurship**

Academic entrepreneurship encompasses internal or external corporate venturing, innovation and strategic

renewal performed inside or outside the university. Academic entrepreneurship may occur at the level of individuals or groups of individuals, acting independently or as part of a university system, who create new organizations, or instigate renewal or innovation within the university or outside the university via science and technology parks, university-owned corporate firms or research centres (Chrisman *et al.*, 1995; Röpke, 1998; Sharma and Chrisman, 1999; Brennan and McGowan, 2006).

In this study, innovation in the academic setting refers to the university's commitment to pursue research and development in creating and introducing scientific breakthrough, new inventions and products; introducing new ways of doing things in terms of production processes and organizational systems within the university; and, transferring and commercializing new knowledge and technology for economic and social development (Covin and Slevin, 1991; Lumpkin and Dess, 1996; Zahra, 1996; Clark, 1998; Röpke, 1998; Morris and Kuratko, 2002; Jacob *et al.*, 2003; Brennan *et al.*, 2005).

This study defines organizational creation or corporate venturing in the university context as the birth of new businesses from within the university by expanding operations in existing or new markets through university startup companies, spin-offs or spin-outs and strategic alliances, joint ventures or collaboration with the industry (Zahra, 1996; Sharma and Chrisman, 1999; Antoncic and Hisrich, 2004; Klofsten and Jones-Evans, 2000; Birley, 2002; Etzkowitz, 2003; O'Shea *et al.*, 2004; O'Shea *et al.*, 2005; Powers and McDougall, 2005; Brennan and McGowan, 2006).

Academic entrepreneurship involves the pervasive activity associated with the transformation or renewal of the existing university organization. Changes in the pattern of resource deployment – new combinations of resources in Schumpeter's (1934) terms – transform the organization into something significantly different from what it was before, something 'new'. This transformation of the firm from the old to the new reflects entrepreneurial behaviour. This study defines strategic renewal as the transformation of the existing academic organizations through the renewal or reshaping of the

ideas in which they are built on (Etzkowitz *et al.*, 2000; Sporn, 2001; Hitt *et al.*, 2001; Birley, 2002; Dess *et al.*, 2003; Brennan and McGowan, 2006).

### **Entrepreneurial Leadership in a University Setting**

Leadership has been a subject of interest for centuries, long before and much earlier than entrepreneurship. Hence, the contemporary study of leadership is rich on theories, models and research approaches. For example, Clawson (2006) categorized twenty six leadership models into six research approaches namely trait approach, behavior approach, power and influence, situational approach, charismatic approach and transformational approach. Within the context of management and corporate entrepreneurship studies, leadership research had centered on personality traits in the 1960s and behavioral leadership and leadership styles in the 1970s (Fernald *et al.*, 2005, Thornberry, 2006).

Research on leadership style then evolved into the concept of situational leadership theory which advised managers to adapt their leadership styles in accordance to situation and context. This behavior and style flexibility is referred to as transactional leadership because of the emphasis on daily interpersonal interactions and transactions between leaders and their subordinates. However, if the leader is asked to bring about significant organizational change, then, the type of leadership needed is referred to as transformational leadership. Transformational leadership may be more effective at creating and sharing knowledge at the individual and group levels while transactional leadership is more effective at exploiting knowledge at the organizational level (Bryant, 2003; Judge and Piccolo, 2004; Clawson, 2006; Thornberry, 2006).

Entrepreneurial leadership is more like transformational leadership rather than transactional leadership, yet it differs in some fundamental ways. The fundamental difference between entrepreneurial leadership and transformational leadership is focus. Entrepreneurial leadership is inherently opportunity-focused. Hence, entrepreneurial leaders spend much less time to change people's minds to move into a new direction not like transformational leaders. Instead, entrepreneurial

leaders seek out and recruit like-minded individuals who share their understanding and passion for the opportunity and are interested in taking quick, decisive action. Entrepreneurial leadership can be described as visionary leadership with inherent focus on opportunities, building/creating, creative destruction/rearrangement, dynamic stake, staged investment, medium term and has an exit strategy (Fernald *et al.*, 2005; Thornberry, 2006).

The entrepreneurial leader has an entrepreneurial mindset involving qualities such as internal locus of control, tolerance for ambiguity, willingness to hire people smarter than oneself, a consistent drive to create, build or change things, passion for an opportunity, a sense of urgency, perseverance, resilience, optimism and sense of humor about oneself. Entrepreneurial leaders can play either an active role as lead entrepreneurs themselves or act as the catalysts that stimulate the entrepreneurial actions and energies of others (Thornberry, 2006). Entrepreneurial leaders embody three characteristics of leadership which are vision, dedication and drive, and commitment to excellence (Dess *et al.*, 2008).

This study argues that leaders in the university need to behave entrepreneurially in order to stimulate academic entrepreneurship. Yusof and Jain (2007) in reviewing six conceptual models or overviews associated with entrepreneurial universities (Clark, 1998; Etzkowitz *et al.*, 2000; Sporn, 2001; Etzkowitz, 2004; Kirby, 2006; Rothaermel *et al.*, 2007) found that leadership directly or indirectly is a key element in influencing university-level entrepreneurship. The behavior of leaders plays a fundamental role in facilitating, nurturing and supporting entrepreneurial activities within the university.

Despite the subject of leadership being a major and critical issue in studies pertaining to the entrepreneurial university as stipulated in various models of entrepreneurial university, the focus of leadership in those studies and models is on institutional leadership rather than leadership at various organizational levels in the university. On the contrary, this study focuses on entrepreneurial leadership as an organizational factor and process that can occur at various levels in

the university organization including at the individual level and capacity. The review of the empirical research literature on academic entrepreneurship has revealed a gap in the understanding of entrepreneurial leadership in the context of research universities and its relationship with academic entrepreneurship.

H1: The entrepreneurial behavior of leaders in the university significantly influences the level of academic entrepreneurship in the university.

A study on 112 entrepreneurial teams in Taiwan's high-tech ventures found that lead entrepreneurs who are risk-takers, proactive and innovative can stimulate the creativity of their team members (Chen, 2007). In addition, another study which used thematic analysis examined articles published in the *Creativity and Innovation Management Journal* from 1991 to 2000 to identify the association of leadership as a process contributing to creativity and innovation. The study revealed nine overlapping themes within each of which leadership plays a part in the production of creative insights or innovative productivity. Interestingly, it also revealed that many authors placed leadership as an implicit factor within their models of change (Rickards and Moger, 2006).

H1a: The entrepreneurial behavior of leaders in the university significantly influences organizational innovation in the university.

One of the critical elements found by Clark (1998) in successful entrepreneurial academic institutions strong top-down leadership and policies that support and encourage the process of academic entrepreneurship and which merge entrepreneurial orientation objectives with the traditional academic values of the university (O'Shea *et. al.*, 2004). Further, Bercovitz and Feldman (2004) found a significant leadership effect whereby individual faculty members are more likely to engage in technology transfer activities when the department head is also actively involved in these activities.

H1b: The entrepreneurial behavior of leaders in the university significantly influences organizational creation in the university.

Guth and Ginsberg (1990) postulated that entrepreneurial behavior in organizations is critically dependent on the characteristics, values/beliefs, and visions of their strategic leaders. For example, in a study on a large utility organization, it was found that managers who consistently practiced entrepreneurial leadership behaviors had significantly higher results in terms of employee satisfaction, customer satisfaction and financial district margin contributions than their peers who did not practice these behaviors. This study is important because it demonstrated the impact of the managers' entrepreneurial leadership training in enabling and facilitating a more creative climate for their subordinates (Pearce *et. al.*, 1997; Thornberry, 2006).

H1c: The entrepreneurial behavior of leaders in the university significantly influences organizational renewal in the university.

## The Research Study

To test these hypotheses, a cross-sectional survey based methodology was used in this research to obtain data from the respondents namely academicians from four public research universities in Malaysia. The targeted population frame for this research comprised of academic staff categorized as professors, associate professors and lecturers in the selected four public research universities. The Directory of Academic Profiles established by the Ministry of Higher Education was used as the source for the sampling frame. The sample size was derived through proportionate stratified random sampling method.

Data collection for this study began in July 2008. The data for this study was collected through a self-administered questionnaire by the researchers. The questionnaire was divided into two sections, section A and B. Section A comprised questions eliciting demographic characteristics. Section B comprised of 9 questions designed to gather the information from the respondents on their perception about the entrepreneurial leadership behavior exhibited by academic leaders at various levels of the university and 18 questions (6 questions for each dimension) about the overall level of academic entrepreneurship exhibited in their universities. A five point Likert scale was used in

this section and the respondents were required to state the extent to which they agreed or disagreed with the statements in the questionnaire. Up to the end of August 2008, 77 questionnaires were successfully collected and were found to be complete and usable for data analysis.

There are various leadership theories and instruments that measure leadership behavior. Since the focus of this study is to investigate the level of entrepreneurial behavior in academic leaders and its association to academic entrepreneurship, Thornberry's (2006) instrument on General Entrepreneurial Leadership behavior is adopted and the categorization of academic entrepreneurship was based on the adoption and modification of Zahra's (1996) measure for corporate entrepreneurship. A Cronbach coefficient alpha test was conducted on the 27 items in Section B to determine internal consistency of the scales used. The values of Cronbach Alpha coefficient are depicted below in Table 1. All the variables and sub-components of the scale demonstrated sufficient alphas (0.7 or above).

**Table 1: Reliability Statistics**

Variables	Cronbach Alpha
Entrepreneurial Leadership Behavior	0.869
Organizational Innovation	0.935
Organizational Creation	0.925
Organizational Renewal	0.905
Academic Entrepreneurship	0.963

## Data Analysis and Results

### Demographic Characteristics of the Sample

Based on the demographic characteristics provided in Table 2 below, we found that the majority of the respondents were male (53.2%) and were 40 and above years of age (74%). In terms of race, majority were Malay (79.2%) which is a common scenario in local public universities. 81.8% of the respondents were permanent employees of the universities while the remaining worked on contract (13%) or temporary (5.2%) term. With regards to academic qualification, 63.6% of the respondents had PhDs, 29.9% had Masters and 6.5% had professional qualifications. 13% of the respondents were professors, 37.6% were associate professors, 35.1% were senior lecturers and the rest were lecturers (14.3%).

**Table 2: Frequency Distributions of Sample (n = 77)**

Demographic	Frequency	Percentage
<b>Gender</b>		
Male	41	53.2
Female	36	46.8
<b>Age</b>		
44 or below	41	53.2
45 or above	36	46.8
<b>Race</b>		
Malay	61	79.2
Chinese	7	9.1
Indian	2	2.6
Other	7	9.1
<b>Working Status</b>		
Permanent	63	81.8
Contract	10	13
Other	4	5.2
<b>Highest Academic Qualification</b>		
PhD	49	63.6
Master	23	29.9
Other	5	6.5
<b>Academic Designation</b>		
Professor & Associate Professor	39	50.6
Senior Lecturer & Lecturer	38	49.4

### T-test for Gender, Race and Academic Designation

T-test was conducted to determine if there exist any significant differences between male and female academicians with regards to their perception towards entrepreneurial behavior of leaders in the selected universities. Levene's tests showed p-value of greater than 0.05 and hence homogeneity of variances exists (one of the assumptions for independent group t-test). The t-value and corresponding p-value were found to be not significant at the 5% level of significance. Thus, we conclude that there exist no significant difference between the means of male and female with regards to their perception towards leadership behavior. The results are depicted in Table 3.

T-Test was conducted to determine if there exist any significant differences between age groups (44 or below, and, 45 or above) and their perception towards entrepreneurial leadership. Levene's tests showed p-value of greater than 0.05 and hence homogeneity of variances exists (one of the assumptions for independent group t-test). The t-value and corresponding p-value were found to be significant at the 10% level of significance. Thus, we conclude that there exists significant difference between the respondents' age and their perception towards leadership behavior. The results are depicted in Table 3.

T-Test was also conducted to determine if there exist any significant differences between the professorial group and non-professorial group with regards to their perception towards leadership behavior. Levene's tests showed p-value of greater than 0.05 and hence homogeneity of variances exists (one of the assumptions for independent group t-test). The t-value and corresponding p-value were found to be not significant at the 5% level of significance. Thus, we conclude that there exists no significant difference between those in the professorial group and those in non-professorial group with regards to their perception towards leadership behavior. The results are depicted in Table 3.

### **Correlation Analysis**

Using a series of correlation analyses, support was produced for each research hypothesis (see Table 4).

H1: The entrepreneurial behavior of leaders in the university significantly influences the level of academic entrepreneurship in the university.

The Pearson correlation analysis results in an R-value of 0.548 with a p-value of 0.0001. Based on these results, H1 is supported. Therefore, entrepreneurial

behavior of leaders in these universities has a significant influence with the level of academic entrepreneurship. Nevertheless, the strength of this relationship is 0.3 as measured by R-squared, hence indicating that entrepreneurial leadership exerts a moderate influence on the level of academic entrepreneurship.

H1a: The entrepreneurial behavior of leaders in the university significantly influences organizational innovation in the university.

The Pearson correlation analysis results in an R-value of 0.524 with a p-value of 0.0001. Based on these results, H1a is supported. Therefore, entrepreneurial behavior of leaders in these universities has a significant influence with the level of organizational innovation. Nevertheless, the strength of this relationship is 0.275 as measured by R-squared, hence indicating that entrepreneurial leadership exerts a moderate influence on organizational innovation.

H1b: The entrepreneurial behavior of leaders in the university significantly influences organizational creation in the university.

The Pearson correlation analysis results in an R-value of 0.521 with a p-value of 0.0001. Based on these results, H1b is supported. Therefore, entrepreneurial behavior of leaders in these universities has a significant influence with the level of organizational creation. Nevertheless, the strength of this relationship is 0.272 as measured by R-squared, hence indicating that entrepreneurial leadership exerts a moderate influence on organizational creation.

H1c: The entrepreneurial behavior of leaders in the university significantly influences organizational renewal in the university.

The Pearson correlation analysis results in an R-value of 0.465 with a p-value of 0.0001. Based on these results,

**Table 3: T-test for gender, age and academic designation**

Variable	Levene's test for equality of variance		t-test for equality of means		
	F	Sig	t	df	Sig (2 tail)
Gender	2.714	0.104	-0.339	75	0.736
Age	0.341	0.561	1.749	75	0.084*
Academic Designation	1.005	0.319	-1.605	75	0.113

\*Significant at 10% Sig. level



H1c is supported. Therefore, entrepreneurial behavior of leaders in these universities has a significant and positive influence with the level of organizational renewal. Nevertheless, the strength of this relationship is 0.216 as measured by R-squared, hence indicating that entrepreneurial leadership exerts a moderate influence on organizational renewal.

**Multivariate Analysis of Variance (MANOVA)**

To examine the relationship of leadership behavior with multiple dependent variables, MANOVA test was

conducted. Results of the test are shown in Table 5. The findings demonstrate that entrepreneurial behavior of leaders significantly influences all three dependent variables of organizational innovation, organizational creation and organizational renewal. However, the most significant relationship is between leadership behavior and organizational innovation and the strength of the relationship is 0.411 as measured by the adjusted r-squared, indicating that entrepreneurial leadership exerts a moderate to strong influence on organizational innovation as compared to the other dependent variables.

**Table 4: Means, Standard Deviations and Correlation Coefficients**

	<b>Variables</b>	<b>Mean</b>	<b>SD</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Leadership Behavior	25.94	6.41	1				
2	Academic Entrepreneurship	59.93	14.55	0.548**	1			
3	Organizational Innovation	20.2	5.69	0.524**	0.947**	1		
4	Organizational Creation	19.22	5.33	0.521**	0.932**	0.851**	1	
5	Organizational Renewal	20.52	4.76	0.465**	0.881**	0.749**	0.713**	1

\*\* Correlation is significant at the 0.01 sig. level (one tailed)

**Table 5: MANOVA for Leadership Behavior, Organizational Innovation, Organizational Creation and Organizational Renewal**

<b>Source</b>	<b>Dependent Variable</b>	<b>Type III Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Corrected Model	Innovation	1487.648 (a)	25	59.506	3.125	.000
	Creation	1260.828 (b)	25	50.433	2.871	.001
	Renewal	844.683 (c)	25	33.787	1.962	.021
Intercept	Innovation	19922.806	1	19922.806	1046.279	.000
	Creation	18370.869	1	18370.869	1045.844	.000
	Renewal	21620.773	1	21620.773	1255.386	.000
Leadership Behavior	Innovation	1487.648	25	59.506	3.125	.000
	Creation	1260.828	25	50.433	2.871	.001
	Renewal	844.683	25	33.787	1.962	.021
Error	Innovation	971.121	51	19.042		
	Creation	895.845	51	17.566		
	Renewal	878.343	51	17.222		
Total	Innovation	33868.695	77			
	Creation	30592.948	77			
	Renewal	34137.682	77			
Corrected Total	Innovation	2458.769	76			
	Creation	2156.673	76			
	Renewal	1723.026	76			

- a. R Squared = .605 (Adjusted R Squared = .411)
- b. R Squared = .585 (Adjusted R Squared = .381)
- c. R Squared = .490 (Adjusted R Squared = .240)

**Descriptive Analysis of the Responses to the Construct on Leadership Behavior**

Table 6 depicts a tabulation of the means and standard deviation of responses to the 9 items that measure respondents’ general perception of entrepreneurial leadership behavior exhibited by academic leaders at various levels of the universities.

**Table 6: Mean & Standard Deviation of Responses to Leadership Behavior variable (n = 77)**

Items	Mean	SD
Moves ahead with new approach	3.12	1.08
Listen to suggestions from others	3.09	1.03
Use different approaches to overcome obstacles	3.08	1.05
Promote risk-taking environment	2.99	1.01
Demonstrate entrepreneurial orientation	2.91	0.99
Encouraging bending of rules	2.86	0.97
Get things done even by going around system	2.83	1.08
Encourage others to outwit bureaucracy	2.57	1.03
Actively fight bureaucracy	2.51	0.93

The items have been arranged according to a descending order of the mean scores. The highest mean score (Mean=3.12; SD=1.08) is obtained for the item on ‘In general, academic leaders at various levels of the university willingly move ahead with a promising new approach when others might hold back’. On the other hand, the lowest mean score (Mean=2.51; SD=0.93) is obtained for the item on ‘In general, academic leaders at various levels of the university actively fight the encroachment of bureaucracy in the university’. The results demonstrate that the respondents/ academicians perceive that people in leadership role in these universities exhibit weak leadership behavior for the latter and strong leadership behavior for the former. However, the highest score being around 3 signifies that there is not a very strong entrepreneurial leadership behavior for any of these items which could further explain the reason for the level of leadership behavior to be low (Mean=25.94; SD=6.41) and the level of academic entrepreneurship to be moderate

(Mean=59.93; SD=14.55) in these universities as shown by their mean scores in Table 4.

Rules, systems and bureaucracy seem to be major obstacles in fostering entrepreneurial behavior among academic leaders as demonstrated by the means scores of item 6, 7, 8 and 9. These factors are hindering academic leaders in these universities to act entrepreneurially or to undertake entrepreneurial activities and opportunities. In fact, there is moderate level of entrepreneurial orientation among the leaders. Further, the promotion and encouragement for risk-taking is also moderate. Nevertheless, items 3, 6 and 9 which are closely related, demonstrate that academic leaders may have a slightly high sense of perseverance in moving ahead and in utilizing different approaches in overcoming obstacles. This is supported by a positive attitude and open-mindedness in listening to suggestions from others.

**Conclusion**

Entrepreneurial behavior among academic leaders can represent a significant enabler to academic entrepreneurship in the local public research universities, especially when academic leaders are able to unleash their entrepreneurial mindset, thinking, approach and potential. The results of this study confirm that a higher level of entrepreneurial behavior among academic leaders will commensurate in a higher level of academic entrepreneurship in these universities. Support was generated for all the hypotheses. Results of this study have also confirmed the findings of previous studies which found positive relationship between leadership behavior and academic entrepreneurship in a university setting (Clark, 1998; O’Shea et. al., 2004; Bercovitz and Feldman, 2004).

While the results show, in general, a slightly high level of academic entrepreneurship in these four public research universities, the current state of entrepreneurial leadership behavior in these universities is still very moderate. The challenge for these universities is to redefine the organization’s concept of leadership. Inevitably, academic leadership role will be in conflict with entrepreneurial leadership role. Academicians’ first priority and responsibility will be towards teaching

and research. Nevertheless, the entrepreneurial mindset and approach can be adopted and inculcated through innovative teaching and consulting activities, and by identifying opportunities and understanding market demand before a research is undertaken in order for the research output or technology to have a higher potential of being commercialized and transferable to the industry. The direction towards this mindset and approach needs to be supported and encouraged through strong entrepreneurial leadership behavior capable of overcoming various hierarchical and internal constraints.

Strong leadership is required in fostering academic entrepreneurship especially in these public universities which are governed by rules, regulations, procedures and systems set by the government. Government intervention is going to be difficult to overcome especially when funding and budget are provided for by the government. Pursuing entrepreneurial and commercialization activities may not be important unless there is a very strong desire and vision founded on the understanding of the benefits that these activities bring to wealth creation and nation building. Apart from academic entrepreneurship, entrepreneurial leadership characteristics can help to strengthen the universities' commitment to excellence. Thus, continuous motivation, training and leadership support are needed to build the culture of academic entrepreneurship, innovation and commercialization.

The study contributes to the literature by examining the theoretical connection and relationship between leadership behavior and the level of academic entrepreneurship in Malaysian public research universities. Needless to say that the study is exploratory in nature and suffers from limitations. One of the limitations of the study is that the questionnaire relied upon self-reports and perceptual data of academicians towards their universities. Moreover, the sample size is small thus generalizability of the results is problematic. Further work is needed with a more appropriate sample size and to identify the underlying dimensions of entrepreneurial leadership behavior. In addition, the dimensions of academic entrepreneurship investigated in this study need to be further validated.

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## The Hadrian Wall Divide: Perceptual Difference Between Industry and Academic Leaders on the Quality of Higher Education

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### Abstract

Higher Education portals in India are expected to deliver quality outcomes to the stakeholders namely Industry, Public and Higher Educational Institutions. But the expectation of the Leaders of various sectors has a different perspective towards these outcomes. This paper proposes to address the Gap in the quality perceptions of the Leaders of academia and Industry sectors. It will divulge the perceptual divide between the academia and the Industry leaders with respect to the quality outcomes of the students and the teaching faculty. This in turn will ably support the policymakers (The Govt) and the Higher Educational Leaders to design and implement best practices in Higher Educational Institutions. This will result in quality education which will be in line with the expectations / perceptions of the Industry Leaders. Consequently it will streamline the education process in tune with the demand for quality students in the Globalised environment.

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### Introduction

In the context of the Information Technology Revolution, Communication Explosion, the Knowledge Economy and Globalization, India's production of Professionals is phenomenal. With over 300 Universities and 15,600 Colleges spewing out 2.5 million graduates each year, in terms of the volume of production India trails behind only the US and recently China. Each year India produces 350,000 Engineers, twice the number produced by the US. A recent evaluation of Universities and Research Institutes all over the world, conducted by a Shanghai

university, has not a single Indian University in the world's top 300 - China has six.

Within a context of Higher Education gaining an international dimension, Universities and Higher Education Institutions are expected to be sensitive to Local, National and Global expectations. In short, Leaders of Universities and Higher Education Institutions are expected to play a very different, dynamic, role than Universities of twentieth Century in India. UGC grants many Higher Education Institutions the status of Deemed Universities. Universities and

Deemed Universities are increasing student intake, course offerings, partnerships, non-traditional modes of learning, flexible lifelong learning initiatives etc. In the case of affiliating Universities, their role in promoting the concept of academic autonomy for colleges and in providing academic leadership for Quality enhancement is being emphasized.

The various dimensions of changing conditions and emerging trends discussed above - starting from 'mass higher education of comparable quality' to 'new models of management and performance evaluation'- have brought both quality and standards of higher education to the forefront. The need to move from 'ensuring minimum Quality & Standards' towards 'assuring higher Quality & Standards' is apparent. Today, performance evaluation, accountability and higher standards have become watchwords in any discussion on revamping Higher Education.

At this juncture, India's burning issue is not that of lack of talent pool, but the lack of talent pool which is on par with quality of world class and employable. Industry Leaders presume that only 15% of people coming out of Indian colleges are employable. The rest are branded 'not employable'. Again, not for the lack of theoretical knowledge but for the lack of skills and attitude necessary for doing the job successfully. This is truly a challenge as well as a social responsibility. The Industry Leaders are caught in a pincer between rising employment costs on one hand and a 30% rate of attrition on the other. While the need of the hour is to produce employable and quality manpower, it may not be fair to fully transfer this responsibility to the Industry Leaders; there must be some share of this responsibility owned by the institutions producing talent, as well.

Perceptions of the role of the University and Higher Education Institution had also changed by then. It is expected that Academic Leaders be directly involved in enhancement of Quality of Higher Education and the transformation of society and its economic development through partnership activities and University-Industry linkages. In the academic world Quality assessment has traditionally assumed two apparently contradictory objectives: Quality improvement and accountability. Universities mostly emphasise quality improvement,

which has been a concern for higher education institutions since the Middle Ages while the government pays special attention to accountability, aiming at guaranteeing the quality of the services provided to society by Higher Education Institutions. Quality has become the defining element of Higher Education in the 21st Century.

Hitherto only the Academic Leaders are playing the vital roles in Quality Assessment and Quality Enhancement through Quality Assessment bodies like National Assessment and Accreditation Council (NAAC) and National Board of Accreditation (NBA). The perceptions of Academic Leaders on Criteria for Quality of Students, Faculty and Higher Education Institutions are prevailing in the process of Quality Assessment of Higher Education. However the role of Industry Leaders is very much limited in the Quality Assessment Process and their perceptions on the criteria for the Quality of Students, Faculty and Higher Education Institutions is not considered.

At this juncture, the study of perceptual difference between Academic and Industry Leaders on the Quality of Higher Education is highly relevant and significant. Hence it is our objective is to study the Perception Gap between the Academic Leaders, the Professors and Industry Leaders on Criteria for Quality of Higher Education in general and Quality of Students and Faculty in particular

### **Literature Survey**

Quality Assessment in Higher Education is of global interest; government and public demand for accountability from higher education institutions has steadily increased over the past decade (Brennan, Fedrowitz, Huber, & Shah, 1999). The need for ensuring the validity and utility of the assessment process has also increased. To be useful, the assessment must meet the needs of the people whom it is intended to benefit and aid the evaluated institution to make improvements. Quality assessment is frequently undertaken in response to external authorities who expect clear, ratified criteria to be used in the accountability process. If the assessment is to be beneficial, however, change must be effected within the institution. This means that



administrators, faculty members, and students also need an understanding of the criteria that can guide and facilitate improvements in the way they function.

Diana Green<sup>2</sup> defined the Quality of Higher Education as "Producing Graduates to meet the Human Resources needs of an Organization in the Business, Industrial and Service Sectors". Quality of the product or service is measured in terms of its conformation to the specification. The definition of Quality adopted by most analysts and policy makers in Higher Education is that of Fitness for Purpose. Definition of Quality varies, and to some extent, reflects different perspectives of the individual and society. However, because different types of stakeholders in higher education the public, administration, faculty, or students have their own perspectives and goals, they assign different values to criteria or specification for quality.

Several researchers have investigated the criteria for Quality of Higher Education based on the perceptions of stakeholders namely Public, administration, faculty, or student. The public wants students to graduate with general abilities and emphasizes criteria such as communication skills (Cave & Hanney, 1992)<sup>3</sup>. University administrators are expected to show that resources are being used efficiently and effectively; for them, student completion of program requirements is an important criterion (Nadeau, Donald, & Konrad, 1992)<sup>4</sup>. Faculty view the primary obligation of the university to students to be the development of intellectual independence (Baird, 1988)<sup>5</sup> and hence focus on criteria such as the ability to think critically (Barnett, 1988; Trice & Dey, 1997)<sup>6</sup>. Students, meanwhile, are increasingly preoccupied with career concerns; they value criteria such as the ability to get a job (Dey, Astin, & Korn, 1991)<sup>7</sup>. The most common approaches to quality assessment are based on reputation and resources (Astin, 1985)<sup>8</sup>. Reputation is a global assessment of the perceived status or excellence of an institution or program, typically measured by asking knowledgeable experts to rate the institution or program. For example, presidents of research universities might rate other research universities for excellence (Cave & Hanney, 1992)<sup>9</sup>. The resource approach to quality uses input measures of faculty

and student quality and physical and fiscal resources (endowments, per-student expenditures. Within the resource approach, one of the most frequently used measures of quality is the academic ability of students at entry to college or university. A third approach uses performance indicators or global outputs to define quality indices such as program or degree completion rates, the proportion of undergraduates admitted to graduate education, or alumni satisfaction ratings. The flaw in these approaches is that they do not suggest how improvements in quality could be made. Astin recommended that quality be considered in terms of talent development. The criteria for quality in Astin's approach are grounded on an institution's ability to affect its students and faculty favourably. Students are a central focus in assessments of educational quality. What is less frequently acknowledged is that they are also major stake holders in Higher Education

Many years quality criteria have reflected administrators' or faculty priorities. As both the subjects of assessment and stakeholders, Janet G. Donald & D. Brian Denison<sup>10</sup> argued that students and their perceptions of quality criteria need to be incorporated into the assessment process. Higher Education Institutions with the greatest educational impact are those with clear and consistent educational goals that are shared by faculty and students (Chickering & Reisser, 1993; Schroeder & Hurst, 1996)<sup>11</sup>. The stakeholders were governors of university and college boards, administrators, faculty, students, and members of the larger community. They independently identified criteria of quality in universities and colleges that they considered to be important, then verified the criteria over three rounds of a Delphi procedure (Linstone & Turoff, 1975)<sup>12</sup>. Higher Education Institutions with the greatest educational impact are those with clear and consistent educational goals that are shared by faculty and students.

To date, the perceptions of the major stakeholder "Industry" on the quality criteria of students (output) and faculty (input) is ignored and left unaddressed. Hence we sought to determine the perception of Faculty and Industry on the criteria for both the Quality of Students and Faculty. The Perception Gap between Academic Leaders and Industry Leaders is sought to be

identified on criteria / factors for quality of Students such as communication skills, academic performance, generic skills, learning skills, social responsibility, employment competence and academic preparedness. It is also sought to determine the perception gap between faculty and Industry on criteria / factors for quality of faculty such as presentation skills, academic competence, interpersonal skills and team bonding skills. We sought to determine the effects of gender, Marital Status Education and Experience on Industry perceptions on students' quality

## METHODOLOGY

### Sample

A sample of 100 persons from Industry and 201 persons from Higher Education Institutions such as Engineering and Management Institutions, affiliated to Anna University, Chennai were chosen for the study. 63 % of Industry persons were from IT Industries and 37 % from Non IT Industries. Male and female form 78% and 22% respectively. 49 % of the Industrial Respondents had less than 5 years of Experience and the remaining 51 % had more than 5 years of Experience in the Industry. Married people were 43% and the unmarried people from the Industry were 57%.

Among the 201 Faculty members, 52 % were male and 48% were female. 22 % of faculty were from senior positions and 78 % were from Junior positions. 60% of Faculty were married and 40 % were unmarried. With the combination of the above, the samples had been chosen for the study.

### Procedure

A questionnaire with 25 criteria for the quality of Students and faculty was designed based on the recent research articles to examine the perception of criteria for the quality of Students and Faculty. The questionnaire was administered to 50 faculty members and 10 Industry persons as a pilot study. After conducting the validity test and the factor analysis, the questionnaire had been redesigned with 23 criteria for the quality of Students and 18 criteria for the quality of faculty. The validated and redesigned questionnaire was administered to 201 faculty from 5 different

Engineering & Management Institutions in person. The Questionnaire was also mailed to 200 Industrial persons and received 100 responses from both IT and Non It Industries. Faculty and Industry people were informed that their participation was being solicited to achieve a better understanding of the perception of the Industry and Faculty on Quality of Students and Faculty and to improve the Quality of Higher Education Institutions. In one section of the questionnaire, Faculty and Industry were presented with the set of 23 criteria for Quality of Students and in another section with the set of 18 criteria for the quality of faculty. Faculty and Industry were asked to use a 5-point response scale (1 = not at all important, 2 = somewhat important, 3 = important, 4 = quite important, 5 = extremely important) to indicate how important they felt each criterion was for evaluating the quality of a student and faculty. Factor analysis and the reliability test were conducted on the collected data and the tables were formulated (Table 1 – 4).

### Analysis & Results

Communication Skills, Academic Performance, Generic Skills, Learning Skills, Social Responsibility, Employment Competence and Academic Preparedness are found as the factors for the **criteria for the quality of Students**. The loading of the perceptions of Industry and faculty on the criteria for the quality of Students were calculated and tabulated. The relationship coefficient was determined ( **$r = 0.425$  &  $p = 0.342$** ) and it was found that there is no relationship between the perceptions of Industry and Faculty. The Deviation between the Industry and Faculty was found to be very high on Generic Skills by 7% ( **$p < 0.01$  &  $t = 21.346$** ). The major criterion is the Basic Mathematical Competency. Perceptions of Industry Leaders were higher than the Academic Leaders. The gap needs to be bridged to improve the employability of students. There is no gap between the perceptions Faculty and Industry on Communication Skills . However the perception of Faculty on Academic Preparedness is higher than the Industry by 8% ( **$p < 0.01$ ,  $t = 5.128$** ). The perception gap between Industry and Faculty was on two factors Generic Skills and Academic Preparedness. (Table 5 & Figure 1)

Presentation Skills, Academic Competence, Interpersonal Skills and Team Bonding Skills are found as the factors for the **criteria for the quality of faculty**. The loading of the perceptions of Industry and faculty on the criteria for the quality of Faculty were calculated and tabulated. The relationship coefficient was determined and it was found that there is no relationship between the perceptions of Industry and Faculty ( **$r = 0.286$ ,  $p = 0.714$** ). The Deviation between the Industry and Faculty on Presentation Skills was found to be very high by 17% ( **$p < 0.01$ ,  $t = 22.536$** ). It was also observed that on all factors the perceptions of Industry on criteria for quality of staff were than the faculty. The Gap between them was considerably higher on Interpersonal skills by 6% ( **$p < 0.01$ ,  $t = 19.256$** ). (Table 6 & Figure 2).Regression Analysis was also conducted and it was observed that the perceptions on factor "Academic Performance" differed with age, gender, educational qualifications and experience of the Industry respondents. It was also observed that the perceptions on factor "Intelligence" varied with age, year of passing and experience. The perceptions on "Learning Skills" were different for the Industry respondents with different educational qualifications

### **Limitations**

The samples were taken mostly from Engineering and Management Institutions and IT Industries. Extending the samples to Arts and Science Colleges, Leading Research Institutions and other professional colleges may yield better insight.

### **Further Research**

The results of this study suggest several avenues for further research. It may be extended to Arts and Science colleges and Leading research organisations. Differences in the perceptions of Industry on criteria for Quality of faculty and students signify a need for further exploration as they are the input and output for higher education. The study on Perceptions gap between Students and Industry & Alumni and Industry would be a great boon to improve the Quality of the Higher Education.

### **Conclusion**

Investigations revealed that there was wide gap between the perceptions of Industry and Faculty on criteria for Quality of students especially on Generic Skills and Academic preparedness. The Gap was even wider on the criteria for quality of faculty especially on presentation skills of the faculty. The perception Gap between Industry and Faculty must be bridged to improve the employability of students and enhance the quality of Higher Education. Policy makers should introduce Indian Educational Services Examination which includes the criteria for quality with respect to Industry perception to recruit faculty on par with Civil Services Examination. The salary of IES qualified faculty should be the most attractive package best among all Industries to enhance the quality of Higher Education.

**TABLE : 1**

Criteria for Quality of Students according to Industry Perception

Reliability Test: Alpha = 0.832 KMO = 0.732

**FACTOR ANALYSIS**

S.No	Questionnaire	Factor	Loading	Alpha	Mean	Variance
20	Written Communication Skills	I	0.789 R	0.781	4.13	0.723
21	Presentation skills	I	0.742 R			
22	Oral Communication skills	I	0.818 R			
<b>ACADEMIC PERFORMANCE</b>						
7	Openness and Flexibility	II	0.573 R	0.606	0.37	0.85
12	Completion of Program requirements	II	0.712 R			
13	Expertise at the end of the program	II	0.714 R			
<b>GENERIC SKILLS</b>						
3	Basic Mathematical Competency	III	0.684 R	0.594	4.017	0.778
6	Sense of Responsibility	III	0.757 R			
8	Ability to interact with others	III	0.635 R			
<b>LEARNING SKILLS</b>						
9	Effective study skills & habits	IV	0.487 R	0.62	3.86	0.881
10	Moral & Ethical Reasoning	IV	0.555 R			
16	Commitment to lifelong learning	IV	0.686 R			
19	Ability to apply knowledge	IV	0.795 R			
<b>SOCIAL RESPONSIBILITY</b>						
17	Commitment to Physical Fitness	V	0.618 R	0.515	3.41	0.980
23	Commitment to Social Concerns	V	0.763 R			
<b>EMPLOYMENT COMPETENCE</b>						
11	Personal Student Development	VI	0.411 R	0.687	4.00	0.725
14	Ability to get a job	VI	0.846 R			
15	Performance on the job	VI	0.722			
<b>ACADEMIC PREPAREDNESS</b>						
01	Secondary School Preparation	VII	0.806 R	0.313	3.44	1.159
02	Preparedness for a specific program	VII	0.675			
18	Leadership Skills	VII	0.407			
<b>INTELLIGENCE</b>						
04	Intelligence	VIII	0.576 R	0.542	4.01	0.80
05	Commitment to Learning	VIII	0.447 R			

**TABLE : 2**

Criteria for Quality of Faculty according to Industry Perception

Reliability Test: Alpha = 0.866 KMO = 0.808

**FACTOR ANALYSIS**

S.No	Questionnaire	Factor	Loading	Alpha	Mean	Variance
4	Presentation Skills	I	0.559	0.676	4.128	0.703
5	Approachable by Students	I	0.663			
9	Leadership Skills	I	0.572 R			
15	Friendliness with Students	I	0.847 R			
<b>SOCIAL RESPONSIBILITY</b>						
12	Commitment to Social Concerns	II	0.688 R	0.732	3.5	1.066
16	Temperament	II	0.645 R			
17	Sense of Humour	II	0.488 R			
18	Commitment to Research	II	0.745 R			
<b>ACADEMIC COMPETENCE</b>						
1	Ability to Explain Clearly	III	0.643 R	0.714	4.308	0.542
3	Depth of Knowledge	III	0.754 R			
8	Problem Solving Skills	III	0.549 R			
10	Commitment to Knowledge Updation	III	0.641 R			
<b>INTERPERSONAL SKILLS</b>						
2	Ability to Encourage the students	IV	0.757 R	0.666	4.193	0.67
11	Commitment to Ethical Values	IV	0.477 R			
14	Confidence	IV	0.593 R			
13	Enthusiasm	IV	0.536 R			
<b>TEAM BONDING SKILLS</b>						
06	Ability to use Computer & Technology	V	0.758 R	0.594	3.81	0.815
07	Ability to work as a Team Member	V	0.735 R			

**TABLE : 3**

Criteria for Quality of Students according to Faculty Perception

Reliability Test : Alpha = 0.873 KMO = 0.848

**FACTOR ANALYSIS**

S.No	Questionnaire	Factor	Loading	Alpha	Mean	Variance
<b>ACADEMIC PERFORMANCE</b>						
5	Commitment to Learning	I	0.500 R	0.744	3.766	0.964
11	Personal Student Development	I	0.666 R			
12	Completion of Program requirements	I	0.763 R			
13	Expertise at the end of the program	I	0.673 R			
<b>SOCIAL RESPONSIBILITY</b>						
16	Commitment to Life Long Learning	II	0.654 R	0.622	3.641	1.115
17	Commitment to Physical Fitness	II	0.581 R			
18	Leadership Skills	II	0.508 R			
23	Commitment to Social Concerns	II	0.657 R			
<b>COMMUNICATION SKILLS</b>						
20	Written communication skills	III	0.799 R	0.704	4.0	0.890
21	Presentation skills	III	0.653 R			
22	Oral Communication skills	III	0.752 R			
<b>LEARNING SKILLS</b>						
4	Intelligence	IV	0.394 R	0.7	3.69	0.986
7	Openness and Flexibility	IV	0.561 R			
8	Ability to interact with others	IV	0.740 R			
9	Effective study skills & habits	IV	0.560 R			
10	Moral & Ethical Reasoning	IV	0.529 R			
<b>ACADEMIC PREPAREDNESS</b>						
2	Preparedness for a specific Program	V	0.717 R	0.577	3.862	0.832
6	Sense of Responsibility	V	0.718 R			
19	Ability to apply knowledge	V	0.504 R			
<b>EMPLOYMENT COMPETENCE</b>						
14	Ability to get a job	VI	0.761 R	0.590	4.152	0.995
15	Performance on the job	VI	0.632 R			
<b>GENERIC SKILLS</b>						
1	Secondary School Preparation	VII	0.757 R	0.475	3.652	1.152
3	Basic Mathematical Competency	VII	0.689 R			

**TABLE : 4**

Criteria for Quality of Staff according to Faculty Perception  
 Reliability Test : Alpha = 0.882 KMO = 0.866

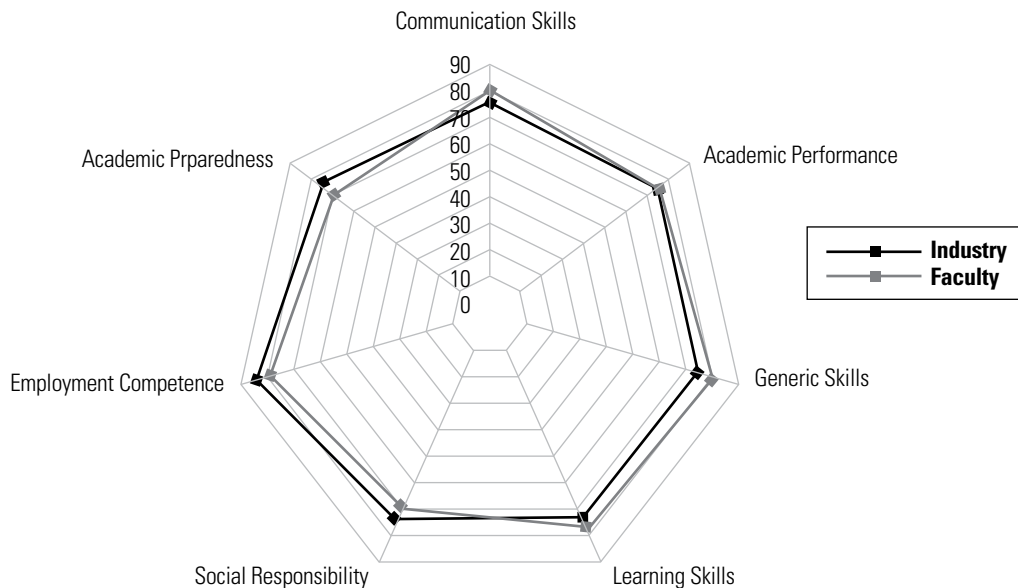
**FACTOR ANALYSIS**

S.No	Questionnaire	Factor	Loading	Alpha	Mean	Variance
1	Ability to Explain Clearly	I	0.717 R	0.796	4.151	0.830
3	Depth of Knowledge	I	0.662 R			
4	Presentation Skills	I	0.698 R			
6	Ability to use Computer & Technology	I	0.512 R			
10	Commitment to Knowledge updation	I	0.574 R			
14	Confidence	I	0.548 R			
18	Commitment to research	I	0.575 R			
<b>TEAM BONDING SKILLS</b>						
7	Ability to work as a Team Member	II	0.614 R	0.795	3.79	1.015
8	Problem Solving Skills	II	0.541 R			
9	Leadership Skills	II	0.415 R			
11	Commitment to Ethical Values	II	0.672 R			
12	Commitment to Social Concerns	II	0.769 R			
<b>INTERPERSONAL SKILLS</b>						
2	Ability to Encourage the students	III	0.521 R	0.678	3.9	0.8
5	Approachable by Students	III	0.775 R			
13	Enthusiasm	III	0.620 R			
<b>PRESENTATION SKILLS</b>						
15	Friendliness with Students	IV	0.759 R	0.649	3.244	1.174
16	Temperament	IV	0.609 R			
17	Sense of Humor	IV	0.739 R			

**TABLE : 5**  
**Perceptions of Industry and Faculty on Criteria for Quality of Students**

Factors	Perceptions of Industry	Deviation (D)	Relationship Coefficient (r)	Faculty
Communication Skills	82.8667	79.9005	2.96617	0.42522 P value = 0.342
Academic Performance	74	75.3234	1.32338	
Generic Skills	80.3333	73.0348	7.29851	
Learning Skills	77.2	73.7512	3.44876	
Social Responsibility	68.1	72.8109	4.71095	
Employment Competence	80	83.0348	3.03483	
Academic Preparedness	68.7333	77.2471	8.51376	

**Perception Gap between Industry and Faculty on Criteria for Quality of Students**



**Figure : 1**

**TABLE : 6**  
**Perceptions of Industry and Faculty on Criteria for Quality of Faculty**

Factors	Perceptions of Industry	Deviation (D)	Relationship Coefficient (r)	Faculty
Presentation Skills	82.55	64.87562	17.67438	0.286258 P value = 0.714
Academic Competence	86.15	83.0135	3.136496	
Interpersonal Skills	83.85	77.77778	6.072222	
Team Bonding Skills	76.2	75.801	0.399005	



## Perception Gap between Industry and Faculty on Criteria for Quality of Faculty

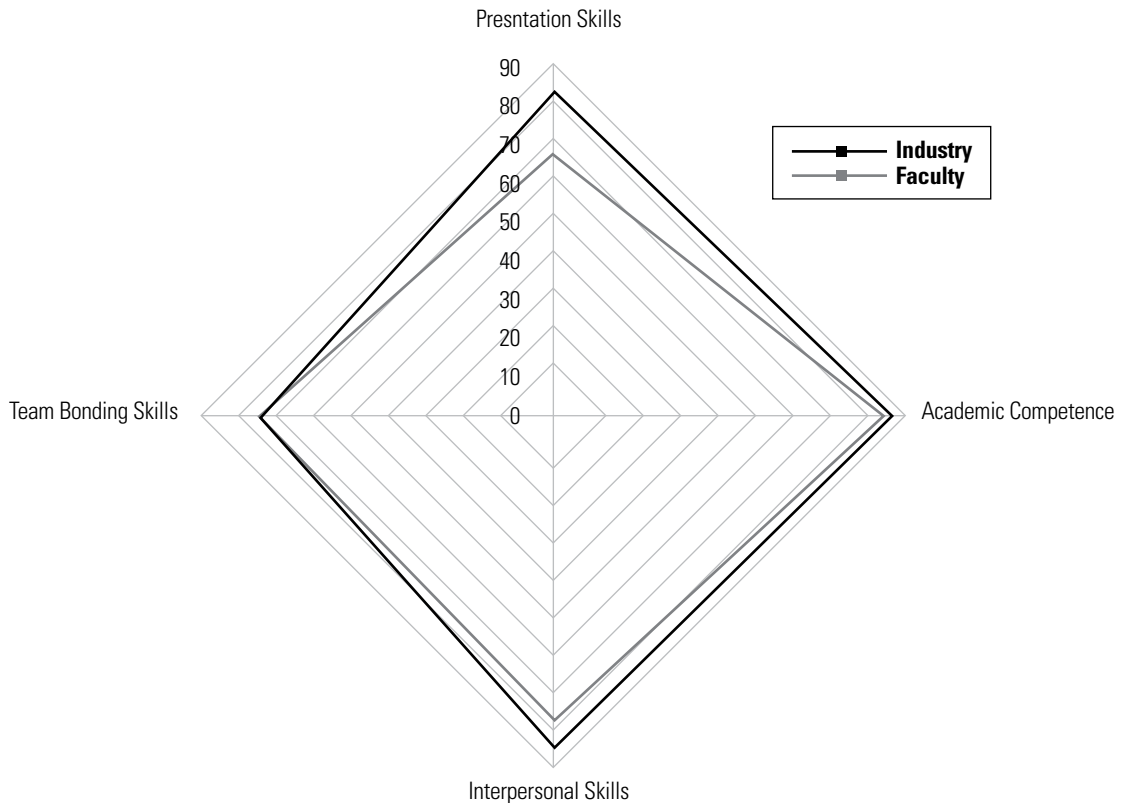


Figure : 2

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## APPENDIX

### (A) Criteria for Evaluating Quality of Students

1. Secondary School Preparation
2. Preparedness for a specific program
3. Basic Mathematical Competency
4. Intelligence

5. Commitment to Learning
6. Sense of Responsibility
7. Openness and Flexibility
8. Ability to interact with others
9. Effective study skills & habits
10. Moral & Ethical Reasoning
11. Personal Student Development
12. Completion of Program requirements
13. Expertise at the end of the program
14. Ability to get a job
15. Performance on the job
16. Commitment to lifelong learning
17. Commitment to Physical Fitness
18. Leadership Skills
19. Ability to apply knowledge
20. Written communication skills
21. Presentation skills
22. Oral Communication skills
23. Commitment to Social Concerns

### (B) Criteria for Evaluating Quality of Staff

1. Ability to Explain Clearly
2. Ability to encourage the students
3. Depth of Knowledge
4. Presentation Skills
5. Approachable by Students
6. Ability to use Computer & Technology
7. Ability to work as a Team Member
8. Problem Solving Skills
9. Leadership Skills
10. Commitment to Knowledge updation
11. Commitment to Ethical Values
12. Commitment to Social Concerns
13. Enthusiasm
14. Confidence
15. Friendliness with Students
16. Temperament
17. Sense of Humour
18. Commitment to Research

## The Role of Industry as a Partner in Providing Innovative Leadership to Guide the Education and Training of a High Quality Workforce in a Rapidly Changing Industry

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### Abstract

Over the past decade, a large number of graduates who enter the workforce do not possess all the skill sets required by the industries. Educational institutions have not been able to prepare the students to face the demands of the workplace. Ideally all students who complete their schooling should have acquired the skills needed for employment however this is not the situation prevailing among the educated youth. The students need the following skills to excel in the workforce: reflective thinking, problem solving skills and personal effectiveness; which are not part of the curriculum. Today the industry has awakened to its role in the society to collaborate with educational institutions to help the students make a smooth transition to the world of work. This paper examines the efforts of Everonn Systems India Ltd., an industry dealing with education, collaborating with educational institutions to train the younger generation to adapt to the complex demands of a work environment effortlessly. The skills imparted to the youngsters prior to placement will improve their prospects and develop their confidence to compete in the emerging job markets. The quality of a workforce is determined by such skilful applicants. Quality workforce will increase profitability and enhance the corporate image.

**Key words :** *Workforce/ Employability skills/ Industry and Educational Institutions collaboration/ Employer/ Employee/ Transition/ Educational Institutions/ Job market/ Employment/ Developmental Tasks/ Manpower*

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### Background

Fresh graduates find it difficult to make a smooth transition from college to work environment. According to industry estimates, in India, only a quarter of all graduates are employable and about 80% of job seekers

in employment exchange are without any professional skills. The problem lies in quality and not quantity of manpower (Duggal, 2005).

The major reason for the above trend is that the students are not specifically prepared by educational institutions

for the demands of a work environment. Whereas, several studies indicate that enhancing the skills of the workforce is primarily achieved through education and training (Borghans, Green & Mayhew, 2001). Thus educational institutions have the main responsibility of providing graduates with fundamental workplace skills which would contribute to their achievement as a young adult. It is important to understand the nature of skill gaps and what causes them in order to develop sound employment, education, and training practices (Shah & Burke, 2005).

In the light of the above background, it was thought meaningful to explore the relationship between quality workforce (i.e. employees whose employability skills meet the expectations of their employers) and the education they receive from college and the training they receive from their workplace.

The objectives of the present study are to:

1. Determine the importance of different skills as per the employer's viewpoint
2. Identify the employability skills that the graduates are lacking from an employer's perspective
3. Identify the skills of the graduates which could be improved after receiving proper training
4. Suggest recommendations for future action with a focus on skills required for the present workforce.

## Review of Literature

Employers feel that there is a huge skill gap between what the students are learning in college and what they actually need to be a success in the work environment. Skill gaps are disparities between the skills employers need and the skills that workers have (Sacramento Observer, 2002). The widening gap between an employee's skills and the demands of a workplace is not surprising since the education and training for employees is provided by educational institutions that are always lagging behind industry requirements.

According to Buck and Barrick (1987), "employability skills are the attributes of employees, other than technical competence, that make them an asset to the employer". Sir Brian Corby (1992) says that through a systematic analysis of all the types of jobs undertaken by graduates in their first two years of employment, the following key attributes have been identified: oral/written communication skills, listening skills, job motivation skills, decision making, management of time and work and teamwork.

According to Donald Super (1957), there are five stages in the Theory of Vocational Development. The stage which is of interest to us is the Exploration Stage, which is between 15 to 24 years, where the individual begins to develop an awareness of occupations. The

**Table 1: The Seven Vectors of Student Development and the skills related to each task**

	<b>7 developmental tasks</b>	<b>Skills</b>
1	Achieving Competence	Developing intellectual competence
2	Managing Emotions	Resolving authority (child/parent, student/professor, employee/employer)
3	Moving through Autonomy toward Interdependence	Becoming self-sufficient, and learning interdependence and team skills
4	Developing Mature Interpersonal Relationships	Learning tolerance for people and their beliefs
5	Establishing Identity	Assessing self interests and becoming aware of one's strengths and weaknesses
6	Developing Purpose	Developing career plans and goals
7	Developing Integrity	Identifying work values to become socially responsible

Source: *Seven Vectors of Student Development - Education and Identity - Chickering, A. W. and Reisser, L. (1993)*

theoretical framework for the present study is Chickering and Reisser's (1993) Theory of Identity Development. Chickering and Reisser's model has materialized from extensive research conducted with students aged 17 to 24 years and focuses on the developmental tasks a student undergoes during the transition from an adolescent to a young adult and the development task he/she needs to determine before a career option can be made:

In the Indian context, the children in the age group of 17 to 24 years are still in college. The Indian education system gives more importance to academics and linguistic skills and lays less emphasis on practical education which hinders the student's on-the-job application, reasoning skills, problem-solving skills, etc. India produces 400,000 technically trained graduates a year, but many are deficient in areas of specific technical skills, teamwork, and language (Duggal, 2005). As the level of preparedness of young graduates' employability skills could affect their professional development, it is the responsibility of the educational institutions to collaborate with the employers (industry) to conceive and implement a program which would provide the students the necessary employability skills to aid them in their career aspirations.

## Research Questions

- Does education provide the students with the necessary skills to help them make a smooth transition from college to work?
- Does training improve the employability skills of the candidates?
- Does collaboration between industry and educational institution promote quality workforce?

## Hypothesis

Training enhances the employability skills of the employees.

## Sample and Method of Study

Following an extensive review of literature, two questionnaires were developed. The questionnaires used a four-point Likert-type scale that focused on the objectives of the research. Table 2 gives a description of the questionnaires:

The questionnaires were e mailed to 50 employees and 50 employers. The respondents for this study were (a) graduate employees and (b) employers of different sectors (education, hotel industry, pharmaceuticals, marketing). Twenty one (42%) employers and 30 (60%) graduate employees responded to the questionnaires. Table 3 gives the details of the respondents:

**Table 2: Description of the questionnaire**

<b>Employee Questionnaire</b>
The response scale for this questionnaire was as follows: 4 = very good/ 3 = good/ 2 = satisfactory/ 1 = requires improvement.
Rates the graduate's perception of the skills they had acquired from college and rates the same skills after time spent in a work atmosphere
<b>Employer Questionnaire</b>
Part I - The response scale for this questionnaire was as follows: 4 = very good/ 3 = good/ 2 = satisfactory/ 1 = requires improvement.
Because of the problem which could arise in self ratings, the employers were also requested to assess the employability skills of their employees freshly out of college and after spending minimum six months in a work atmosphere.
Part II - The response scale for this questionnaire was as follows: 4 = very important/ 3 = important/ 2 = less important/ 1 = not at all important.
Rates the importance allocated to the skills required in a candidate from employer's perspective.

**Table 3: Details of the respondents**

	<b>30 out of 50 Employees</b>	<b>21 out of 50 Employers</b>
Age	24 to 27 years	35 – 50 years
Female	63% female	43% female
Male	37% male	57% male
Educational Qualifications	60% Arts graduates	
	40% Science graduates	
Experience	100% had 1 year job experience	
Salary	Salary ranged from Rs.7000 - Rs.10,000	
Occupation	40% executives	24% heads of department
	27% coordinator	48% managerial position
	27% faculty members	28% director position
	6% data entry operators	
		70% were from public sector
		30% were from private sector

**Baseline Data**

- *Objective One: Determine the level of importance of different employability skills as per the employer’s perspective.*

Reading from Figure 1, we can conclude that the employers feel that all the skills have almost equal weightage ranging from important to very important.

**Developing integrity:** 76% of the employers had rated this ability as the most important skill.

**Interpersonal skills:** 62% to 71% of the employers agreed that ability to build rapport with team members, ability to cooperate and work with others and willingness to listen to others as very important skills.

**Analytical skills:** 57% to 67% agreed that ability to think coherently in handling daily tasks, ability to identify problems and offer suitable solutions and ability to prioritize the problems in order to offer a solution was very important skills.

**Intrapersonal skills:** 57% to 62% employers had rated the ability to behave well in a social setup; ability to persevere, ability to work well in a stressful environment and a good sense of dressing and personal hygiene as very important skills.

**Developing purpose:** 52% to 57% felt that ability to know one’s strengths and weakness and set goals and prioritize work was very important.

- *Objective 2: Identify the employability skills lacking in the graduates – from an employer’s perspective:*

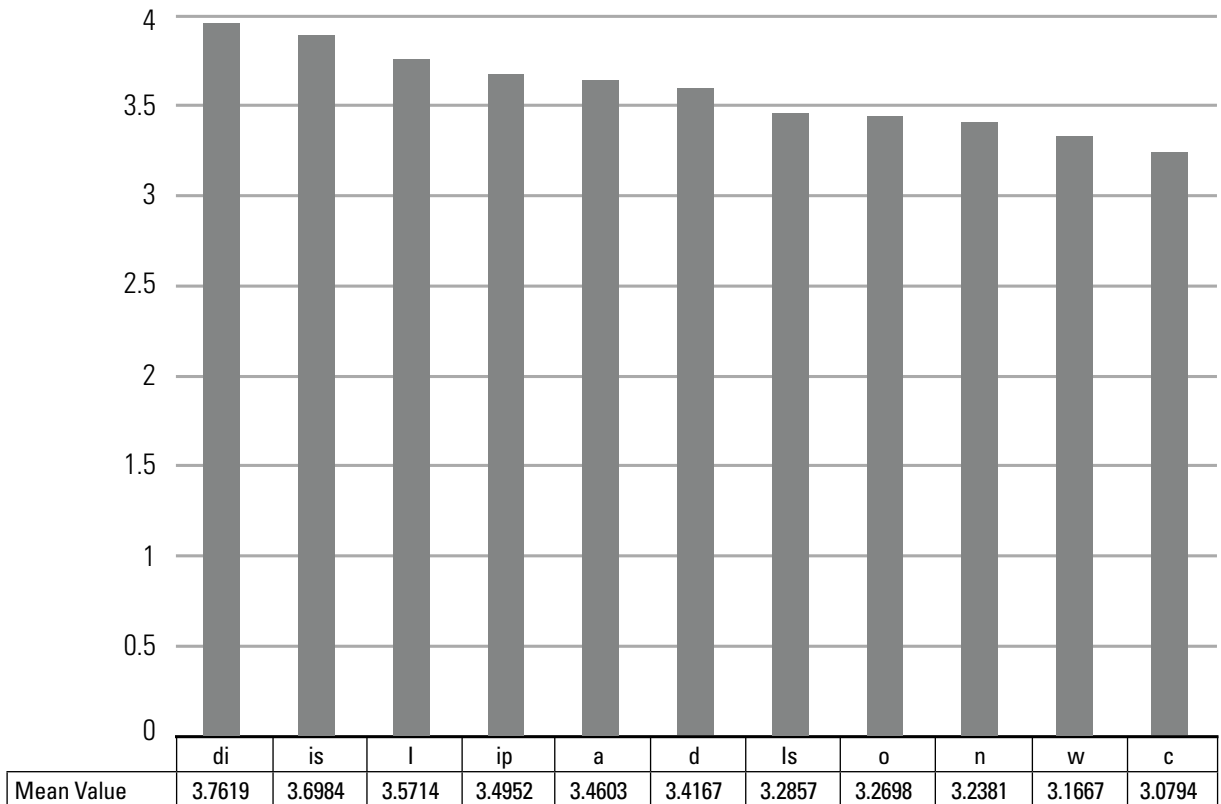
Table 4 proves that before getting trained most of the employability skills of the graduates are in the “satisfactory” level.

**Table 4: Identifying the employability skills lacking in graduates – employer’s perspective**

	<b>Mean</b>	<b>Std. Deviation</b>
Oral communication skills	2.6889	.64287
Written communication skills	2.8333	.71116
Listening skills	2.8333	.79148
Computer skills	2.9222	.95766
Numeric competency	2.5333	.90909
Analytical skills	2.5556	.67429
Intrapersonal skills	2.8933	.55766
Leadership skills	2.8000	.64327
Interpersonal skills	3.0889	.66628
Developing purpose	2.6167	.65894
Developing integrity	3.2333	.72793

4 = very good/ 3 = good/ 2 = satisfactory/ 1 = requires improvement.

**Figure 1 : Employers’ rating of the employability skills on the level of importance**



**o** – oral communication skills / **w** – written communication skills / **l** – listening skills/ **c** – computer skills/  
**n** – numeric competency/ **a** – analytical skills/ **ip** - intrapersonal skills/ **ls** – leadership skills/  
**is** – interpersonal skills/ **d** – developing purpose/ **di** – developing integrity

The satisfaction level for “developing integrity” is the highest (Average=3.23, S.D=0.72). The satisfaction level for “Numeric Competency” is lowest (Average=2.53, S.D.=0.90), followed by “Analytical skills” (Average=2.55, S.D.=0.67) and “Developing Purpose” (Average=2.61, S.D.=0.65). The next lowest satisfaction level is that of “Oral communication skills” (Average=2.68, S.D.=0.64). The satisfaction level of the employer with regard to the employee’s “Written communication skills” and “Listening skills” remained the same (Average=2.833)

Employers were also dissatisfied with the leadership skills of the employees ((Average=2.80, S.D.=0.64).

### Statistical Analysis

- *Objective 3: Identify the skills of the graduates which could be improved after receiving proper training:*

The comparison, of employability skills before and after training from an employer’s perspective, was done using paired sample t Test. .05 was set for testing the level of mean differences.

**Table 5: Comparing the employability skills of the graduates before training and after training from an employer's perspective**

Skills	Mean	Mean Diff.	t		Sig. (2 tailed)
	Before Training	After Training			
Oral communication skills	2.6889	3.5111	.8222	7.370	<.001
Written communication skills	2.8333	3.5333	.7000	7.918	<.001
Listening skills	2.8333	3.6000	.7667	6.707	<.001
Computer skills	2.9222	3.7333	.8111	5.389	<.001
Numeric competency	2.5333	3.3667	.8333	7.196	<.001
Analytical skills	2.5556	3.4333	.8778	7.510	<.001
Intrapersonal skills	2.8000	3.6200	.7267	11.626	<.001
Leadership skills	2.8000	3.5267	.7267	8.245	<.001
Interpersonal skills	3.0889	3.6778	.5889	7.571	<.001
Developing purpose	2.6167	3.5500	.9333	9.181	<.001
Developing integrity	3.2333	3.7667	.5333	5.757	<.001

Table 5 presents mean differences among various skills between before and after training. It can be seen from Table 5 that the differences between before and after mean scores of all the skills are significant (p-value <.001). The significance of difference was tested by using Students t (t). The t values are significant in favour of mean scores for the after training of the employability skills.

- *Does education provide the students with the necessary skills to help them make a smooth transition to work?*

From Table 5, we can infer that the employers surveyed were of the opinion that employees straight from college did not have the necessary employability skills thus proving that education does not provide the students with skills required to satisfy the job requirements. We can see from Figure 2 that the employability skills of a graduate fresh out of college are between the "satisfactory" to "good" scores.

In fact the fresh graduates have themselves rated the following skills as not up to the standard of the employer's expectations: Most of them felt that their ability to comprehend data and to coherently handle daily tasks and identify problems to offer suitable solutions was between the "satisfactory" and "requires improvement" levels.

Nearly everyone felt that they did not have adequate knowledge of presentation skills, basic communication skills and to identify their own strengths and weaknesses.

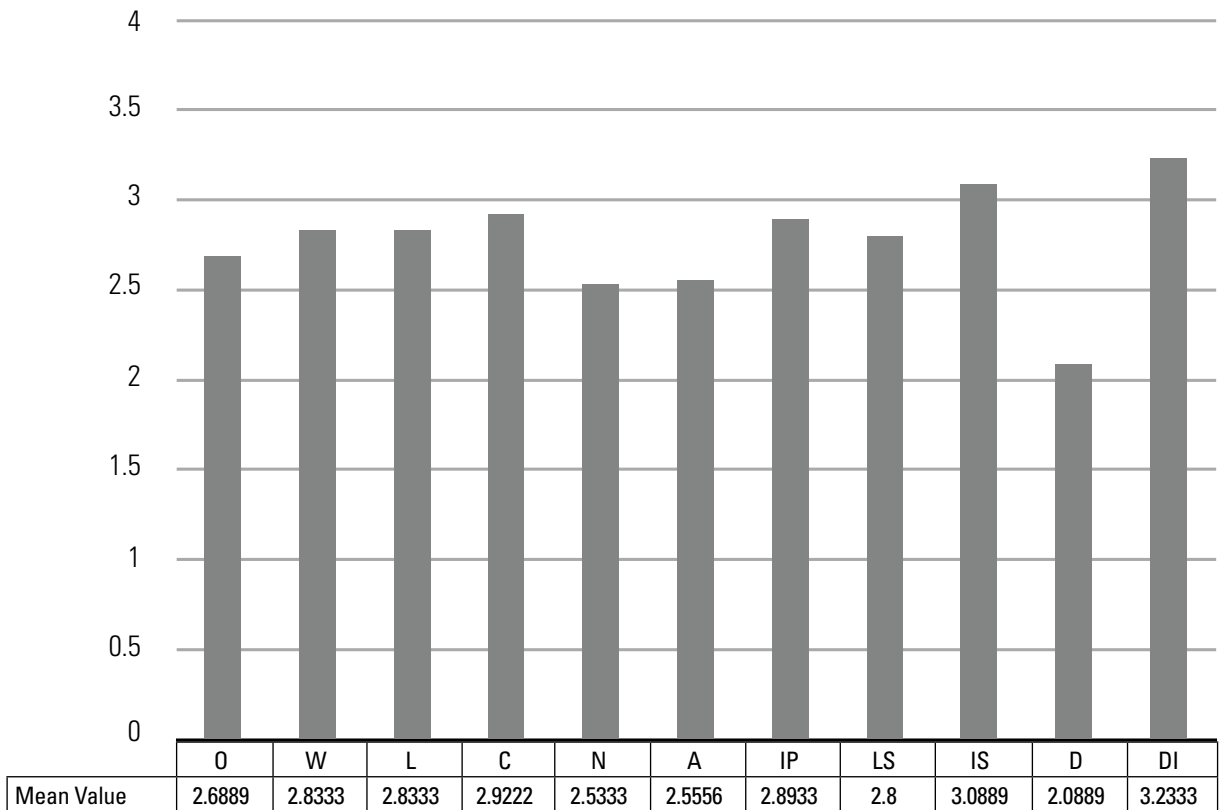
- *Does training improve the skills of the candidates?*

The graduates' competency in the employability skills before getting trained with regard to the importance of the skills from an employer's perspective has been graphically represented as quadrants with a midpoint of 2.5 on the 4-point response scale in Figure 3. We can see from Figure 3, that only listening skill is in the 'important skill and high competence' quadrant. Fresh graduates show very low competence in the other important skills.

Figure 4 gives the quadrants for competency in the employability skills of the graduates after training vs the importance of the skills from an employer's perspective. Figure 4 indicates that after training the competence level in all the skills has greatly improved. Therefore, it confirms that a training program would greatly improve the graduate's chances of doing well in a work environment. The training program should cover all the skills which were found inadequate in the young graduates by their employers.

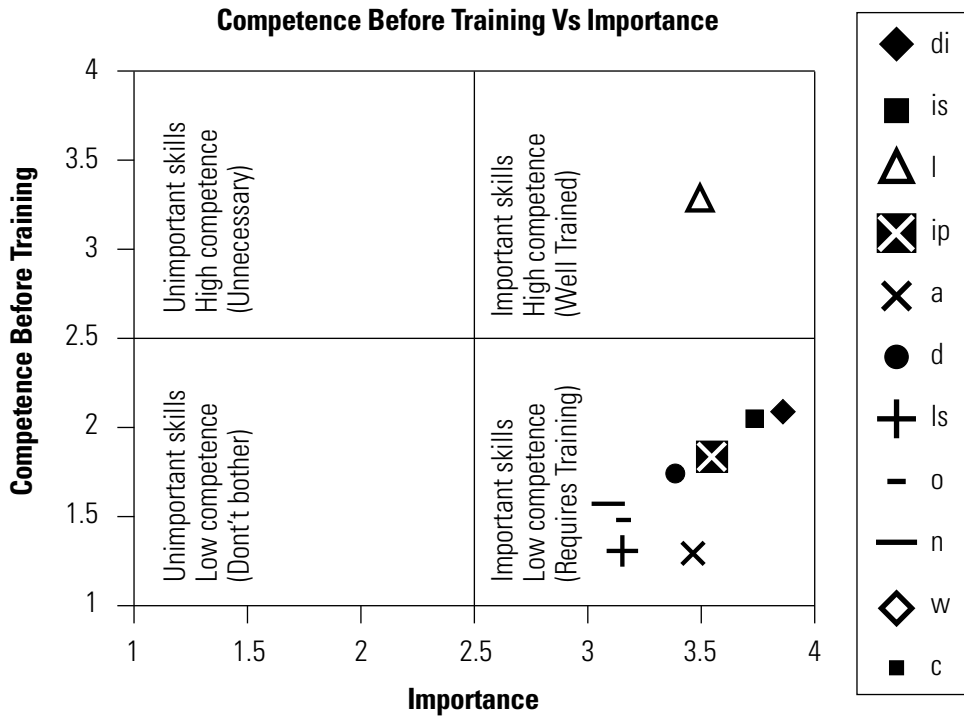


**Figure 2 : Graduates' rating of the employability skills before joining a work environment**



**o** – oral communication skills / **w** – written communication skills / **l** – listening skills/ **c** – computer skills/  
**n** – numeric competency/ **a** – analytical skills/ **ip** - intrapersonal skills/ **ls** – leadership skills/  
**is** – interpersonal skills/ **d** – developing purpose/ **di** – developing integrity

**Figure 3: Comparison of the employer’s perspective of the graduate’s competence in employability skills before training with the employer’s rating of the importance of the employability skills**



**o** – oral communication skills / **w** – written communication skills / **l** – listening skills/ **c** – computer skills/  
**n** – numeric competency/ **a** – analytical skills/ **ip** - intrapersonal skills/ **ls** – leadership skills/  
**is** – interpersonal skills/ **d** – developing purpose/ **di** – developing integrity

**Figure 4 : Comparison of the employer’s perspective of the graduate’s competence in employability skills after training with the employer’s rating of the importance of the employability skills**



**o** – oral communication skills / **w** – written communication skills / **l** – listening skills/ **c** – computer skills/  
**n** – numeric competency/ **a** – analytical skills/ **ip** - intrapersonal skills/ **ls** – leadership skills/  
**is** – interpersonal skills/ **d** – developing purpose/ **di** – developing integrity

- *Does industry and educational collaboration promote quality workforce?*

The results of the study described above confirm that the skills of the candidates can improve if proper training is given. It also confirms that employers are the best people to consult in order to provide a training program which will complement the academic skills of the students with employability skills. The very first step towards the same took place when “The School of Employability” formally run by the Reliance division NIS Sparta, was launched in Chennai in 2006. Such training schools have enhanced the employability of fresh graduates by equipping them with the necessary skills. Many such initiatives are being taken by other industries like Tata Consultancy Services (TCS) who are taking pre and post employment initiatives for enhancing employability. Apart from this, NASSCOM has launched various programmes which ensure the transformation of labour force into an employable workforce.

Unimportant skills

High competence (Unnecessary)

Important skills

High competence (Well Trained)

Unimportant skills

Low competence (Don't bother)

Important skills

Low competence (Training Required)

However, research has confirmed that college students develop along Chickering and Reisser's vectors during their college life (Cooper, Healy, & Simpson, 1994; Martin, 2000; Straub, 1987). Therefore it is vital that

students in the age group of 17 to 24 be effectively trained in their developmental tasks in order to facilitate their smooth transition from college to vocation. Everonn Systems has taken the leadership role in conceiving a program incorporating the different skills found lacking in the graduates in order to make a smooth entry into professional life.

Table 6 gives the charter of the developmental tasks in a student's life. In the first year, the student has to master the first four developmental tasks. By the second year, the dominating developmental task is establishing identity. In the third year, the dominating developmental tasks are developing purpose and integrity (MacKeracher. D., 1996).

The above charter forms the base for Everonn's training program which is divided into three modules comprising the following components:

- In the first year, the module will help the students to enhance their interpersonal skills and develop their communication skills.
- In the second year, the module will help the students clearly assess their strengths and weaknesses.
- In the third year, the module will help the students to have a broad understanding of the career options and the steps they have to take to make the right choice.

The program takes into consideration all the skills that have been found lacking in job applicants. Transcending time and space, Everonn provides an interactive virtual classroom where the instructor delivers the class from the studio end to students spread across geographic locations. Satellite system facilitates the

**Table 6: The charter of development tasks in the lives of college students**

I year	II year	III year
Achieving competence		Developing purpose
Managing Emotions		
Moving from dependence to autonomy to interdependence	Establishing Identity	
Developing Mature Interpersonal relationships		Developing Integrity

Source: *Development of Young Adults - Mackeracher. D. (1996)*

dissemination of knowledge to the rural and even the remote population.

## Conclusions

Within the limitations of the study, the following conclusion was drawn:

1. The base data showed that the employees, at the time of employment, possessed acceptable levels of all the employability skills.
2. Training further significantly enhances the employability skills of the employees
3. Education alone does not equip the students with the necessary skills to make a smooth transition to work; however, in collaboration with industry, education can train the students to gain the necessary skills to meet the requirements of the job market.

We find that the graduates coming out of their college are ill equipped to face the demands required in their workplace. This includes the following skills: communication skills, computer skills, numeric competency, analytical skills, intrapersonal skills, leadership skills, interpersonal skills, skills to develop purpose and integrity. The candidates have not been trained in any form to face the demands of the industry and hence face a big challenge in their workplace. So it is inevitable to train the graduates in the above skills before they enter employment in order to make them confident and successful individuals. Everonn believes that its innovative leadership initiative will go a long way to help and guide the young adults to be well equipped for a professional life through their education.

## Suggestions for Further Research

This study has laid the foundation for creating a training program which would incorporate the skills needed to help the students make a successful transition from college to work. Further research needs to be undertaken to determine whether the program has really contributed in helping students make a successful transition into the employment field.

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## 'Women managers in higher education: experiences from the UK'

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*University of Sussex, The author would like to thank all the women managers who talked to me about their work,  
for sharing their time, thoughts and insights*

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### Abstract

In this paper, case studies of women undertaking middle management positions in a UK university are presented and analysed, within the context of continuing under-representation of women managers in higher education. In-depth interviews were carried out with six women heads, or former heads, of department, in order to obtain their perspectives on their day to day management experiences, longer term strategies and goals, relationships with colleagues and management styles. The women all perceived their greatest strength as people management and collegiality, and gender was embedded in their work in a complex way. Some recommendations for universities to enhance the opportunities for, and status of, women managers are suggested in conclusion.

*Key words & Phrases : Higher Education, Women Students, Women Academics*

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### Introduction

The number of women entering higher education (HE) has increased significantly over the last ten years, as have the numbers of women working in higher education and gaining promotion. However, women are still under-represented in senior management positions and among the professoriate. Within the context of increasing demands for high quality leadership and management in higher education, it is important to study women who have already succeeded in obtaining senior university positions and to identify the leadership skills and qualities that they bring to such roles. It is also vital to highlight the characteristics of forward-looking, supportive academic environments, in which women's potential for academic leadership is

recognised and rewarded. In this paper, case studies of women undertaking middle management positions in a UK university will be presented and analysed. We start by discussing the wider context for this study.

### Women students and managers in higher education

The study is located within the policy context of rapid global expansion of higher education over the last ten years. A study of 30 countries by OECD (2002) found that women students represented 54% of all graduates in 2002. In the UK, enrolment in HE has increased by 33% since 1996, especially in part-time courses, with increasing diversity in the student body. This includes a rise in the number of women entering HE, representing

57% of undergraduates by 2006/7 (HESA 2007). We can certainly see very high rates in some countries; for example, 96% of women in Iceland go into higher education, and 91% of women in Australia (OECD 2007). However, women still make up only 24% of science and engineering subjects and less than 40% of all research students worldwide (Newman 2008).

The number of women academics has also increased, but not as rapidly as the number of women students, and there is still a large under-representation of women in management and professorial positions. For example, a study in the 1990s of women managers in 11 countries from the USA to the South Pacific (UNESCO 1993) found that, while women were more strongly represented in middle management positions, women deans and professors were still in the minority and women vice-chancellors were rare. The current position in the UK has improved since then, but not dramatically. According to Warwick (2004), just over a third of academic staff were women; only 13% of professors were women, the majority of these in the arts, humanities and healthcare. This proportion rose to 17.5% of professors by 2006/7 (Newman 2008). Thus, whilst the student population is increasingly female, the senior positions are still predominantly held by men.

### **Previous research on women academics**

The stark picture which emerges from an analysis of current statistics is reinforced strongly by recent research on women academics, including studies of women managers in higher education. Studies confirm the continuing under-representation of women in management positions in HE (Bagihole 1994, Heward 1996) and their marginalisation in structural and cultural ways (Wisker 1996, Quinn 2003). Particular reasons for this situation identified by researchers include the hierarchical nature of universities (Kettle 1996), traditionally male models of management (Hornby & Shaw 1996), the lack of positive female role models and networks for women managers (Bagihole 1994, Wisker 1996), male resistance and stereotyped attitudes of women's roles (UNESCO 1993).

The UNESCO study (1993) found a contradiction between perceptions of male and female managers.

For instance, male managers were expected to be firm and authoritative, whilst women managers were expected to show these characteristics as well as more traditionally female qualities such as nurturing and empathy. The study also argued that women managers tended to be more idealistic in their management aspirations, and less interested in power and status than their male counterparts. Similarly, a study of 50 women in leadership positions in eight universities in Australia (Blackmore & Sachs 2001) carried out in a period of radical change in HE, found some contradictory positioning of women managers, giving rise to a 'cultural clash' (ibid p. 51) for many women. Their overall conclusion was that male managers benefited more from restructuring than women, as women managers were still excluded from power positions.

On a more positive note, some studies stress the transformative potential of women managers. Wisker (1996) argues that women only training and women's networks are important for women, in a context where largely male models of management are still prevalent, while a study in the USA by Madden (2002) reinforces the importance of mentoring. Both authors emphasise the positive contribution that women managers can make and the importance of moving away from traditional, top down management cultures in HE.

### **Context and methodology**

This study was carried out in a university in the south of England. University statistics for 2004/5 show that women represented 46% of lecturers, 31% of senior lecturers and 16% of professors, slightly higher than the national UK figures for the same year; overall women are under-represented in senior posts. At the time of the study, the university was engaged in major restructuring; the senior management team consisted of three men and one woman.

The sample of six women managers was drawn from arts and social science departments and consisted of five current and one former heads of departments, with varying lengths of time in post, ranging from one to three years. The size of departments ranged between 10 to 40 faculty on varying contracts, with a number of

associate tutors from 4 to 200. Two of the women were professors, one was a reader and the others senior lecturers. Their ages ranged from mid 30s to late 50s and they had been at the university from between four and 24 years.

This was a pragmatic sample, as I selected the women from those I knew from my own work as a woman manager, which was easier given the tight time scale of the study. An interpretive, case study approach was used (Cohen et al 2000) in order to elicit the perspectives of the women on their management roles. In-depth interviews were carried out in the women's offices, and tape recorded. The interviews explored the women's perspectives on their day to day management experiences, longer term strategies and goals, relationships with colleagues and management styles. Factors affecting their role, such as prior management experience, training, support from departmental colleagues and senior university managers, were also explored. In order to protect anonymity, all names and some personal details have been changed. I also assured the women of confidentiality by transcribing the interviews myself. Given the nature of their roles and the work they were describing, these measures were particularly important.

In analysing the findings, some major themes emerged: the importance of prior experience and training; nature of the work and management styles; relationships with colleagues and senior managers. Rewards and challenges of the role and gender issues are embedded in each section and will be drawn together towards the end of the paper.

### **Prior experience and training**

Interestingly, all six women had prior management experience, albeit on a smaller scale, in non-academic contexts in either the public or voluntary sectors, not always related to their current discipline. They all mentioned how useful this was when moving into heads of department roles, although three of the women stressed that their previous management work had been easier, due to hierarchical structures being more clear-cut outside universities. Only one of the women had held a management role in another university.

None of the women were promoted into the role; the two professors had been promoted prior to becoming heads of department. Reasons for taking on the head of department role varied. Frances explained: 'I hadn't done it before so it seemed a reasonable thing to do, to make a contribution to the collective good.' In contrast, Vanessa took the job over from someone who 'couldn't carry on' rather than from choice. She explained, 'I needed to give something back to the university. No one said you should do it, there was no obligation but I felt morally obliged.' Both women expressed a sense of collegiality and moral value of the role; this underpinned all the women's descriptions of their work. Most of the women had had little or no training for the role. For instance, Vanessa felt completely unprepared, especially as she had to take on the job at short notice. In contrast, the most recently appointed manager, Marian, had had a long induction 'to ensure a smooth handover when I took over the role', and some individual coaching by a woman trainer, which she found invaluable, as in Madden's (2002) study.

Three of the women managers were attending the newly introduced academic leadership programme, which was available to some heads of department nominated by the (all male) Deans, therefore restricted by senior male gatekeepers. The university policy is now for all managers to receive training. However, for the current women managers, it was seen as a case of 'too little, too late.' Marian felt a lot of time had been wasted 'by people moaning about university restructuring'. Liz, on the other hand, found it useful to meet other managers and realise that 'everyone's got the same issues...some people had worse experiences.'

Two of the women belonged to a women only action learning set, both of whom found it very useful indeed. The group operated under strict rules of confidentiality, enabling women to talk about issues and problems openly in an atmosphere of trust. Frances stressed, 'The women's group is important. Being a senior woman in this kind of environment is challenging and needs a particular sharing approach to help.' This echoes Wisker's (1996) view that women only training is important. In the context of this study, the group seemed particularly important as several of the women



managers felt unsupported elsewhere, particularly by their male line managers.

### **The nature of the work and management styles**

Frances's word 'challenging' summed up a great deal of the way the women heads of department described their work. This fell into two broad areas: firstly, the day to day, immediate business, or as Margaret put it, 'loos, car parks and cups of tea.' Frances described it as the 'sheer kind of pragmatic detail. Always urgent, tricky, needs creative problem solving but not particularly difficult. Time consuming and irksome.' Both women mentioned the huge quantity of emails they received, which Margaret found 'relentless...desperately hard to keep on top of.'

All the women mentioned dealing with people on a day to day basis as a major part of this day to day work. Margaret spent a lot of time 'sitting down with people and talking about workloads. Quite time consuming'. Both Liz and Vanessa had an open door policy, which they thought was important to their way of working. Liz said, 'People can pop in to say they're worried about a student or to pass the time of day...It works for me, I have a real sense of how people are feeling.' Similarly, Vanessa explained: 'People feel they can knock on my door any time. Most people feel I'm very approachable even if I can't solve their problems.' Jane also spent a lot of time meeting individual members of her department, but unlike the other two, preferred to make appointments, perhaps because she had a much larger department. The way that Liz and Vanessa described this approach sounded like a semi-counselling role, and was central to their view of good people management.

The second major area of work was more strategic, including longer term planning, financial management and other major projects, such as curriculum change and appointments. This was also very time consuming and left little time for either teaching or research. Frances described the 'constant drip drip of development work,' although she preferred this to the immediacy of other aspects and felt she handled the big issues better. All the women talked about having a reflective, measured approach to the larger matters, which involved a range of complex activities such as gaining consent from

faculty for changes, dealing with senior management, as well as writing planning documents and generally having an overview of the work of the department. As with day to day matters, relationships were always at the heart of the process.

### **Relationships with colleagues and senior managers**

Most of the women managers described the importance of a collegial approach to working with faculty in their departments and often put others' needs first. Frances described this as a 'kind of service mentality'; she and others stressed the importance of building good relationships, boosting morale and ensuring that staff were working together positively. This was particularly difficult at a time of organisational change. Liz took a great deal of personal interest in her colleagues, stressing that issues like 'kids and mortgages' impacted on how people were working, and were therefore important to know about. She regarded this responsive approach as a gendered dimension of her management style, and a potential weakness as she could get too involved.

Liz and others had management teams to act as sounding boards and help them with strategic aspects of their role, but described dealing with difficult situations in an individual way. Difficulties with colleagues could blow up into major problems, as Margaret reported with feeling in relation to two particular events she had dealt with during her time as head of department. Marian took a lot of time to think through how she would deal with potentially difficult issues and tried to pre-empt dissent by having sound reasons for her actions. On the advice of her coach, she acted very much from her own 'core values', rather than acting as others expected. Although she felt she adopted an inclusive approach, she also acknowledged that she could be - and needed to be - authoritative at times. Other women managers also described the tension between collegiality and authority, some finding the latter aspect easier than others, as the UNESCO study also found (1993).

The women managers had varying opinions about the amount of support they felt they had from immediate line managers. Frances identified a shift from the Dean

as a key support role, as the university reorganised in what she saw as a more top down way. All the women had had to forge relationships with the senior management team which some had found harder than others. For example while Liz, a more experienced manager, frequently went straight to the top, Marian, a new manager, was more diffident about contacting the senior managers. Liz was aware of the gender imbalance in the senior team which had an impact, describing it as the 'culture of the corridor, very much boys together'. Masculinised cultures in universities have been reported by many others (e.g. Wisker 1996, Madden 2002).

What all the women stressed was that, as middle managers, they had to play a mediating role between their own departments on the one hand and senior management on the other. This was one of the most challenging aspects of their role, especially during restructuring, similar to findings by Blackmore & Sachs (2001). The women described the difficult, sometimes uncomfortable, balance between keeping their departments on board and implementing new initiatives from the top. Frances described it as a 'very lonely job' because of the perceived lack of support from senior management. She and others had found it particularly hard to keep going when resources and staffing were stretched. The women all reported relief that decisions had been made about how the university would be reorganised and felt that they could now move forward more positively.

### **Gender and authority: contradictory terms?**

What emerges strongly from the interviews is a set of potential polarities, between collegiality and authority, top down and bottom up management styles. Because of the nature of their middle management role, made more extreme because of reorganisation, the women managers were constantly negotiating and renegotiating their position in relation to their departments on the one hand, and senior management on the other. There were tensions and difficulties in trying to balance these two aspects. However, some of this tension also came from being women; there was evidence of contradictory positioning and dual expectations of women managers also reported in

other studies (e.g. UNESCO 1993, Kettle 1996, Madden 2002).

Frances articulated this tension with great insight, when she described gender and power as 'fault lines', underpinning both individual academics and the university culture as a whole, as well as wider society. While she did not experience overt sexism as a woman manager, she felt strongly that 'embedded assumptions' about how men and women should act often impacted on what she did, such as gendered expectations that women managers would be more emotional than men. Vanessa also stressed that she had made a conscious decision not to show emotion to senior colleagues, for fear of being labelled or thought unable to cope. Particular strengths that the women managers cited included their collegial approach, attention to detail, sensitivity to process and personal dynamics, versatility and flexibility. What some of them felt they did less well was to set boundaries, delegate and be assertive, although this varied according to their personality and length of time in a management role. They recognised that these perceived strengths and weaknesses were very gendered; some found it easier to acknowledge their own authoritative nature than others.

In spite of difficulties, overall the women found the role rewarding, and enjoyed aspects of it at a personal and professional level. Margaret described it as 'quite creative, like a jigsaw puzzle, how the pieces fit together...I like it and like doing it.' She found the most rewarding aspects were successfully supporting the promotions of colleagues. Vanessa cited how well her colleagues had 'pulled together' and worked successfully towards a major internal review of their work. Jane mentioned the positive feedback from colleagues as well as some senior managers. Marian summed up her own feelings about the role very appositely: 'My own research is about caring...I'm very aware of the balance between caring and authority... When you go into a particular [management] situation, there is something that is very individual, self-reliant, being prepared to accept yourself as an authority figure.' For all the women managers, this personal insight and professional development had been a steep learning curve.

## Conclusions and recommendations

As can be seen from the case studies, being a woman manager in a largely male-dominated university context is a tough job, and calls on great resilience, strength of character and sheer stamina. The findings of this small-scale study reinforce those of other studies (e.g. Heward 1996, Blackmore & Sachs 2001) in terms of the difficulties faced by women managers on a day to day basis, as well as the strengths and many positive attributes that women can bring to management roles.

In order to capitalise on these strengths, universities need to provide adequate training, including some one to one coaching or women-only group training, as these were found particularly helpful by the women in this study (see also Wisker 1996, Madden 2002). There also need to be spaces for women managers to get together to discuss issues and problems, such as the action learning set described earlier. Importantly, senior managers need to be sensitive to the inevitable demands of middle management roles, and be willing to provide support and encouragement. There are larger structural and cultural issues about the ways that universities are managed generally, but these are beyond the scope of this paper. Overall, there is a need for more women managers to act as positive role models to others, as well as to the still-growing number of women students.

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**Synopsis - Ph.D. Thesis**

# A Study of Competitiveness in Indian Paint Industry

R. Maruthi Ram

**Introduction**

Today the world has come to recognise the supremacy of India and Indians in all walks of life due to the resilience shown by the country in the recent past. World leaders are acknowledging India's economic strength, human resources and political will. They are comparing China's economy with Indian economy and many are of the opinion that India could become an economic superpower in the next two decades.

India has shown to the world how this country which faced severe economic crisis in 1991, used the occasion to bring out substantial change in the perception of economic growth and stability. Through the new economic policy of 1991, it brought about a paradigm shift in the process of planning and development. With the process of liberalization and globalization, the government made a very sincere effort to integrate Indian economy with the world economy. The economy started growing with globalization of market and finance. The Indian industrial sector became more responsive and responded positively and showed remarkable growth in a very short period of time.

One industry, which has witnessed significant growth in India in the recent past is housing industry. The increased disposable income, easy availability of housing loans from commercial banks and housing financial institutions, encouragement given by the

government through tax benefits have contributed for higher growth of the industry. Along with this industry, another industry which has shown high growth in recent past is the automobile industry. Both these industries have huge multiplier effect on Indian economic activity. One common factor observed in these two industries is the need for using paints. Housing sector as well as automobile industry needs huge quantity of paints and as such the paint industry also has witnessed a significant growth.

Though the product paint appears a luxury product, it can also be considered as one of the essential products in man's life. Every human being loves to build his or her own house. Whether small or big, most of the houses require paint. In the whole building activity, the paint plays an important role. It protects buildings, and makes the buildings attractive.

The economic reforms have also helped the Indian paint industry. Paint was one of the costly items in the building material industry. In the eighties, excise duty on paints used to be as high as forty percent. After reforms gradually the excise duty started declining from forty percent to a lower level. Today the excise duty is as low as sixteen percent. The modvat and cenvat facilities also have helped the industry to grow. The dilution of MRTP Act and FERA has to some extent added to the growth of Indian paint industry.

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*This is an edited version of the synopsis. The detailed thesis was prepared under the guidance of Dr. R.Thimmarayappa, Assistant Professor, Department of Commerce, Maharajah's College, University of Mysore, Mysore-570 006.*

Paints from a user's perspective can be classified into two distinct categories – architectural, for buildings and structures (both exteriors and interiors), and industrial for automobiles, marine structures and powder coatings. In India, the decorative segment dominates the industry with a share of over 60 percent in terms of turnover. This was resurgence of the industrial coatings segment driven by the astronomical growth of the Indian automotive industry. This has seen an increased share of the industrial segment. With the increased demand in the FMCG and white goods sector, the powder coating market has also been recording impressive growth figures.

The industrial paints are the protective coatings and are the heavy-duty coatings. Weather resistant coatings, Can coatings, Coil coatings, Powder coatings, Automotive coatings, and Aircraft coatings etc. come under industrial paints.

The Indian paint industry brought revolutionary changes in Indian industry in the form of market orientation, customer focus, new and unique products, large varieties, competitiveness, quicker market response, product reliability and even the financial support to customers. New products and production technologies, global manufacturing techniques and systems, computerization and a host of other innovations have come in, making the competition intense.

The Indian paint industry is estimated to be valued at a little over Rs.13,600 crores. This is barely 1 per cent of the world market share. The total production is in the region of 9, 00,000 metric tons. The per capita consumption of paints in India stands at an abysmal 0.6 kg or 600grams. This is in stark comparison to the figure for the rest of Southeast Asia, which is at about 4.3 kgs. The world average consumption stands at 22 kgs. However, these figures do not reveal the immense potential that the Indian paint industry has in the light of its huge population base, and also the ever-increasing population. The growth rate recorded by the Indian Paint Industry over the last few years at 22%, with a size of Rs.22,000 crores, has been extremely encouraging.

The Indian paint industry is a raw-material oriented industry. Over 65 per cent of input costs are accruing from

raw-material inputs. The Indian paint manufacturing industry has been facing the pressures of increasing raw-material cost. The primary cost being the spiraling prices of crude oil. The Indian paint industry is still heavily reliant on raw-material imports for fulfilling its requirements. The manufacturing of architectural paints still need 25 per cent of their raw-materials to be imported, while the industrial segment is far more dependent on imports, needing about 40 per cent of its raw-material requirement to be imported.

The demand for industrial paints has increased substantially because of expansion of many industries. It may be power plants, petrochemical plants, fertilizers plants, textile industries, automobile industries and so on. These plants at the time of construction require a lot of paints. The requirement of corrosive resistant and chemical resistant paints increases when the plants are set up in the coastal areas. There may be a need for the ultra violet resistant paints depending on situations.

The automobile industry has to be reckoned here. After the economic reforms there has been a boom in the automobile industry. Many MNCs started looking for opportunities and have started their manufacturing facilities in India. India could see many four wheeler-manufacturing units and latest cars rolling on the Indian roads.

The market for both decorative and industrial paints is growing rapidly. This has resulted in paint manufacturing companies facing severe competition. The foreign companies with their modern technology are also entering the Indian market creating problems of survival for some of the smaller companies. In our country, there are companies like Asian Paints Limited, Kansai Nerolac Limited, ICI Paints (India) Limited, Berger Paints Limited and Shalimar Paints Limited which come under organised sector and have more than 60 per cent of market share. In addition, there are thousands of small and mid cap companies producing paints. The competition may, over a period of time destroy many small and mid cap companies. Even the bigger companies may face problem of survival. A detailed literature survey was conducted to have an assesment of the issues, problems and prospects of this industry.

## Research Gap

This problem of companies in the Paint Industry find it difficult to face competition and surviving reveals that there could be some advantages enjoyed by some companies in comparison with others. A sample observation of the market revealed that some companies enjoyed competitive advantages as compared to other companies. This difference revealed that there is need to make a scientific study of all the players involved in survival and growth of this particular industry.

The literature survey further revealed that though number of studies has been made to know the growth of the industry, problems and issues faced by the industry, there was no specific study made to ascertain the competitive advantages gained by the companies.

The key success factors, which helped them to derive the advantage as well as the impact of increase in cost of one of the important input factors i.e., crude oil etc. were not covered in the earlier studies. This indicated the gap as well as the scope for studying various issues, problems and prospects of paint industry in the context of severe competition, increases in international crude oil prices and entry of foreign paint companies. Hence, this study.

## Statement of the problem

A perusal of growth of the paint industry after 1991, reveals that there is a severe competition among the players. The bigger players like Asian paints have their competitors. Similarly, the small companies also have their own competitors.

Though there is competition, a few( five) companies are very successful in terms of total sales, market share, profitability etc. Others are finding it difficult to withstand competition. Why this situation prevails? Is it because some company's products are high quality oriented? Or is it because they have good brand name with good reputation? Or is it because they are using latest technology in the production of paints? Or is it because of excellent marketing network? Or is it because they are in a position to add value to their products? Or is it because they are in a position to enjoy customer loyalty? Along with these questions there are

many other questions, which are very pertinent, such as, cost of production and sales. Is success of Indian paint companies depend on controlling cost of raw-materials and marketing costs? What could be the critical success factors which make some companies successful inspite of severe competition? Managing of inventory and stock keeping units (retailers) are the only two critical success factors? Are there other critical factors, which make certain companies to succeed in their venture and others to fail? Is the entry of foreign companies in to India, a threat to Indian paint companies? Does the consumer benefit by the competition among various players? Have rapid changes in the buyer behavior and his preferences affected the paint business? Why many organized players (inspite of long history of existence in India) are not able to grow on par with the industry?

These questions indicate that there is a need to take-up a research work with specific goal of finding answers to some of the questions, issues and problems like why certain companies are successful and why some companies are finding it difficult to survive. Finding answers to some of these questions help in identifying reasons for success of some companies and at the same time the specific causes for some companies finding it difficult to face the competitors and ensure adequate growth.

## Objectives of the study

Based on literature survey and an understanding of problems and issues faced by paint industry the following objectives were formulated to have specific focus:

1. To study the structure of paint industry which includes demand and supply dynamics, products, processes, costs, profitability, major domestic and global players.
2. To determine the market leader in the Indian Paint Industry and then to identify its key success factors.
3. To evaluate the performance of the paint companies on the basis of cost management and competitiveness.
4. To analyse the component of cost of production of paints with specific reference to impact of prices of petroleum products on the pricing of paints &

5. To assess the impact of entry of foreign companies on the Indian Paint Industry.

### **Hypotheses**

Based on literature survey the following hypotheses were formulated for the study:

H1: Competitiveness is mainly influenced by quality management and marketing efforts.

H2: Competitiveness is independent of fluctuations in international crude oil prices.

H3: Non availability of branded paint is a drag on competitiveness in paint industry.

H4: Entry of foreign paint companies in India has increased the product line and competition.

### **Methodology**

The study is based on survey method. Through the structured questionnaires the relevant data has been obtained and analyzed making use of simple statistical tool. The behavioral data regarding customer's choices, preferences etc., were collected through structured questionnaire.

### **Scope of the study**

In this study five major paint companies under organised sector have been covered. The study specifically examines the strengths, weaknesses, opportunities and threats faced by the sample companies with respect to core competencies, competitive advantages and supply chain management.

### **Limitations of the study**

This study covers assessing the key success factors, competitive dynamics and other related aspects of paint industry. As the paint industry in India has a number of small and mid cap companies which are spread all over the country it was not possible to study each and every paint company. The focus was on five major players in the organized sector.

### **Research instruments**

This research work had two research instruments for collecting data i.e. primary and secondary. Primary

data has been collected through two structured questionnaires, one each for the dealer and the company. The major objectives of the study were studied based on these two questionnaires. Secondary data has been collected relating to industry and sample companies. The secondary data included information relating to promoters, specific features of the companies, their functional performance over a period of time and other related informations.

### **Sampling Plan**

This study is based on non-probability sampling technique wherein convenience and judgment sampling method has been adopted. Convenience sampling method has been adopted for selection of companies and Judgment sampling method adopted for selection of dealers.

In the case of companies under convenience sampling method, five companies with larger market share under organized sector have been included. In the case of dealers, fifty dealers were selected from different areas and locations based on stratified sampling method.

### **Summary of findings**

Objective-wise summary of findings are presented here:

**Objective - 1 : The structure of paint industry which includes demand and supply dynamics, products, processes, costs, Profitability, major domestic and global players.**

**The Structure of Indian paint Industry:** Indian paint industry comprises about twelve companies in organized and more than 2000 in un-organized sectors. The paint industry has two main sectors called 'Decorative' and 'Industrial'. The total capacity of the paint industry is more than 9, 00,000 metric tons. The organized sector enjoys 63 per cent share.

**Demand and Supply dynamics:** The paint manufacturers through their association avoid excess production and always ensure there is equilibrium between demand and supply. On an average demand for decorative paint is about 9,00,000 tons per annum and it is supplied by the paint companies. The demand for paints is also seasonal which is especially more during festival season.

Paint Products: There are two types of paint products viz Decorative and Industrial paints. Depending on the application, the decorative paints are classified as exterior and interior paints. There are more than forty different paint products being offered by the paint companies to the consumers. Though all the paint companies market similar products in the market, paints are sold in different names.

**Processes** : The production of paints involves the blending of around 300 different raw materials and it is the process type. The three main steps involved in the manufacture of paints are dispersion, adjustment and packing.

**Costs** : The Indian paint industry is a raw-material oriented industry. Over 65 per cent of input cost is from raw-material. The Indian paint manufacturing industry always face the pressures of increasing raw-material cost and the primary cost being the spiraling prices of crude. The cost of crude oil component is around 40 per cent of the material cost.

**Profitability** : The Paint industry's Operating profits for 2007 -08 is around Rs. 1624 crore. The aggregate operating margins of the paint industry are 12 – 13 per cent. The profitability of the players in the Indian paint industry is affected by the prices of the raw materials especially the crude oil based imports. The other factor that influences the profitability in Paint Industry is the debtors' management. Apart from these, as the inventory holding costs are higher, the profitability gets affected.

**Major domestic players** : There are twelve major domestic paint companies operating in India. They are Asian paints limited, Kansai Nerolac paints Limited, Berger paints Limited, ICI paints Limited, Shalimar paints limited, Beck India Ltd, Snowcem India, Dic-coatings India Ltd, Bombay Paints Ltd, Addison Paints and Chemicals Ltd, Special paints Ltd, Jenson and Nicholson (India) Ltd. In addition to these players there are more than two thousand small, midcap paint companies operating regionally in several parts of the country.

**Global players** : The major players in the international arena are Akzo Nobel of Netherlands, PPG Industries

Inc of USA, Sherwin-Williams Co of Cleveland, USA, The ICI Paints of UK, DuPont Performance Coatings of USA, BASF Coatings of Germany, Valspar Corp of USA, Nippon Paint Co Ltd of Osaka, Japan, Sigma Kalon Group of France and Kansai Paint Co Ltd of Osaka, Japan. Some of these companies have started operating in India since 2005. These players are specialised in a particular type of paint business.

## **Objective - 2 : Determine the market leader in the Indian Paint Industry and then to identify its key success factors.**

The study reveals that there are six "Key Success factors" which contribute for success of paint companies. They are:

1. Quality
2. "SKU"Management
3. InventoryManagement
4. Computer Colour Mixing facility
5. Brand Image
6. Effective Advertisement.

The above six key success factors were identified from the stake holders' viz., Architects, Builders, Developers, Paint Dealers, Interior Decorators, Painters, Painting contractors and Industrial Users.

The performance of the sample paint companies vis-à-vis the six Key Success Factors were measured on a five point Likert scale and analysed. The analysis revealed that APL has obtained highest 29 points out of 90, followed by KNP with 22 points and BPL with 20 points. ICI and SPL have gained 13 and 8 respectively. **Thus it reveals that APL is the market leader.**

It is also observed that with respect to "Inventory management" KNP is comparatively better than other paint companies. This is the only grey area for APL. This efficiency of KNP is due to its automotive paint business in which it is the leader. APL having maximum decorative business is forced to maintain heavy inventory and hence the high overhead cost.

## **Objective – 3 : The performance of the paint companies on the basis of cost management and competitiveness.**



The cost management and competitiveness has two components. First one, studying how efficiently companies manage their "costs" and the second component is studying how "well managed" company enjoys "competitiveness".

The study reveals that on a total weight of 450 points KNP stands first with 114 points followed by APL with 105 points. These two companies exhibit efficient management of costs. This on comparison with sales in absolute values, reveals that APL enjoys highest sales as against KNP.

This leads to conclude that management of costs alone is not sufficient. The company's other success factors do help them to achieve greater heights and become more competitive. KNP has achieved higher level of cost control management, but has not become competitive compared to APL. APL has achieved higher sales due to enjoying all the six key success factors. Therefore the study leads to **conclude that competitiveness does not depend only on cost management.**

**Objective 4 : The component of cost of production of paints with specific reference to impact of prices of petroleum products on the pricing of paints.**

The study reveals that the crude oil component is more in the solvent based paints. Five years performance of the sample companies (from 2003-04 to 2007-08) with respect to the Direct Material Cost, Direct Material Cost to Sales and Profit Before Tax are studied with the help of Karl Pearson's Co-efficient of correlation.

The analysis indicates that **there is insignificant relationship between the increase in crude oil prices and the prices of paints.** This is because the paint companies increase their prices whenever there is an increase in the crude oil prices.

**Objective 5 : The impact of entry of foreign companies on the Indian Paint Industry**

The analysis reveals that the foreign paint companies have started their active business operations in India from the year 2005. Considering this as the cut off period the performance of the sample companies for

five years before 2005 (2000 - 04) and five years after 2005 (2005 - 09) has been analysed. The parameters viz Sales, PBT and PBT to sales are studied. The sales turn over and profitability of the Indian paint companies considered for the study as sample reveals that the sales turn over of paint companies have been on the raise even before the entry of foreign paint companies, as well as after the entry of foreign companies.

This study reveals that the foreign companies have not affected the Indian paint companies. In fact, it has helped in improving quality through use of latest technology adopted by Indian companies to offer competitive products at competitive prices.

### **Hypotheses Testing**

**H1: Competitiveness is mainly influenced by quality management and marketing efforts.**

The paint dealers were asked to indicate the ratings on a five point "Likert Scale" regarding the critical factors related to the Quality and Marketing efforts leading to competitiveness. The responses with '5' and '4' are considered as the positive/success factors and the ratings '3', '2' and '1' are considered as negative/failure factors. "Population Proportion method" is used to test the Hypothesis The test results revealed that **there is a positive relation between "quality management and marketing efforts" and the "competitiveness"**

**H2: Competitiveness is independent of fluctuations in international crude oil prices.**

In the first step a modified "APP" (assets, processes and performance) model has been adopted for measuring competitiveness. The six parameters viz "DMC to Sales", "PBT to Sales" " ROA", "Advertisements expenses to Sales", "Production Capacity" and "R&D to Sales" are considered for comparison among the sample companies. The study reveals that APL has gained highest 28 points out of 90 and found to be competitive . In the second step two variables viz "the input cost variation of crude component for previous five years" and the prices of "Synthetic Enamel" and "Epoxy" type of paints" are taken into consideration. Karl Pearson's co-efficient correlation method is used and the values reveal that increase in oil prices create

moderate increase in prices of enamel paints. In the case of Epoxy paints the impact is less than moderate.

In the third step the correlation between DMC and Change in oil prices, DMC to sales and oil prices, PBT and oil prices and average sales to average prices of crude oil prices have been examined with respect to all the five sample companies. The testing of Hypothesis proves that Null Hypothesis to be correct. It means that **“competitiveness is independent of the fluctuations in the crude oil prices.**

### **H3: “Non availability of branded paint is a drag on the Competitiveness in paint industry.**

In the first level the weights for the quality attributes are fixed as per the opinion of the experts. In the second level the responses of dealers against these attributes for the sample companies have been collected on five point Likert scale. The average ratings are multiplied by the weights and found that APL has maximum weighted scores of 30.73. In the final step the responses from dealers towards the brand of paint demanded and the ‘Stock Keeping Units’ supplied by the paint companies have been collected and analysed. **“The availability of branded paint enhances competitiveness otherwise reduces the business and competitiveness”.**

### **Entry of foreign paint companies in India has increased the product line and competition**

The cutoff period for the entry of foreign paint companies is found to be 2005. Different parameters like sales growth, PBT and PBT to sales have been studied for five years before the cutoff period and five years after for all the five sample companies.

The testing of Hypothesis revealed that null hypothesis to be correct and the statement that there is **‘no impact of the entry of foreign paint companies on the Indian paint companies’ holds good.** The study also reveals that the Indian paint companies have **increased the range of products by implementing the computer colour mixing facility at the dealer level,** even before entry of foreign paint companies.

## **Conclusion**

The findings of the study indicate that all the paint companies will have to make a detailed SWOT analysis in terms of the key success factors which contribute for over all successful performance. Among the key success factors the study indicates two important factors, which contribute for the success. They are the quality of the product and efficiency with which Supply Chain Management is performed. APL's success is mainly because of highest quality maintained by the company and excellent supply chain management. Even though the other key success factors are important, if other companies want to acquire competitiveness in the Indian paint industry they must necessarily assess their competitive position by making in depth analysis of the key success factors and change their existing structures and strategies so that they could also become successful paint companies of world repute.

## **Suggestions**

The suggestions which could be offered relate how to make the companies which are not successful and competitive to become successful companies. These companies should attempt improve dealer network, ‘Stock Keeping Unit’ management, creating brand image, going for right type of advertisements etc.

*Suggestions are offered in two parts, the first part indicates suggestions based on findings of the study. The second part comprises of suggestions offered by researcher to improve the competitive ability of companies which are not so successful.*

### **Part 1: Suggestions based on the findings of the study**

**1. Quality:** Quality is the key ingredient to success and gain competitiveness. According to this study “Asian Paints Limited” stands first among all the sample paint companies with respect to the quality. In other words offering quality products means value creation. Though the other sample companies also have been recognised by the consumers but they take the second place after APL. Hence the other paint companies need to improve their product quality with the help of their R&D and communicate

the same to the consumers to gain competitiveness and success.

- 2. SKU management:** Findings of the study reveals that APL is best with respect to the "Stock Keeping Units" management. As such paint industry finds it very difficult to manage this problem with huge numbers of SKUs. Only APL is able to succeed in this aspect mainly due to integrating the requirements of customers and dealers with the manufacturing units. This is done by adopting latest SAP and ERP systems. Other paint companies have to adopt such systems to gain the confidence of the customers.
- 3. Inventory management:** The findings of the study reveals that KNP is slightly better in inventory management compared to the other companies. On further analysis it is understood that as KNP has maximum automotive coatings business it is able to manage the inventory management. The decorative paint business requires more inventory to be maintained at different stages. Considering the decorative paint business, APL is able to manage its inventory very well and also gained highest sales. The paint companies engaged in decorative business have to manage inventory effectively to gain competitiveness.
- 4. Computer Colour Mixing:** Indian paint business has come to a very decisive point with regard to the computer colour mixing facility (CCMF). CCMF has become inevitable to succeed or even exist in business. Though "Jenson and Nicolson" was the first company to introduce CCMF in India, it is APL which has revolutionized the concept. With more than 15,000 installations all over India it has clear advantage over competition. Based on the findings of the study it is suggested that the other paint companies need to increase their CCMF to match APL. CCMF also should be user friendly and economy.
- 5. Brand Image:** The findings of the study reveals that APL enjoys the brand image compared to the other paint companies. Their brand ambassador "Gattu" the cartoon boy created by R.K Lakshman is a hit success in recent times. The brand recall is highest in the case of APL. This is being developed by adopting

the "Pull" strategy. The other paint companies have to improve the brand image to become competitive and gain success.

- 6. Advertisement:** As per the data collected and analysed APL's advertisements are very effective and are being remembered by the consumer. KNP and ICI's ads also rated to be good. There will be a lot of behind the scene work before finalizing and releasing the ads. APL targets a particular set of audience through their ads. All the times it has been observed that their ads have reached the target customer. The other paint companies also have to do such research before releasing the same. After all the effective ads are the key to success of any product or a company.
- 7. Dealer Network:** In India the paints are sold through the dealers. More number of dealers means more business and more penetration. APL has maximum number of dealers all over India. Channel expansion is an important aspect for the other paint companies to succeed.
- 8. Product Range:** The study reveals that APL has more number of product range compared to the other paint companies. Other paint companies have to match the range of APL to succeed in business.
- 9. Sales Growth:** APL has been growing year after year with respect to sales. This gives APL an internal strength with more profits. The achievement is accomplished through more and effective field force, marketing strategy, small pack sales, penetrating the rural markets etc. Other paint companies also should target higher growth to gain competitiveness and success.

### **Part 2: Suggestions offered by the researcher to improve the competitive ability of not so successful companies by adopting new marketing Strategy.**

The other paint companies other than APL need to adopt specialised activities which require paradigm shift in the strategy of these companies. These companies should give highest priority to adopting new marketing strategy such as going for **"FRANCHISING"**.

This suggestion is offered because, at present the Asian paints has dominated the market and most of the dealers mainly deal with Asian paints products, and to a very negligible extent deal with other paint companies. The Asian products have a better visibility in the dealer counters compared to other players. As a result, most of the paint companies other than Asian paints are finding it difficult to occupy a reasonable shelf space in the dealer counters.

The existing dealer net work system, breeds multiple agency system of more than one paint company. The dealers may even try to twist the arms of the companies at the time of clearing the debtors.

The franchise system will help the companies which are not able to compete with Asian paints limited to become successful and enjoy competitiveness. The advantages and the benefits of the franchise system compared to the traditional dealer network system with respect to the paint industry, which is existing in India at presents are explained in detail as under:

The franchise system of business has been a latest and successful concept being introduced in India. Today in India gaining momentum and is becoming popular like the west. The franchise system. The same system can work wonders for the paint industry also.

**Franchise Process :** The paint companies under the Franchise system sell the products to its own franchisee. For this, there is a need to have a contract between the **"Franchisor"** (the paint company) and the **"Franchisee"** (the dealer who obtains exclusive right to sell the specific company's products).

In the process of establishing the franchise system the paint companies need to locate the franchise, identify the key personnel, find out the financial background, decide on the place, size of the shop, the facilities to be offered (like colour consultation, computer colour mixing facility, visiting the site, estimation of paint requirement, suggest colour combination, application parameters, surface preparation etc), to the consumers, the roles of the franchise, financial commitments, meeting the set targets, after sales service etc.

The companies also need to provide training to the key person with respect to the technical aspects

of the paints, advantages and benefits, application parameters, quote as per the consumption pattern of each type of paint, educate about the Dos and Don'ts, problem solving skills etc.

The companies need to strengthen the feedback mechanism as to know the progress of each of the 'franchisee', take corrective action, formulate future course of action, revise the targets, fix the incentive schemes and awards etc.

### **Advantages of franchise system in paint industry**

System of franchise can bring in revolution in the paint industry as under.

- a. Reduced Investment
- b. Better customer relation
- c. Effective service, d. Focused marketing
- e. Implement apply supply
- f. Remove the doubts in customer's mind
- g. Controlled debtors management
- h. Reach the technology to the end user easily
- i. Reduced cost to the end user
- j. Avoid manipulation by the applicators

**a. Reduced Investment:** Most of the time the paint companies do invest in the dealer's business by way of giving credit facility to the dealers. The number of credit days, some times run up to ninety days. The franchise system can bring down this. This will add to the better margins especially to the companies which are finding it difficult to succeed.

**b. Better customer relation:** It is noticed that the paint companies are finding it difficult to nurture the best customer relation with the dealer net work in place. Dealers many times will mask the customer's reaction or the suggestions. Franchise system will help building the better customer relation.

**c. Effective service:** The franchise system will help in improving the service. It is because the franchise will have to get focused.

**d. Focused marketing:** Through the franchise the communication will be very specific and effective. There will be proper feedback system. This

ultimately helps in creating, communicating, serving the customer which is the backbone of marketing.

**e. Implement supply and apply:** The supply and apply is the method which removes the hassle of engaging the painting contractors or the paint applicators for painting jobs. The supply and apply system helps in educating the consumers with regards to the coverage and the cost involved in painting a particular area of the painting surface. The franchise system will help in appointing the painters of highest quality to get the maximum benefit of the quality of the paint. This also helps in depending on a particular franchise for the complete work of painting process.

**f. Remove the doubts in customer's mind:** The customer always has the doubt in the back of his mind about the paint, painting system or the application method. Through the dealers most of the times the doubts will remain. Or the end user may not have time to get the doubts cleared. Or he may get convinced by the concerned dealer. These things can be sorted by the franchise system.

**g. Controlled debtors' management:** Most of the paint companies except Asian Paints Ltd. Have been facing the problem of the debtors' management. They are finding it difficult to collect money from the dealers. The franchise system may eradicate this problem. When the debtors management is in place the organization's financial condition improves. When the company's financial position is good it reflects in effective management of the creditors and in turn the commanding position with respect to the bargaining power with the suppliers.

**h. Reach the technology to the end user easily:** It is equally important to reach the right product to the consumer at the right time. This applies especially when a company has better technology. The franchise system will help in fulfilling this. The franchise will have more interest than a dealer to emphasise the technology or the quality parameters to the consumer. This is because the franchise will have to counter the competition. The franchise will lessen the burden of communicating and in turn

develop competitiveness with respect to the latest technology being adopted by the paint companies.

**i. Reduced cost to the end user:** The dealers may not be very deeply interested in the usage of the paint by the end user. The end user always spends more on the painting cost than the paint itself. The franchise system will reduce the cost of application to the end user convincingly and avoid the exploitation by the applicators.

**j. Avoid manipulation by the applicators:** It is indicated by the consumers that the applicators of paint i.e. the painters always manipulate by using the substandard materials in the process of painting. It may be while making the putty for application on the walls before the finish paint being applied. The franchise will try to be more cautious about the quality of the materials being used. The painters also have the understanding with the local dealers for a percentage margin from the dealers for the purchase of the paints. Though this is the filthy method, it is adopted by majority of the painters. This problem can be totally avoided by introducing the franchise system.

Like in many other businesses, for example, the mobile service, auto parts and beverages the franchise system if implemented in paint business, the companies which are finding it difficult to succeed may succeed by overcoming their drawbacks and limitations.

The following are the other suggestions offered based on the findings of the study:

**1. Cleaning of painted walls:** Any fluid like ink, pigment or the one which leaves shabby scars on the walls presents or makes the walls to look dirty. If the stained spot is cleaned with soap or any other stain remover, it leaves some dirty mark on the wall. It may even remove the superficial layer leaving behind the shade of an earlier paint to be visible. To mask the scars the wall may have to be repainted. Painting only a small spot may not suit the whole wall. In that case whole room has to be repainted.

The paint companies know better about the formulation and the chemistry of the paints. They can

provide the cleaning solution which is suitable for different type of paints to remove the dirt on the wall at the same time the wall should retain the paint.

2. **Customer relation:** Most of the paint companies do not contact the end user or the house owners to get the feed back on the paints used. Normally, when the dealers receive the complaints, they will be indifferent and ignore the complaint. Very rarely the complaint reaches the company. There should be routine method by which companies receive the end users opinion and if there is any problem, the efforts have to be made to get to the roots of the problems so that appropriate steps can be taken to avoid problems in future and also to avoid spreading of the wrong message through the grape wine.
3. **Establish R and D:** It is universally accepted that Quality of the goods and services offered by a company is very important to make the company successful or unsuccessful. Quality is the result of dedicated R&D efforts and efficiency. It is observed that some paint companies, because of excellent R&D facility are enjoying the competitiveness and are successful. The study indicates that in the case of some companies though the R&D departments exists with experts who can help in bringing out new products and continuously adopt new technologies to qualitatively improve the existing products, most of the time they are busy looking into the production related problems or field complaints. To attain competitiveness they need to concentrate on only R&D activities and leave it to the technical support team to attend to regular production related issues. There is need to segregate R&D activities, Repairs and maintenance activities and activities concerned with total quality control.
4. **Polarisation:** The entry of international giants into the country may lead to the activities like Mergers and Acquisitions. The initiations are already come to light with Akzo Nobel, one of the leading paint companies in the world which has bought ICI paints. The huge manufacturing facility, technology, network and finance will all help consolidation of business. The Indian paint leaders can think of coming together to face the challenge.
5. **Retail, Retail and Retail:** 'Retail' is the watch word in the recent past. The retail concept is in vogue in the present day business especially in the urban markets. The paint business has limitations of its own. Notwithstanding this, the retail concept can be redefined for paint business in a different form. The retailing with respect to paints can mean penetrating into the rural sector.
6. **Eco-friendliness:** Usage of solvent based coatings results in gallons and gallons of solvent just getting escaped into the atmosphere by way of oxidation and evaporation. These solvents are all crude based ingredients. The solvents have a temporary life and serve only as a medium to disperse the solids and the pigments in the paint. While the paint film dries the solvents escape to the atmosphere only to add air pollution. This ultimately results in the advanced problems like global warming and acid rains etc. Many advanced countries the usage of solvent based paints is not permitted. The paint producers can bring in the innovative water based paints like other countries to avoid future problems. No doubt the synthetic enamels and the industrial paints of different applications like heat resistance and UV resistance paints need the solvent ingredients. But nothing like saving the earth to save ourselves. This not only helps with respect to the health of the individuals but also the financial health of the country by minimizing the foreign exchange.
7. **Cost management:** Cost management is very important in a business. However once the cost controls are achieved the organisations need to strengthen the "key Success factors" because of which one can attain competitiveness and over all success. It is observed that inventory management is very crucial in paint business especially decorative paint business. The efficiency of the supply chain can be achieved through proper integration of the dealers' indents and the supply points.
8. **The Painting Cost:** The painting cost (labour) is expensive than the cost of the paint itself. This may be accepted by the consumers at the time of constructing of the new house. Notwithstanding the cost factor the painting is a troublesome and

a hassle. This is more pertinent when it comes to repainting. Hence there is an absolute need of paint producers to offer paints that can be sprayed and also easily handled by a common man. The spraying machine can be even made available for hiring at the dealer counters. A user manual can also be given with the details to make it more user friendly.

**9. Advantage experience:** Some paint companies are century old in their operations in India. The long journey in the business path might have brought many a laurels. It may be for introducing a particular system or a paint type for the first time. It may be very existence in business for many long years. This can be made use of to reinforce the strength into the brand or the marketing methods.

**10. Apply and Supply:** The organized companies can tie up with leading painting contractors to implement the apply and supply system. The consumers may feel relaxed about the type of paint as well as quality of application. This will also ensure definite sales and at the same time improve brand awareness.

**11. Target market segmentation / Niche market development:** The interaction with the experts in the industry reveals that the organized paint companies have been relatively strong in particular areas. For example KNP is strong in automotive paint business. It has the collaboration of Kansai of Japan and gets all the technical expertise from their principals. They have the capability to come out with the new systems and products. Similarly BPIL is strong in Protective coatings, ICI is strong in auto-refinishes, APL is very strong in the decorative segment and SPL has the advantage of can coatings. This indicates that these companies can think in terms of getting focused in a particular segment. This will lead to developing the "Niche" market.

Once the paint companies decide on the mission and set the objectives, it will lead to streamlining the operations like technology improvement, collaboration arrangements and product portfolio in the particular segment.

Some of the opinions and suggestions as per the Dealers and customers are as under:

1. One coating for all: Painting involves application of primers, putty, base coat and finish coat etc. All these consume time, materials and in addition very expensive. Apart from this painting involves manual labour which is costlier than the cost of paint. The paint companies can introduce an innovative product to avoid different steps by offering one coating for all purposes.
2. Hygienic value: There has been a notion that paint serves two purposes one the aesthetics and the second protection. Some dealers are of the opinion that the paints can also have the hygienic value. For example in Hospitals especially in the operation theaters and intensive care units the joints of the tiles on the walls are the breeding ground for the microbes infecting the surroundings. The manifestation of the bacteria starts from here. There can be a paint which can be used instead of the tiles so that the manifestation of the harmful micro organisms can be avoided. The paint can contain the chemical ingredients to repel or kill the micro organisms and avoid infections.

Another example where the hygienic paint finds the use is the kitchens. The paints can have the properties to repel or kill the cockroaches and lizards, house flies and mosquitoes. The harmful diseases like the dengue fever or Chikoon guniya could be avoided.

3. Washability: Though the paint producers advocate the washability of the paint, no paint withstands the washing in the real sense. It is more a conditional property of paint. If the walls are painted with 'emulsion' or 'washable acrylic distemper' according to the paint companies, washing of the painted walls has to be done with very mild and diluted shampoo or soap. When the painted walls are washed regularly, the paint will not withstand resulting in peeling. There is a need to offer the consumers a water based wall coating which can withstand real washing still not losing the properties.

4. Dust Pickup Resistant Paints: The paints /coatings now available have the property to attract the dust. This will pose health related problems. In light of this there is a need for "Dust Pickup Resistant" (DPR) paints which can avoid attraction of dust. The paint producers can develop this type of paint and communicate the same to the consumers so that it can be of use in some special occasions or needs.
5. Do-it-yourself paint system: This is the system in existence in the western countries because the labour is very expensive. Even in India the labour cost is more than the paint cost. Keeping this in mind the paint companies can offer the do-it-yourself kits to the consumers so that the consumers can paint their houses on their own. Apart from this the spray paint system with respect to the interior and exterior paints will also save money, material and the hassles of the labour involvement. The convenient and suitable spraying equipments can be arranged by the dealers/companies on hiring basis.
6. Once a customer is always a customer: There is a famous saying "Customer is the king and he makes the pay days possible". As it is difficult to develop loyal customers it is equally difficult to retain them. Developing customers means creating awareness. As per the opinion of the dealers and the consumers the paint companies have to constantly work to get closer and closer to the customers through some programmes. It may be by conducting painting contests at the school or college level, participating in the trade shows and exhibitions, organizing the painting melas, tie up with the art or painting institutes, sponsoring some artists etc. The mission has to be customer oriented. This is the difference between competitive and not so competitive.



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## **REFERENCES**

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