**BIMTECH**
**BIRLA INSTITUTE**
**OF MANAGEMENT TECHNOLOGY**

Excellence with Values

# Shodh Gyaan

Knowledge Through Research

Centre for Research Studies, Birla Institute of Management Technology

Authors can send their research paper, article, case study, management thought, book reviews related to management area through email to the editor at shreya.mishra_july14@bimtech.ac.in.

Guidelines regarding length of various types of documents:

| Type | Maximum Length (in words) |
|---|---|
| Research paper/ article | 5000 |
| Management Thought | 1500 |
| Case Study | 5000 |
| Book Review | 1000 |

# CONTENTS

# From The Dean's Desk

## The Dilemma of Doctoral Students in Management: Positivism or Interpretivism

In the doctoral program in management, I facilitate the learning of the students on the subject of 'Philosophy and Theory of Research' which is taken up in the 1st semester of doctoral program. I get aghast when students start expressing that they want to do quantitative or qualitative research though they do not have the problem to be investigated nor have the objectives nor the research questions. During the interactions in this course, I have observed that the students find it difficult to deal with the terms like epistemology, ontology, axiology, praxeology and doxology which form the core value for research. Going down to the next level, even the concepts like positivism, post positivism, realism, critical realism, constructivism, interpretivism and pragmatism become difficult to be assimilated by them though objectivism and subjectivism are generally well understood. However, research, whether in physical sciences, life sciences or social sciences (which includes management), appears to me simple in understanding and doing. No doubt, it calls for hard work and perseverance. Application of common sense rather than opening a sealed black box is required. Unfortunately, the researchers, especially younger ones, get after the black box and try to open it. Though there are many philosophical stances in social science research, here I will limit myself to two dominant research philosophies - *Positivism* and *Interpretivism.*

The hot Quan-Qual debate of last century is, more or less, over though there are still staunch believers of one paradigm or the other. The compromise or the understanding arrived by some belonging to either of the two paradigms created a third paradigm – that of *mixed method*, which accepts the Qual-Quan continuum or their combination. Research, in fact, is as old as the mankind itself. The research, which originated more from the mind, and was conceptual in nature, was taken over later by the physicist who developed instruments for

experimentation and measurement as well as tools and techniques for statistical analysis. They believed the reality to be one and only one. The researcher observed the phenomenon from a distance and was totally separated from the subject he/she was studying. The researcher was obliged to report the observation as it is without having any option to give his/her interpretation. This philosophy of research was termed '*positivism.*' The word *positivism* is generally attributed to August(e) Comte (1798 – 1857), the great French thinker. *Positivism* has not come from positive or negative value in mathematics but denotes a philosophical attitude. This philosophy trusts in physical science and is opposed to metaphysics (used by churches and in theologists); further, it believes in unified science. Vienna circle, too, had deliberated for a long period on the issues of philosophies of science. Positivism is believed to have three connotations - *social evolution*, *logical positivism* and *methodological positivism*. As my audience is doctoral students, in this piece, I am talking about *methodological positivism* which they may choose for their research.

The researchers sticking to the above philosophy are known to have chosen *positivist* philosophy for their research. They look at science, as did Comte, who was trying to develop *social physics* (which later came to be known as *sociology*) and wanted to get at truth. He, in 1830, propounded, "The first characteristic of *Positive Philosophy* is that "it regards all phenomena as subject to invariable natural laws. Our real business is to analyze accurately the circumstances of phenomena and to connect them by the natural relations of succession and resemblance". Comte wanted to understand the social world well enough so that social scientists could not only predict but also control it. In the view of *positivists*, "the world (including social world

and the universe are deterministic; the laws of cause and effect apply on them". According to them, even social science is mechanistic and needs to be researched in a mechanical manner.

*Positivists* postulate only those theories that can be tested using deductive logic and reasoning. *Empiricism*, which is based on the idea of observation and measurement and in which they believe, is their forte. Earlier, the things to be studied were planets, materials, and physical phenomenon like gravity, motion, heat, light and sound. These could not speak for themselves, therefore, observations and measurements were reported as they were. However, even the domain of physics changed from Newtonian to Einsteinian (Einstein was a member of Vienna Circle) when the science moved on and concepts like 'theory of relativity' was discussed. Even the physicists made some change in their thinking and a new philosophical approach known as '*post-positivism*' emerged. There is substantial difference between *Positivism* and *Post-positivism*. The latter is not a just a revision of positivism nor slight adjustment in the positivist position. In fact, *Post-positivism* rejects the central idea of *positivism*. The recognition that the way scientists think and work and the way we think in our everyday life are not distinctly different, is the essence of *post-positivist*. Such a stance is near to *critical realism* that is used by researchers as their ontology and is a common form of *post-positivism*.

A researcher, with critical realist mindset, considers the reality to be independent of our thinking. The *realists* believe that science can study social phenomenon whereas *subjectivists* hold that there is no external reality. According to the researcher with *subjectivist* philosophy, the social reality is ever changing and it needs to be constructed. Though *positivists*, too, may be *realists*, there is a difference between *positivist* and *post-positivist/critical realist*. The later believe that that all theories are revisable. They recognize the

fact that all observations are fallible as there may be error in observations. Thus, our ability to know reality in social world is better with *critical realism* rather than *positivism*. The goal of science is to uncover the truth is the belief of *positivists* *w*hereas the *post-positivists/critical realists* believe that the goal of science is to get it right about reality as the truth. According to them *absolute truth* is not observable; we find only *observed truth*. They emphasize on the importance of multiple measures and observations as all measurement are fallible; they may possess different types of error. They, therefore, try to *triangulate* their observations. The use of *triangulation* across multiple errorful sources leads to getting a better result on reality because some of the errors get compensated. The *post-positivists*, who are nearer to social reality, believe that 'all observations are theory-laden and that researchers are inherently biased because of their up-bringing, cultural experiences and world views.'

If we leave aside the Vedic period, it was Socrates who first gave emphasis to social science research. He stated, *"That is very good but there is infinitely worthier subject for the philosophers than all these trees and stones and even all these stars; there is the mind of man. What is man, what he can become?"* Plato, who was a student of Socrates and a teacher of Aristotle, wrote '*The Republic*', a masterpiece in social science. Even Aristotle, who grew in the environment of natural sciences, contributed to social sciences as well by writing on varied subjects like metaphysics, ethics, logic and politics. The tradition of social science research and writing continued. The creation of knowledge first shifted from Athens to Rome and later to all over Europe. The methodological debate in social science (to which *management* belongs) research came much later in 1907 when debate on philosophy of science and epistemology was promoted by Frank, Hahn and Neurath. Vienna Circle, which gathered around Moritz Schlick after he came back to Vienna 1922, consisted of all types of scientists and included mathematicians and statisticians. They hotly debated on issues relating to *philosophy of science* and *methodology for research*. The social science researchers, in the absence of other paradigm, had initially adopted the *positivist* approach. Durkheim, who was a French social psychologist, was great supporter of this approach as he believed that '*The first and most fundamental rule is to 'c*onsider social facts as things*.*' Max Weber, who taught in University of Vienna as well, was a German sociologist, philosopher, jurist, and political economist. Contrary to Durkheim, he observed that 'both for sociology in the present sense, and for history, the object of cognition was the subjective meaning-complex of action. ' No doubt, existence of society is a fact but it is built up by activities that express subjective meaning'. The social scientists, sooner than later, started believing that the *social truth* is constructed and that it is not always the same "*out there*". This idea of *social construction* motivated many social science researchers in creating new paradigm as they were convinced that the bulk of the research in social science comes from the logic inherent in the problem definition and/or the research question.

After Socrates, it was Epictetus, who stated *"It is not action that alarms or disturbs man, but it is their opinions and fancies about actions."* This notion for understanding and interpreting the social world continued since then. Social scientists, in continuation of this notion, have gone in this direction trying to understand the society, which apart from being an object, is a bundle of opinions and fancies.

Schopenhauer, another German philosopher, had observed *that happiness or unhappiness of people was caused by the way they looked at things and the society.* Thomas Mann, a nobel laureate, agreed with the philosophy of Schopenhauer about whom he expressed, "drinking that metaphysical magic potion can only be compared with the one which the first contact with love and sex produces in the young mind." He was earlier interested in folk psychology (now known as social psychology), much later, spent two quarters at Chicago as a fellow in sociology (academic year 1893-1894), where he validated Schopenhauer's thought which is laden with *subjectivism.* A colleague of Thomas at Chicago University, Mead (1936), too, agreed to this social phenomenon. However, in slight deviation, he propounded, '*if a thing was not recognised as true, then it did not function as true in the community*'. Thus, a new way to study social world emerged. Thoughts and ideas, apart from observations, became part of the research process. The researchers looked at social phenomenon holistically and started giving their own interpretation as well. Truth, which researchers started to believe to be constructed socially, began to be reported through a new way of interpreting it. This new philosophy of research was known as *interpretivism.* As Comte is believed to be the father of *positivism*, so is Weber believed to be the creator of *interpretivist* philosophy. Under this philosophy, the social world is looked at through the eyes of the people, the researcher is studying. *Interpretivist* philosophy enables the researcher to get multiple perspectives of reality, rather than the "one reality" as believed in the philosophy of *positivism.*

*Interpretivism* reposes faith in the researcher for constructing social reality. Research conducted under this philosophy emphasizes on the nature of people's character and participation in both social and cultural life. According to Willis (1995), *interpretivists* are anti-foundationalists who believe that "there is no single correct route or a particular method to create knowledge." Further, the interpretive tradition believes that there are no 'correct' or 'incorrect' theories (Walsham, 1993). "Human actors, through a *social construction* create people's knowledge of reality" is the belief that this method of research carries, Once a researcher adopts this position, he/she definitely and distinctively rules out the methods of physical science which believes reality to be objective and existing 'out there'. Philosophical traditions of ethnography, hermeneutics and phenomenology carry the roots of *Interpretivism.* Looking for meanings and motives behind people's actions and building nascent/new theories is the purpose of *Interpretivists*. In the research being conducted through *interpretivist* tradition, culture, behavior and interactions with others in the society provide meaning and richness to the study. Reversely, cultures can be understood by studying people's ideas, thoughts and behaviour to which they give importance and which, to them, are making social meaning. Culture is an organic whole; an integrated system of symbols, ideas and values that needs to be studied as a social system rather an object, thus, observation of and interaction with people become necessary.

Boas, a doctorate in physics turned and anthropologist, in his modern anthropological conception, gave a new dimension to *interpretivism.* He called it *antipositivism.* This was based on the understanding of *verstehen* (German word meaning – understanding and/or to understand) in the social science study. Max Weber, who had brought the concept of

*verstehen,* gave social scientists an alternative to earlier accepted thought of *sociological positivism* and *economic determinism*.'Value free data cannot be obtained', is the argument of *interpretivist* philosophy. It was so because the researchers use their own preconceptions to pursue the process of enquiry. Further, the human subjects are the interest of the social researchers who interact with them in pursuance of their enquiry. This changes the perception of both the researcher and the researched. Lin, in 1998, had explained that *interpretivist* researchers delve into the specific ways in which the phenomenon is manifested as well as the context in which it occurs. Thus, researchers, adopting *interpretivist* philosophy, have the opportunity of going beyond from what had been planned earlier; what additionally occurred and how it had occurred as well as what might occur in future may become the part of research. This makes the social research more valuable in both in terms of creating knowledge as also for use by practiceners.

During the early 19th century, research in social world, especially Sociology (social physics to start with) which was considered a science, revealed the emergence of interpretive approaches in various studies. Social science research was expected to address the meaningful character of social actions using the understanding of *verstehen*. Weber had opposed attempts for use of the quantitative techniques by social scientists as was the practice by physicall scientists. Though, until the present time, the issues of whether there is a critical distinction to be drawn between the social and natural sciences (physical + life) on the basis of *verstehen* and "erklären" (explanation) remains unsettled, the social scientists have moved quite a distance in the direction of *verstehen* and "*erklären*". The mechanisms and assumptions of the natural sciences, which are based on positivist ideology and which believes that only the facts observed from *arms distance* (not mingling with the subject of research), can create valid knowledge is far from what happens in the field of management.

In a different context, Comte had observed that 'Accounts of human mental and social life were languishing in the pre-scientific and metaphysical stage whereas subjects like astronomy, biology, chemistry and physics had arrived at the scientific stage as early as in 18th century'. He was a believer in the thought that the social sciences should also concentrate on scientific laws rather than contemplation. He wanted to build methodology for social sciences which was based on observable facts rather than interpretation. In contrast to his thoughts, *interpretivist* tradition stressed on the dynamic, constructed and evolving nature of social reality. Under this philosophy, social reality is studied through the eyes of those being studied; the research being intermingled with the subject, phenomenon and the researcher. Thus, *Interpretivists* rejected the *positivist* position of accepting only the knowledge that is observable, objective and tangible. Thus, the *positivists* remained at war with *interpretivists* till other intermediate philosophy of research emerged.

The criteria that could be used to accept a theory or research stream was suggested by Kuhn (American physicist, historian and philosopher of science who was professor of philosophy and history of science at MIT). He propounded that scientific fields undergo periodic "paradigm shifts" rather than solely progressing in a linear and continuous way.

He, further, observed that 'these paradigm shifts open up new approaches to understanding what scientists would never have considered valid before. At any given moment, the notion of scientific truth, cannot be established solely by objective criteria but is defined by a consensus of a scientific community'. He proposed three criteria for research, *Practicality, Correspondence, and Consistency. Practicality*, in his view, encompassed *Relevance* as well. In Vedic period, knowledge was created through practice and discourse. The criteria of practicality or relevance dwell on the examination of the facts and the extent to which the knowledge created comes from practice. The criteria of correspondence, on the other hand, are based on observations of the phenomenon being researched. They examine the extent to which observations of the phenomenon of interest has been used to create a theory for its truth value. As per these criteria, any theory built on variables or concepts not readily observable needs to be rejected. Management theories, in general, do not pass this test but the community of scholars normally agrees to accept a certain level of deviation provided the theory has other strengths. The criteria of consistency are generally used for testing or falsifying a theory. Thus, they help in assessing the extent to which a new theory is consistent with existing knowledge in a particular field. Most researchers in management are required to make their research meet the requirements of one criteria or the other. However, some of the researchers, while sticking to dominant criteria, try to deal with other criteria as well as long as scope of the research permits.

The age of 'normal science' continued for long during which period the process of research in all streams of science was bunched together. It was dealt by experts in their field; all of them having one philosophy for research - *positivism*. When the scientists of all streams (including mathematicians and statisticians) sat together, they discussed the philosophy of science. During this period, the concern of the scientists (physical, life and social) was to build cumulative knowledge. They emphasized that the new research needs to be consistent with the dominant philosophy of positivism which was acceptable to some like Durkheim but unacceptable to others like Weber. Any finding out of this dominant paradigm was most likely to be rejected by the researchers belonging to the later group. These social scientists had started believing that the society and human beings are not only objects; they have mind and soul (brain and heart); therefore, they cannot be dealt in the same manner as physical objects which can neither speak nor express its feelings. They, however, found themselves cornered in such gatherings though they were firm on the need to improve the context of their research, both in short and long run. This was essential in order to justify to themselves as well as to the larger community of researchers pursuing that kind of research they were interested in. Thus, the *positivism-interpretivism* debate continued on various expert fora. Broadly it is believed that quantitative researchers follow *positivist* philosophy while qualitative researchers follow *interpretivist* stance. There is anomaly in this as quqn/qual are methodologies and not philosophy. A researcher having *positivist* stance can pursue his research through qualitative method as well.

Frederick Winslow Taylor, who had engineering and scientific background, is known as the father of *scientific management*. The techniques for *scientific management* were developed by him in the early 1900s. Many more management science techniques were developed during World War II.

Problems in military, strategic, logistic, and tactical fields posed during this war gave immense opportunities for the development of management science. In the beginning, engineers, mathematicians and statisticians from operations research streams were deployed to develop the scientific method of management. Such development was to find solutions for many of these problems. Management science applications, outside the military domain, started developing after World War II. Harvard Graduate School of Business Administration, which was established as early as 1908, started the first business management education of the world with a faculty numbering 15. The first ever management class comprised of 33 regular students and 47 special students. Limited technologies and resources, in early periods, restricted the scientists to use simple mathematical models for this purpose. Around the time Taylor was doing his experiments, another study in this direction, which was epoch making, was carried by Elton Mayo, a professor of Industrial Management at Harvard Business School. He and his protégé Roethlisberger carried a landmark study on the behavior of workers. The study was sponsored by Western Electric, the manufacturing arm of AT&T. Hawthorne Works plant outside the city of Chicago was the venue of this study which was a longitudinal study conducted over nine-years. This was unprecedented in scale and scope; it generated massive data – both quantitative and qualitative. Thousands of employees were *interviewed;* the transcription of these interviews created a mountain of documents carrying qualitative data that was interpreted to generate theory. A new dawn in management research was, thus, ushered by Harvard Business School which brought a shift in the study of management. This was a shift from scientific to multi-disciplinary approach in which *interviews* became a recognized tool for research, thus, a landslide change in management study and research was established. Cases written, based on interviews, became a valuable instrument for teaching business management students and executives. In 1924, case method was established as the primary method of instruction in Harvard Business School. Case development and teaching management through cases has diffused to management schools all over the world; India being no exception.

There are two types of business schools in India; first chose to gain in the short-term while the second commit for long term. The former set up diploma distribution shops while the later provide business education that is rooted in management research which provide high quality learning and knowledge creation environment. Quite a few of the first category of business schools have already folded up and a significant number of them are likely to follow the suit. In addition, M&A, known well in corporate world, has come to play in the world of business education. Indian management research does not correspond to Indian economic development. The gap between the two is ever increasing; management research not increasing in proportion to economic development. India needs indigenous management theories to serve the management researchers, practitioners and students. Therefore, development of such theories is the need of the hour; most of the western management theory being contextual. In addition, theories developed earlier needs to be reviewed as the society and the practice of management is fast changing. Development of contemporary and contextual theories can be done through cutting-edge research and creation of relevant indigenous knowledge. Only such

research will provide effective solutions to practitioners for the problems they encounter day to day. Such a research will not only support the rapidly emerging community of management scholars in India but will also be welcome by practiceners.

Though India has large number of business management institutions and scholars, rigorous and relevant research on Indian management is hard to come by. Business schools are constantly struggling to overcome the tradeoff between 'rigor' and 'relevance.' They need to take lesson from Chinese management schools and scholars who have managed to bring together a critical mass of scholars. These scholars are working in East Asia under the auspices of Asia Academy of Management. Further, they have founded high standard journals like *Asia Pacific Journal of Management* and *Management and Organization Review.* No doubt, there is immense opportunity to conduct research in Indian context; what we need is to change the attitude of doctoral students in management who attempt to put bits and pieces together in a thesis only with the purpose of getting doctoral degree. Whether they are *positivist, interpretivist or pragmatist,* these management researchers need to change their attitude, tighten their research belt and produce something which is contemporary and relevant to business and policy making in addition to contributing to the pool of knowledge.

The oldest stream of research in the field of management in India is practice oriented. This stream is closely associated with IIM Ahmedabad (Collaborator – Harvard Business School) whose purpose was to develop good managers to contribute to the building of a strong national industry base. IIM (A) was headed in its initial years by the well-known space scientist Vikram Sarabhai as the first honorary director. Ravi Mathai, a 38 year old man from industry with a Bachelor's degree from Oxford University, was the first regular director of the Institute. He

created a culture of autonomy and excellence. The shortage of management teachers in India made him launch *Fellow Program in Management* to develop capable management teachers as well as to feed researchers to industry. This program emphasized practicality and relevance over correspondence and consistency criteria. This, however, does not mean that positivist approach is not acceptable in IIM (A).

IITs and IIMs, established in the years immediately after independence, had focus towards contributing to the practice of engineering (and a few disciplines in the sciences) and management. These institutions, in the beginning, had support from institutions in the West in terms of faculty, research infrastructure, and training for local faculty members. Thus, these institutions adopted the philosophy of the West (their collaborators). In the field of management, there was an emphasis on exploitation of 'imported' management concepts. The point that they needed adaption for application to local conditions was missed by management educators, researchers and practitioners. Not only the faculty recruited from foreign universities but also locally trained faculty had adopted the philosophy propounded by West. This philosophy gradually percolated to all other management schools. It may be recalled that IIM (A, B, C), in the beginning got recognized for excellent teaching only. Research, in these pioneering institutions, was introduced later but their research program failed to create, nurture or discovers indigenous knowledge, not to speak of other second and third ranked IIMs and private management Institutes and management faculty in Universities. Though introduction of Fellow Program

initially served its limited purpose in the field of management in the country, it is time for management scholars to move on as the conditions in the country today have completely changed compared to the early days. World has changed; business is shifting from west to east. The later, where India belongs, need to generate their own knowledge to deal with their unique problems.

IIM Calcutta (Collaborator – Sloan Business School) was contemporary to IIM Ahmedabad in its year of establishment. IIM ©, which, apart from MIT, has also been influenced by ISI (Indian Statistical Institute, headquartered in Kolkata), relies extensively on statistics and thus, follows mostly quantitative techniques. Theory of consistency which is based on *positivism* and accepts western concepts and theoretical frameworks have been adopted by the institute to contribute to research. IIM (B), established in 1973 in Bangalore, which later became an IT hub, was indigenously developed. Its network is multinational whose convener is Yale University; INSEAD, London School of Economics and Fudan University are among others which constitute the convention. Even in this institute, research is used more to augment new courses and executive education program rather than contribute to practicality and correspondence.

Lower rung IIMs, leading private institutions, except ISB (Hyderabad) and management faculty in Universities have still to catch up in research. However, one need not conclude that *interpretivist* philosophy is not acceptable to them though there is dominance of *positivist* philosophy in those institutions. True, those who contributed to this stream of research developed a reputation among global scholars but they could not create similar resonance in India as

there was lack of correspondence with the Indian context coupled with the neglect of practical criteria. Today, on account of the race to get international accreditation like AACSM, EQUIS and AMBA, more emphasis is given on research to meet global management education standards, which is easily done through publication of quantitative papers in journals of repute. Of late, leading journals have started accepting qualitative papers as well. Further, journals like *Academy Management Review, Qualitative Research Journal, Journal* of *Ethnographic & Qualitative Research, International Journal* of *Qualitative* Methods, *Qualitative Research in Education* provide great opportunity to publish papers with *interpretivist* approach.

Today, there is a need to develop management theories that have greater correspondence with the social realities in India. This cannot be achieved through theory testing approach that the *positivist* stream provides. IIM (A) was the first in India to have started interpretivist tradition in management research. This is obvious because of its association with Harvard Business School which was the first to adopt this research stream in management. Much of the research In IIM (A) takes an inter-disciplinary perspective – using ethnography, phenomenology, case research, and action research methods. These mostly depend upon qualitative data which is interpreted for theory building rather than confirming or falsifying the existing theory. They reject the objectivist view that meaning resides only within the world independently of consciousness. Luckily, this approach has diffused to other IIMs and leading private business schools like XLRI, MDI and BIMTECH. The management schools under universities,

even today, mostly follow the old and dominant stream of *positivism* and thus, hardly create any new knowledge. The need of the hour is to build theories in Indian context rather than blindly accepting west built theory. *Interpretivism* has spread in life sciences research as well. Quite a few research papers from Indian nursing and health management institutions have selected this stream for research; thus, have brought new and contextual knowledge on the table. It is not for nothing that considerable number of medical tourist come to India for their treatment and nursing.

Arun Maira, Member of the Planning Commission, Government of India, had stated that "the wheel of progress in the west is broken. He emphasized, in his inaugural address in IIM (B), that it needs to be reinvented for our context. Further, he added, "we need to develop our own indigenous models of inclusive and sustainable growth and that it is critical for us to reinvent the wheel of indigenous management research needed to support our own development models. The world is changing and given the current global environment, Indian researchers need to assert themselves so that they are read and heard not only in their own country but across the globe. We should take a stand like Feyerabend (1998) who had urged scholars to defend society against totalizing science that hurt free thought". The world still does not recognize management research from India. To make

management research in and on India relevant locally and globally, we need to create a platform for management knowledge that integrates learning from both the streams described above though originality will emerge from *interpretivism* stream. No stream described above is without 'deadwood.' Philosophical as well methodological deadwoods need to be cleared; only thereafter its application to the contemporary context in India will be meaningful. No doubt, each of them has a core that may be suitably combined for best results. In the long run, management researchers in India, perhaps, could build a new paradigm - to be known as *Indian paradigm!*

To conclude, I would like to caution doctoral students in management not to put the cart before the horse in their research. They must think 'original;' follow their conscience rather than following the dominant European/American research philosophies; be relevant and practice oriented. The research, which must be contemporary, need to contribute to business theory and practice, policy making and newknowledge creation.

**Dr. A. Sahay**

# The Editorial

Dear Readers,

Seasonal Greetings!

We are extremely happy and delighted to bring you yet another exciting and worth reading journal for the year 2017, Shodh Gyaan Vol 4, Issue No. 1.

Like previous Issues, this Issue, consists of contents from various management disciplines. It includes articles, book review and management thought from a renowned person of industry. We have introduced a section "Thesis of the Issue" which consists of the summary of a thesis written by a research scholar of Birla Institute of Management Technology.

The article "Fear Marketing or Marketing of Fear" interestingly touches the idea of 'fear' used by marketers to promote their products and services. The next article "Rise of On-line and the Multi-channel Distribution System in the Insurance Industry" talks about how technology is raising challenges while being beneficial for the conventional insurance sector of India and how should it upgrade itself to face these challenges. The following article, "Will Curbing Black Economy lead to Development of Retail?" highlights how the current Indian Government's efforts to control black money from flowing in the market are affecting different retail industries. The next article "Brand Engagement by Video Storytelling on Social Media" tries to convey and portray how video ads are being used by companies to capture the customers' eye on social media platform. The next section brings the "Thesis of the Issue".

The above articles are followed by Management Thought which is an edited transcript of the interview of Mr. Amitabh Kant, Chief Executive Officer of NITI Aayog. During the visit at Jaipur Literature Festival, faculty and students of Birla Institute of Management Technology got an opportunity to interact with Mr Kant regarding the impact of demonetization, digital transactions and various methods of digital payment.

The management thought is followed by a Book Review on "The Digital Tsunami-Succeeding in the World Turned Upside-Down", which deals with how leaders in the digital offices are facing challenges to keep them and their employees upgraded.

Finally the Issue ends with a report on Content Analysis Workshop, Research Workshop Series conducted at BIMTECH by Prof. Srinath Jagannathan, of IIM Indore.

Assuring you of interesting and thought provoking content, on a variety of trending business and management concepts.

Wish you a very happy reading!

**Shreya Mishra**

Editor

# Fear Marketing or Marketing of Fear

## Sanjeev Shukla*

One of the most popular topics for college debates used to be, 'Fear is stronger than love'. We are indeed out of college, but as marketers the proposition is certainly equally important, if not more. For both, students of marketing and professionals, using emotions in selling products or services and/or in building brand image and equity, is an interesting, intense, vast and vivid subject area for study and for leveraging brand building and marketing communications.

The credo of one of the leading marketing communication company, Saatchi & Saatchi, is, "A brand is a journey from a trade mark to a love mark". However, as Shakespeare said, "Old order changeth, yielding place to new". Fear seems to be the new love. Apropos, how does this new love unleash itself; particularly in Indian context?

Therefore, as we endeavor to understand the area of Emotions in Marketing, there are various aspects to the subject. Each of these aspects is individual subject for in-depth and insightful study, deliberations and research. What we attempt to deliberate here, is

- Emergence and usage of Fear, as the key emotion
- How ethical it is to use fear; the difference between shaking people up and terrorizing people?
- Is Fear efficacious / is it persuasive?

Using fear in marketing communications is not a recent phenomenon. However, both the quantum and the subtlety – the cleverly veiled threat, which is perhaps more vicious – seems to have gone up.

Several products, services and domains are serial offenders. Governmental services like Income Tax, Service Tax and several others. Similarly, campaigns on diseases like Malaria, Polio, etc. or campaigns on anti-tobacco, anti-smoking, anti-drinking and so on have been overtly using fear, in the form of caution, warning or even threat. From the science of Human Psychology perspective, Fear is a

* Marketing Head India, Hero Motors. Currently Pursuing Executive Fellow Programme in Management in the area of Marketing at Birla Institute of Management Technology

primitive emotion. Before the civilization and even before that, fear was indeed a critical need for survival. Fear always helped our ancestors in being aware of danger, living out in the open, harsh and totally unprotected conditions, amongst numerous deadly and predatory creatures and animals. Even as human beings evolved and started living in human settlements, lack of rules & regulations and many other things, still forced evolution of 'by default' responses to various situations, like the fear of a weapon or a fire arm, etc. Fear therefore, is a powerful emotion. The fear used by governmental and/or social campaigns is not only overt, but also strikes at the most basic carnal of fears. Like fear of being jailed, of getting crippled, of meeting with an accident on the road, of cancer – and eventually – death and so on. The same leads us to a few questions.

Before we ponder over the questions, let's look at conditions that lead or that should lead to efficacy and/or persuasiveness of the fear used in marketing communications. Broadly speaking, there are three elements or factors: 1) The likelihood of affecting the individual(s), who are being communicated with; 2) The extent of the affect; how painful it is; 3) Is it avoidable; in a manner of speaking, if something is inevitable, why fret about it?

Given the factors, let's look at some of the questions.

### 1: Factors in efficacy and/or persuasiveness

The first query is a about the efficacy and/or persuasiveness. For instance, why most of these campaigns, which are predominantly leveraging fear and fear of the worst kinds, are not so effective? We of course, need to exclude the lack of real fear due to lack of

implementation and/or effectiveness in governing and maintaining law & order. But, carnal fears such as fear of AIDS due to unprotected sex, or cancer and – maybe – death due to tobacco and smoking, or death due to road accidents in case of rash and/or drunken driving or even possibility of one's own children getting deformed and/or crippled due to lack of vaccination, etc., does not seem to be efficacious. Chewing tobacco and smoking has been on the rise, for instance, the main reason for causing cancer. Every year in India, over one million people die because of its consumption. Various measures, apart from use of fear in communication, like audio-video advertisements and graphic pictures on the packs have been unleashed. There have been bans, levy of higher and higher taxes and so on. However, neither the communication, nor the direct measures have been able to curb the increase in growth in absolute numbers. So, it seems that the use of fear in marketing communications is not persuasive enough.

Apart from regulatory issues, there are also issues of addiction, not being educated enough, accessibility and other basic issues of marketing such as engaging the stakeholder and/or the influencers, usage of medium and so on. For instance, shouldn't the spouses – mostly wives– and the kids be enlisted and could prove to complement the efficacy of communication in the case of anti-tobacco/anti-smoking campaigns? Shouldn't the emotions of social stigma, guilt, love for the family, aspirations etc., also be leveraged? In many cases of such campaigns, like the consequences of chewing tobacco videos running in cinema theatres, are perhaps too unattractive that it could not grab any attention; or lacks repeat viewing value; or is it actually the human mind that works hard to

not retain the same in the sub-conscious or simply walks out, gets busy with the mobile phone or simply closes one's eyes!

Moreover, shouldn't mobile phones be used as a primary medium, as it seems to be the primary and predominant toy of boys. Other basic issues of marketing, which we term as distribution, like availability of condoms at the right place/s, at the right time are also an issue. In several markets across the world, for instance, there are condom vending machines in night clubs and other such places. Targeted marketing and targeted distribution is as relevant in this case as it is in marketing of any other product and/or service.

So, in many cases, even though the three broad elements are in order, simple and basic marketing issues tend to dilute the efficacy.
On the other hand, many other brands have leveraged fear effectively. Sensodyne Toothpaste is as much about fear; so is, brand Dettol. These brands however, have a) Leveraged multiple media; b) Leveraged various stakeholders and influencers like doctors, mothers and children; c) Have built in elements/emotions of aspiration, too. Sensodyne is a premium brand and use of Dettol makes one an evolved being.

It's noteworthy that, campaigns like Polio vaccination have become successful with the use of a much-loved celebrity like Amitabh Bachchan and does lead us to note that perhaps the language/emotion of friendship, love, empathy have been more persuasive than use of emotion of fear.

**2: Issues of the use of fear being right and/or ethical.**
In certain cases, like in anti-tobacco/smoking/drunken driving, etc., use of

fear may be justified. However, intense use of fear for merely selling of non-essential and/or non-exigent products and/or services might not be.

In the current scenario, use of fear for marketing and selling purely commercial products and/or services has been on the rise. New products and services are getting added. Floor cleaners, soaps, toothpastes, hand sanitizers, cooking oils, vehicle tyres, investment products and so many other products and services are scaring people. As corporate hospitals are blooming and so are the Medical testing Labs, both are threatening every one of dire consequences, if they don't get expensive checkups done, every now and then. In fact, we now hear of diseases, we never heard of, before. One drop of sweat in fact, and cooking oil or medical testing labs or hospitals or some communication out there, will make you believe that your heart is round the corner! In fact, the conclusion one makes is that we are not eating right, planning right; and in fact, we are not living right at all! It makes you realize that you being healthy is an illusion; actually, there are so many diseases, so many viruses and deformities in your body that if you are walking and talking, it's purely a miracle!

It's noteworthy that, 'you miss it and you will be seen as a loser' kind of seemingly innocuous sentence is actually leveraging fear. 'Last day of the sale' of mundane things like clothes and various other luxury items, is one such frequent example.

Such marketing of fear, such excessive use of fear, leads to fear and anxiety itself, which leads to stress related issues and diseases. It's also leading to the feeling of inadequacy; for instance, I am not earning enough and/or am not educated enough, to take care of my family and so on. Yes, there's indeed a very serious

issue of air pollution. But in a country where affordability of such high-value purchases, such as air-purifiers, is extremely limited, the extreme cacophony of air-purifier manufacturers is scaring people and at the same time making people live constantly in fear and gross inadequacy of not being able to protect his or her from poisonous air. The pervasive campaigns on skin-whitening, now for both females and males, plays on the fear of one's complexion leading to rejection in career, romance and so on and is indeed, not right. Similarly, the pressure to be an engineer, a doctor or an IAS officer is also threatening. Shockingly, the fear of being a failure or a loser has led to many suicides. Moreover, it also leads to limited resources being used for buying expensive products and services and also getting dis-proportionately diverted to non-essential investment and expenditure.

In strategic marketing perspective, the conclusions seem to be:

- Fear, considered and identified as one of the primitive and powerful emotion is taken as – many a times – the ace up their sleeves, by the marketers
- Leverage of fear, as the sole emotion for persuasion does not really work. Let alone emotion, fear (even as the lead emotion) is hardly persuasive enough.
- Brands need to employ and deploy a bouquet of emotions
- Apart from being legally and/or technically unethical, the rising use of fear in marketing is socially not right and is leading to several issues

# Rise of On-line and Multi-channel Distribution System in the Insurance Industry

**Dipankar Acharya ***

## Introduction.

Fred Beyer in the article, "How digital is disrupting insurance" highlighted that Digital technology and tools have revolutionized the way most consumers buy home and life insurance. Consumers now have on-demand access to endless information, customized products at lower prices and require less agent interaction than ever before. Insurance carriers and brokers who have taken advantage of e-commerce and digital media are gaining market share while smaller, agent-reliant players are experiencing steady declines. Life, health and commercial insurers have been slow to react to how digital technology has already disrupted their businesses. Apart from remaining competitive, they are missing the opportunity to use digital as a tool to accelerate growth, build competitive advantage and be a leader in the modernization of the industry.

## Online and Digital channels

A review of the literature reveals that a major body of the literature on non-life insurance is devoted to the growth of technology, multi-channel and digital marketing. There are many distribution channels for insurance products. Companies are now using multi-channel strategies to distribute the insurance products as it helps in increasing the reach of the insurance company while reducing cost.

Digital marketing plays a very important role in the insurance industry. It uses different digital media platform to promote an insurance company and its products. Social Media plays an important role in promotion of the insurance product. It complements the marketing efforts, becomes the marketing outlet for the insurance companies, and provides reviews on brands under consideration.

Mobile applications can be used to engage with products and services on a daily basis. Online advertising and earned media could improve brand awareness at lower cost. Digital marketing and digital channels influence mostly auto insurance consumers. Products designed

* Country Head – Affinity and Strategic Relationships at Royal Sundaram Alliance Insurance Company Limited.

and optimized for digital channels lead to better quote-to-bind conversion rates. Unlike conventional marketing, customers learn about the product details, special features, market conditions, competitive products, vision, mission, goal of the company. E-insurance stimulates the customers to create need and to recognize those needs, to search for alterative information about insurance industry and to evaluate those alternatives from the digital information provided in the insurance websites. It also helps in making decisions to purchase and provides after sales support. Thus, companies should invest more in digital marketing to increase their reach in the market. Customers are willing to buy insurance directly from company websites. Customers are increasingly buying non-life products from online channels. Insurance companies are focusing more on the online distribution channels as high internet penetration has helped in improving online insurance penetration. Online insurance in India has registered a high growth because of the attributes like products simplicity, convenience, transactional transparency and ease of doing business.

Web aggregators are also one of the growing distribution channels in the insurance industry. Customers buy insurance policies from web aggregators because they can easily compare prices and features of insurance products and accordingly customers buy insurance policies. Due of ease of doing business, transparency, convenience, customers have started buying insurance policies from web aggregators.

Insurers have to adopt a multi-channel strategy that develops new alternative channel formats and drive out inefficiencies in traditional channels. Trends prevalent in the insurance industry today run parallel with the confluence of the financial services as banks, capital markets, and insurance combine distribution channels. For insurers to realize the highest value from distribution they must improve operations and agent based support for key distribution segments. This includes enhanced operations to support a multiproduct, multi-channel distribution model that compliments an insurer's revenue objectives and profit margins. Today, more customers expect to perform most types of transactions either online or using mobile devices. Insurers are slowly pushing greater capabilities onto their Web sites to allow customers a higher degree of control and flexibility. The relationship between people and technology is one of the key drivers

Cortines Monica, Chocarro Maria & Villanueva Maria Luisa, (2010) have arrived at the following conclusion for the financial products with respect to the banking Industry.

- A positive relationship exists between the number of low involvement transactions and the degree of multi-channel behaviour.
- A positive relationship exists between acquisition of online-managed financial products and multi-channel behavior.
- Acquisition of customer managed financial products relates positively with multi-channel behavior.
- A positive relationship exists between the young and the steadily employed in using multi-channel behavior in financial products.
- Use of internet for financial products is increasing over time.
- The average customer uses at least 2 channels in a bank.
- Age variable has no significant impact on multi-channel behavior.
- Positive correlation exists between low involvement/customer manageable products and the use of online banking.

## 1.2  Online and Digital Channels in India

With reference to the Indian Insurance Industry, the following trends are observed, regarding online purchase of insurance -

**1.2.1  There is an overall growth in purchase of insurance through the internet and online channels of distribution. This is a result of both the consumers willing to buy through the online channel as well as insurance companies promoting online distribution.**

Insurers recognized that the establishment of the online mode made on the minds of consumers and therefore they started to promote online term insurance quotes and policies. The attributes like convenience and ease of use are given priority for the development of online platforms. A large section of population remains doubtful about its relative advantage over the traditional delivery channels. Even though it is never easy to convince customers to buy policies through online mode but transparency and safe payment gateways has influenced more than half of the customers to make a purchase.

Driven by Internet Growth and the Web Aggregators the Industry highlighted the point that the high use of internet in India has helped in improving the online insurance penetration, plans for health, mostly travel, motor and term insurance are sold through the web aggregators and their demand is increasing. The market for online insurance in India has registered a compound annual growth rate (CAGR) of 88.3 percent over the period of 2009-2014. Digitalization is shaping customers' expectations on the one side and allowing non-life insurers to engage more closely and develop quicker solutions on the other. It would allow insurers to move from commoditized competition based on price to differentiation through customer relationships and the ability to deliver what they value. PWC (2014) in the research, "Insurance 2020: The digital prize – taking customer connection to new level" found that 71 percent respondents used some form of digital research before buying insurance and 26 percent of respondents bought their policy online.

Factors like website security, website design, customer services, reliability, and product portfolio are important factors for online websites like web aggregators and other online channels. Insurers are more successful when they understand the buying behavior of online customers. They can accordingly develop innovative, attractive and simple products catering to specific customer requirements. Also strong communication and customer engagement model are required to keep the customers engaged and attracted to the concerned online channel.\

Ms. Supriya Lakhangaonkar (2014) in the article, "Online Insurance in India: A Long Way to Go" highlighted that the growing demand of online insurance has significantly contributed to this growth of the insurance sector. The objective of the research is to study the emergence and growth of online insurance in India. It also tries to find out the challenges in the near future. According to this article Insurers that had better understood the buying behavior of online customers, develop innovative, attractive and simple products catering to specific customer requirements and most importantly, have a strong communication and customer engagement model backing their online marketing strategy will appear as future market leaders in the online insurance distribution space in India.

General insurance companies are now focusing on online distribution channels in a bid to increase renewal rates. The contribution of internet and mobile platform, which is only 1 percent of the total health insurance business, is rising up the priority chart for general insurance companies. Today, about 4 percent of retail health policies are sold online, which was much lower or non-existent sometime back. People are realizing that purchasing insurance products online enable them to choose products that are better suited to their needs and buy insurance products at better prices as online research is easier. Therefore, decision of using digital platforms makes the renewal process quicker, convenient and simpler. (Dharamsi, 2015)

Pradeep Pandey (2016) in the article, "Insurance goes electronic with repositories" highlighted a point that The Digital India campaign launched by the government has given insurance companies a huge opportunity to ride on. The use of technology should benefit all parts of the ecosystem. An insurer would benefit from lower cost of operations, innovation and customization of insurance products, while the distributor would benefit from simplification of KYC norms and the policyholder gets an enhanced purchase and post-purchase experience. An insurance repository is a place where a customer can keep his insurance policies in an electronic form. Safety, convenience, no fee, single point of service, easy to get new policy- are the advantages of electronic repository.

The need of the hour for the insurance sector is understand their customer's attitudes towards technology in general, to enhance increased satisfaction of their customers using online insurance. (Ezhilarasi and Kumar, 2016)

The BCG report, "Insurance @Digital-20X by 2020", identifies the opportunity and the threat and makes the case that Indian insurers need to act now. It proposes a clear action agenda for insurers and lists specific imperatives for each of its elements. It suggests that insurers should define digitalization. A digitalized goal post, adapts to a digitalized mindset, inculcate the right capabilities within their organizations and accelerate their current digitalization efforts to benefit from this opportunity. Digitalization provides an once-in-a-lifetime opportunity to transform the industry both in life and non-life insurance. It already is a critical part of insurance and the impact is only going to increase exponentially.

Therefore, in summary the growth of internet and the use of internet are prompting the intermediaries and carriers to adapt to sale of non-life insurance through the internet. The use of the online channel has increased with customers adapting to it. There has been a growth of the web-aggregator model and some of the retail products sold through this medium are motor, travel and health insurance. The growth rate is huge. There are challenges and opportunities – the customization to clients' requirement is needed. Web design and web security plays a very important role.

**1.2.2 The next set of literature mentions about the service quality of online channels and tries to weigh the online channels against other channels.**

What are the factors influencing the customers to purchase online insurance products and what is the satisfaction level of online insurance products? Uma Chandrasekaran (2013) in the article, "Multi-Channel Marketing of Financial

Services: Research Review and Management Implications" highlighted that Multichannel in financial services can be classified into traditional channels and self-service technologies. This study mentions not only that the internet is changing the way customers engage with financial service providers but also that traditional channels remain important especially in the case of insurance. Satisfaction with offline channel tends to reduce the perceived usefulness of online channel. Buyers prefer online channel during the pre and post stage rather than during the actual purchase stage. The customers' internet experience, web design factors, service quality, risk perceptions and trust factors of online channel, influence its use. Agents' readiness to use technology for company related interactions depend on their satisfaction, quality and cost perceptions. Satisfaction, cost and loyalty are the factors perceived to be important for using technology in customer related interactions (Chandrasekaran, 2013). Positive dimensions of innovativeness and optimism among the agents lead to technology readiness. Both private and public sector insurance firms in India have implemented information technology systems. Brand and image promotion, increase of sales and good knowledge of management and better stakeholder relationship were considered important corporate related benefits while transparency, speed of claim management and desired Customer Relationship Management (CRM) through continuous service and high productivity were considered important customer related benefits of e-insurance. The attitudes of the Indian customers towards online insurance are governed by how reliable or secure the online insurance website is. The knowledge or information about the online insurance does not affect the attitude of the customers. The challenges and opportunities in multi-channel marketing of financial services are:

a)  Characteristics of multichannel shoppers, strategic role of multi-channel marketing,
b)  Impact on channel relationship,
c)  Impact of inconsistency of information across channels on customer satisfaction,
d)  Finding out the most worthwhile segment based on usage preference,
e)  Developing a normative model for determining the channel mix,
f)  Determination of the best channels for acquisition, retention, and development, and
g)  Determination of how segmented approach can improve satisfaction.

Agents provide customized services, whereas online aggregators offer cheaper plans. A price comparison website or web aggregator offers insurance policy with ease, with more transparency and convenience. Customers have started buying motor and home insurance policies through web aggregators. (Ezhilarasi and Kumar, 2016). Priya Nair (2016) mentions that as insurers take advantage of the efficiencies afforded by digital technologies, it is important to determine how the efficiency will improve or degrade the customer's overall experience with the company. Digitalized channels can provide greater convenience to customers. Nevertheless, customers also expect their carrier will look out for their interests, whether through fair pricing or problem resolution. As insurers deploy digital technologies, they should manage these expectations. For this, insurers need to redesign core operations and underwriting. They can enable self-service to the customers and can use advance customer analytics to lift performance and create competitive advantage. They should also upgrade their IT platform and organization. Santosh Kumar, Shawn Allen Cole and Shayak Sarkar (2016) in the article, "Understanding the Advice of Commissions-Motivated Agents:

Evidence from the Indian Insurance Market" highlighted the point that agents overwhelmingly recommend unsuitable, strictly dominated products, which provide high commissions to the agent. They cater to the beliefs of uninformed consumers, even when those beliefs are wrong. They also find that agents appear to focus on maximizing the amount of premiums (and therefore commissions) that customers pay, as opposed to focusing on how much insurance coverage customers need. A natural experiment requiring disclosure of commissions for a specific product results in their recommending alternative products with high commissions but no disclosure requirement.

**1.2.3  Lastly, on the Multi-channel behavior of customers and the modern insurance purchaser it is evident that success depends on how well the channels are handled.**

Some of the challenges that insurance companies face in a multi-channel scenario are as follows - understanding consumer behavior, allocation of resources across channels, coordination of channel strategies and data integration. These issues need to be addressed by each insurer to operate smoothly in a multi-channel environment.

In McKinsey & Company report, "Beyond Price: The Rise of Customer-Centric Marketing in Insurance" it is mentioned that digital and social media channels influence 40 percent of consumer decisions made during the consideration phase. Today digital channels play an important role for the insurance companies. Mostly, auto insurance consumers, are influenced by digital marketing and digital channels. Products designed and optimized for digital channels lead to better quote-to-bind conversion rates. Social media provides reviews on brands under consideration. Mobile applications can also be used to engage with products and services on a daily basis. Online advertising and earned media could improve brand awareness and consideration at lower cost.

Chiang Ku Fan, Hung-Chih Lai and Yu-NingTian (2014) in the article, "Multi-Channel Conflict Analysis While Using Banks as Distributors-An Evidence of Insurance Marketing" highlighted that multiple channel distribution strategies provide tremendous benefits to insurers, but there are many causes which lead to multi-channel conflict. According to result of this study the most important three causes leading to multi-channel conflict are "differences in perception of reality used in joint decision making", "using coercive powers", and "incompatibility of goals". Thus, administrators of banks or insurance companies will redesign their organization disciplines or management policies accordingly, which can improve the performance of multiple channel strategy. The main causes for the multi-channel conflicts are – communication difficulties, differences in perception of reality used in joint decision-making, incompatibility of goals, poor channel management, resource scarcity and using coercive powers. In order to deal with the channel conflict of "differences in perception of reality used in joint decision making", marketing managers must spend time understanding how each distributor interprets reality and, where there is a significant difference between what is seen and what exists, try to eliminate the distortions. About the deal with the channel conflict of "using coercive powers", marketing managers must balance the leadership power using clear communication. This can bring down the level of conflict situations and incompatibility of goals.

Nichole Morford (2015) in the article, "Why insurance industry needs digital marketing" highlighted that it is important for any company to have a social media presence. It is critical to have online presence whether the company is targeting millennial or seniors. The right social strategy will make insurance industry lead generation efforts more effectively. In addition, it will tackle one of the biggest challenges advisors face - building consumer trust. Facebook, LinkedIn, Twitter are the three favorite social media platforms for the promotion of the companies. Companies can simultaneously target business owners on LinkedIn and Baby boomers on Facebook.

According to Preeti Kulkarni (2015), agents and brokers are no longer the sole contacts for consumers. Insurance marketers at the corporate level must focus on direct marketing as they are on branding. When consumers are shopping for insurance, they look for the best price, ease of research/purchase and good customer service — preferably, all with a brand they know and trust. A strong multichannel marketing strategy fulfills all of these needs, providing the consumer with the information and service they require while allowing insurance companies to respond to the right prospects with the right message in the right channel.

Anuja Verma in the article, "Multi-Channel Distribution in Insurance – Challenges & Scope" highlighted that social media platforms have started playing a significant role in the distribution strategy of insurance companies. A Twitter account or company/brand pages on Facebook are various ways to reach out to prospective and current policyholders. The important element for such platforms is the status update that enables a company to be aware of the activities and intent of a large group of people without having to ask them. If any agent has a concern about a new product or program, the underwriter can proactively reach out to the agent with a relevant communication as well. According to the author, there are four customer segments and each customer segment has a different choice of distribution channels. Wealthy consumers use full service brokers. Affluent customers use brokers, vendors, agents as their distribution channel. Mass customers use insurance agents, bundled vendors, bank as a distribution channel and marginal customers use banks & Credit unions as their distribution channels of insurance industry. The growing insurance market offers scope for better penetration and accessibility through diversified channels. Insurers have an opportunity to differentiate themselves through their distribution channels. There is substantial value to be gained in each channel. Innovative and customized products can be offered to customers through multiple channels. Incremental investments over a sustained period across multiple channels provide the best solution. A company's ability to offer an integrated multi-channel experience will be the key to customer satisfaction and profitable growth.

## 1.3 Summary and Conclusions

So in conclusion the following is revealed.

- There is an overall increase in the purchase of insurance through the online channels.
- There is an overall increase in the use of the online channel and this is a result of both customer willingness and insurer keenness.
- Quicker, convenient and simpler renewal process is possible through the internet.
- More are opting for renewal retention through the internet channel.
- There is a clear increase in online penetration.
- Insurance repositories and enhanced pre and post sales experience for the customer is aligned to the online channel, which benefits

both the insured and the insurer.

- A large majority of the customers are engaged in digital activity in the purchase process.
- Security and reliability remains a major issue in the online purchases and the purchases through web aggregators. Transparency and safety remains a major factor.
- Growing online purchases will increase insurance revenues and penetration substantially.

Service quality of online channels vis-a-vis others

- The main factors involved are – characteristics of multichannel shoppers, channel relationship, customer satisfaction, hitting the right segment as per consumers' preference, channel mix, acquisition and retention of customers.
- Digital channels can provide convenience to customers. Insurers can use analytics to lift performance and create competitive advantage.
- Agents seek affirmative products with high commissions without disclosures.

Management of channels in the multi-channel scenario

- The critical challenges involved are – understanding customer behavior, resource allocation across channels and coordinating channel distribution strategies.
- Social media, apps and online advertising play an important role.
- For managing multi-channel conflict, clear communication is important.

The General insurance companies are using innovative marketing channels for the selling of non-life insurance products. Insurance companies are selling through multi-channel strategies as customers are now buying insurance through different distribution channels. Therefore, to reduce the losses, companies are now using multi-channel strategies. In a multi-channel scenario, the importance of finding the right mix of distribution channels to enhance penetration and density of a general insurance company cannot be over stressed. Consumers buy motor insurance from the different distribution channels. Insurance companies need to use innovative marketing strategies to sell their products. In addition, insurance companies need to mix and match channels in the right proportion and at the right phase of the insurance purchase process to ensure maximum conversion. Therefore, here lies the secret of revenue maximization. This will also lead to higher sales productivity apart from maximizing sales revenue.

## References

1. Anagol Santosh, Sarkar Shayak, Cole Shawn, (2015). "Understanding the advice of commissions -motivated agents: Evidence from the Indian life insurance market". HBR, Working Paper 12-055, October 2015. BCG report, "Insurance @Digital-20X by 2020".

2. Beyer Fred, "How digital is disrupting insurance" https://www.prophet.com/theinspiratory/2015/12/21/how-digital-is-disrupting-insurance/

3. Chandrasekaran Uma, (2013). "Multi-Channel marketing of financial services: Research review and management implications", The International Journal of Social Science and Management 09/2013; 3(4):3-4

4. Chiang Ku Fan, Hung-Chih Lai and Yu-Ning Tian, (2014). "Multi-channel conflict analysis while using banks as distributors: An evidence of insurance marketing", International Journal of Application or Innovation in Engineering & Management, Volume 3, Issue 2.

5. Cortines Monica, Chocarro Maria &

*Villanueva Maria Luisa, (2010). "Understanding multi-channel banking customer", Journal of Business Research, 63 (2010) pp 1215–1221.*

6.  *Dharamsi Khyati. (2015), "Insurance schemes: Online policy buyers more likely to renew cover". http://www.dnaindia.com/money/report-insurance-schemes-online-policy-buyers-more-likely-to-renew-cover-2086996*

7.  *Ezhilarasi A and Vijaya Kumar G Dr, (2016). "A study on consumer perception towards the online insurance products in chennai city". Sumedha Journal of Management, Vol.5, No.1.*

8.  *Indian General Insurance Industry, (2016). Industry outlook & Performance Review. 2016 ICRA Limited.*

9.  *9th Global Insurance Summit, (2016). "Insurance: The emerging power house in financial industry". ASSOCHAM India*

10. *Kulkarni Preeti (2015), "Non-metro residents jump onto the online insurance purchase bandwagon. http://articles.economictimes.indiatimes.com/ 2015-05-07/news/61902267_1_motor-insurance-*

11. *Lakhangaonkar Supriya M, (2014). "Online insurance in India: A long way to Go", International Journal of Engineering Research and Application (IJERA), ISSN: 2248-9622*

12. *McKinsey & Company report, "Beyond Price: The Rise of Customer-Centric Marketing in Insurance"*

13. *Morford Nichole (2015), "Why insurance industry need digital marketing" http://www.lifehealthpro.com/2015/11/17/why-the-insurance-industry-needs-digital-marketing.*

14. *Nair Priya, (2016) "Many options for buying insurance policies", http://www.business-standard.com/article/pf/many-options-for-buying-insurance-policies-116041700707_1.html*

16. *Pandey Pradeep (2016), "Insurance goes electronic with repositories" http://www.tribuneindia.com/news/business/insurance-goes-electronic-with-repositories/227198.html*

16. *PWC - Insurance 2020: The digital prize – Taking customer connection to a new level.*

17. *PWC (2014) – Insurance 2000: Future of insurance taking customer connection to a new level. www.pwc.com/insurance.*

18. *Verma Anuja. Multichannel distribution in insurance – challenges and scope NIIT Technologies, white paper, www.niit_tech.com*

# Will Curbing Black Economy Lead to Development of Retail?

[1]Chanakya Purohit, [2]Divya Sharma, [3]Lalithasri P,
[4]Saumya Saxena, [5] Shaily Wadhwa, [6]Amrendra Pandey

## Introduction

Black money is a socio-economic evil which hampers the growth of an economy. It leads to creation of dual economy, loss of revenue to government, increase of lavish consumption spending, distorted resource use and production patterns and market instability. The goal to curb black money or the unaccounted money is majorly to put a stop on counterfeit currency and counter tax evasion. The following figures show the different estimates of amount of black money in the economy and illegal outflows of different economies of which India stands at number 5.



1: Estimate Size of India's black economy
(as a share of India's GDP in %)
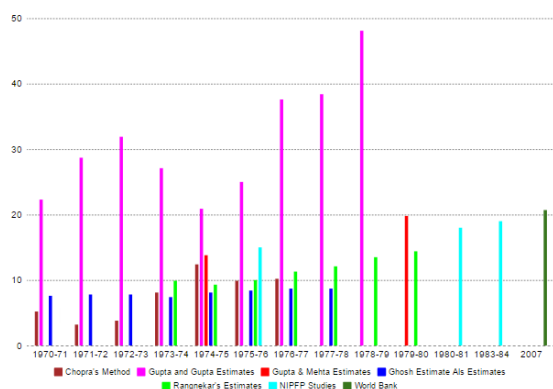


6: India is among the top five countries in terms of illegal financial outflow
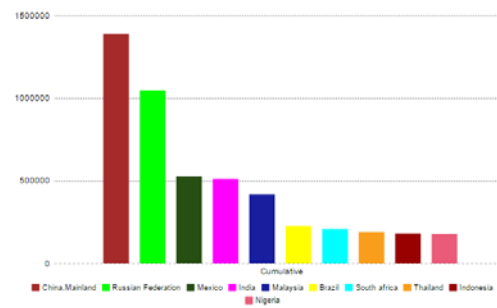
Sources: RBI, Ambit Capital Research,
Visualised by: Shivansh Jauhri

[1] Student of PGDM RM 2015-17, Birla Institute of Management Technology
[2] Student of PGDM RM 2015-17, Birla Institute of Management Technology
[3] Student of PGDM RM 2015-17, Birla Institute of Management Technology
[4] Student of PGDM RM 2015-17, Birla Institute of Management Technology
[5] Student of PGDM RM 2015-17, Birla Institute of Management Technology
[6] Faculty of Economics at Birla Institute of Management Technology

When you pay cash to a small retailer (or restaurant), sometimes the money goes directly from your wallet into the owner's wallet. The income is never declared, and of course the Goods and Services Tax (GST) goes missing. In fact, GST is the icing on the cake. This way, one not only pockets the cash but also the GST portion owed to the government adding to the black money balance.

One of the problems faced by the retailer is how to spend the black money as it goes unrecorded. Shopping at the supermarket or filling up your vehicles with petrol helps but there is so much cash that you can't spend it all.

In some retail circles, there is a pool of black money that circulates. One of these is the jewellery industry. Jewellers need to buy merchandise – say diamonds which they pay for through hundred dollar bills. The diamond merchant must accept this because he too is sitting on a stash of cash he can't get rid of quickly enough. It leads to increasing accounts of unaccounted black money.

Just as, when the Indian retail industry was celebrating a good festival season this year after two years of dull growth, consumption has yet again been hit, thanks to the demonetisation of the Rs 500 and Rs 1,000 currency notes. The policy was intended to keep a check on black money and to make India largely cashless. In most large economies, cash accounts for 5 percent of their Gross Domestic Product while in India it is 12-14 percent. Such instances of large-scale overnight currency cancellations happened in countries suffering with hyperinflation or economic downturns. The shock therapy in a major economy is without precedent, so no one can predict the long-term structural impact and the full range of intended, pernicious and perverse consequences.

## Data & Analysis

**Kishore Biyani**-led **Future Group**, which operates Big Bazaar, the largest retail chain in the country, is encouraging consumers to use cards. "In our urban stores, around 40 per cent sales happen through cards. In smaller towns and cities, this number is around 25 per cent. We will introduce cheque payments and encourage people to go digital. We are also going to promote debit card, digital payment and gift cards," CEO, Future Group, Kishore Biyani was quoted as saying in an interview.

Organised retailers in the food, grocery and value to premium fashion retail segments have been insulated from the influence of demonetisation in 3QFY16, given the relatively low average ticket size of transactions (around INR 2,000) and the willingness of consumers to switch to cashless transactions. However for segments of high value, namely jewellery, luxury items (watches), consumer durables where the transaction value is high and the purchases are more discretionary in nature and presumably the use of unaccounted money is higher, even organised retail is likely to report de-growth in 3QFY16.

Demonetisation has catapulted the shift from unorganised to organised retail sector in the light of the cash crunch, says India Ratings and Research (Ind-Ra). While the market expected the sector to witness contraction post demonetisation, Ind-Ra expects most companies in the organised retail sector to post low single digit growth with varying impact across different sub-sectors. Ind-Ra expects organised retailers in the food, grocery and fashion retail segments to be unaffected, high value items namely jewellery, luxury items (watches), consumer durables to show contraction in top line.

Organised food and grocery retailers are the biggest beneficiaries of demonetisation and are expected to post a healthy double digit growth and even like to like sales growth. The cash crunch impaired the traditional wholesale and retail channels and led to a shift in consumers from local grocery stores/neighbourhood stores to supermarkets/hypermarkets. Additionally, footfalls were also driven by the availability of cash withdrawal facility from the POS machines installed at some of these stores supported by the discount and promotional offers. The consumers were quick in adopting the digital mode of payment and the share of cash transactions declined to about 20% from about 50%-60% earlier. Companies in the segment will however face the challenge of building customer stickiness and retaining the growth momentum witnessed in the last two months as the traditional channel emerges from the disruption in Q4.

Contrary to the popular belief, organised fashion retailers (departmental stores) have bucked the impact of demonetisation. After the sharp decline in footfalls as well as volumes in the first week post demonetisation, revenue growth recovered and is likely to be in high single digit to double digits on the back of festive season and early commencement of end of season sale in December 2016. Most of these departmental stores are located in Metros and Tier I and II cities where consumers were readily shifting to card payments; resulting in the share of cards as a percentage of revenue increasing to 80%-90% in the last quarter (averages around 40%-50%). Additionally, the impact on margins due to the end of season sale was largely counterbalanced by the waiver of fee on POS transactions through debit cards which were earlier in the range of 0.75%-1%. Further, companies in this segment continue to be on track with their store opening plans for 2HFY17.

Share of digital wallets is still below 5-10% in the both these segments and the industry is gearing towards increasing the share of digital wallets and launching their own wallets as well.

The following table provides some of the important facts post demonetization:

| Sub sector | Data | Source |
|---|---|---|
| Online retailers | 60% fall in COD orders | |
| | 26-30% orders returned than 13-15% earlier | |
| Flipkart | 25-30% dip In sales | |
| Offline Retailers | 40% of them don't have POS in metros | Tickto Blogs Abhishek Mitra |
| | 20000 Retailers ordered POS in Mumbai Itself | |
| Debit/Credit Card | Usage increased from 22million to 135 since Nov'2015 | |
| PAYtm | 435% increase in overall traffic | |

| Sub sector | Data | Source |
|---|---|---|
| Mid-segment fashion retail chain | 15% dip in sales eg. Max | Business Today Nov. 12, 2016 |
| Premium Brands | 49% dip in sales eg. Pepe | |
| | 40% sales through cash transactions before demonetisation in metros | |
| | 50% sales through cash transactions before demonetisation in metros in tier 2 and tier 3 cities | |
| Luxury | 60-70% cash transactions | |
| POS Transactions | 129% increase after demonetisation( Axis Bank) | The New Indian Express |
| POS machines | 300% increase in purchase by merchants | |
| | Govt. asked Banks to procure 10lakh machines | Bloomberg, Dec. 13 2016 |
| Apparel Sector | 45% decrease in retail sales and consumption | Business Standard |

The above table pretty much explains the impact of the policy on different retail sectors and activities. It has both pros and cons. There will be a slowdown in the spending on consumer durables and automobiles due to fall in disposable income in cash. Private education institutes and medical institutes which receive huge amounts of cash as donations will be seen affected. The market for high-end products and gems and jewellery will see fall in sales as it is largely dependent on cash transactions.

The unorganized sector will take much longer to stabilize. While most banks are concentrated in cities, most Indians live in villages. Forcing businesses to use banks and digital payments will help to bring them inside the tax net.

The apparel sector, however, has hailed the overall demonetisation scheme as good for the long term, on expectations of transparency in the entire value chain. Many handloom, power loom and cottage fabric manufacturers continue to operate largely in cash. Any business with retail connections generates unbilled amounts; in garments, a large section of retailers at the bottom of the pyramid deals largely in cash, without generating bills. Demonetisation is expected to curb all unbilled sales.

"The disruption is obvious. Initially, sales were down completely. With the availability of new currency notes, sales have improved to around 60%. We expect to gain till 85% in some time. Recovery of the remaining 15% would take some

time, depending upon liquidity management of the Reserve Bank of India," said Naishadh Parikh, Chairman, and Confederation of Indian Textile Industry (Business Standard 2017).

**Conclusion**

- Since most of the rural economy is based on cash, it's going to impact the rural economy negatively.

- Sectors with a sizeable magnitude of cash transactions such as real estate, construction, jewellery, high-end retail, white goods and travel & tourism are expected to be adversely affected.

- It will push the economy because of flow of more money into the banking system.

- In the long term, the economy will benefit from the reduction of the black money, which will lead to higher tax collection, better business environment, less corruption & transparency. It will improve the situation of fiscal deficit of the country

and hence, reduce the fiscal deficit.

- Interest rates will decline further because of decrease on Inflation as banks are flushed with huge inflows.

- In long-term, it is expected that retail sector will be positively impacted due to fall in real-estate prices and lower interest rates leading to fall in costs along with digitalized payment systems (both for online and offline retailers) for transactional ease.

- In case of Quick Service Restaurants, although 60%-70% of the transactions are currently in cash, the impact is likely to be moderate due to the low ticket size of purchases and high likelihood of patrons adapting to plastic money.

- We expect a limited impact to be caused on the food and grocery retail sub-segment, given the non-discretionary nature of purchases in this segment, since the buying cycle for the current month would have

# Brand Engagement by Video Storytelling on Social Media

**Aditi Mudgal***

Video ads have been the most popular form of brand engagements. They are becoming a major part of any social media brand campaigns. It has been noted in a study conducted by HubSpot, a June 2016 Survey (Masson, 2016) that this new format of video ad campaigns is the most popular form of brand promotion exercise on social media among audience (global internet user). Brands continuously make an attempt to grab the attention of the users. There are two kinds of video ads surfacing on Facebook from brands to make a presence over the social media. One is the Video Ad campaigns, which are elongated and have a story in it, the other is Live Video. For this they are using all means, the latest trend among the brands seen is the live video marketing, which is created by the brands using the genuine and real events happening, the impact of these live videos is quite powerful. The important fact behind the success and the liking of live video is the kind of "connect" it has with users watching them, live videos capture the real emotions and there is no build-up. The interaction in these videos are genuine and

represent the real emotions and intentions of buyers and users (Masson, 2016).

Brands are using videos not only to generate the sales, but to have a better brand recall (Beck, 2015). The essence of the video marketing is not only to push sales but to have their presence felt in the heart and mind of the viewer. The design and content of these videos is not technical or product centric, rather they use the emotional connects to their advantage. There is story-telling and a cause to celebrate or a thought to ponder upon. If we follow Tanishq a brand in designer jewellery, the kind of content it is been generating on social media is quite a treat to watch, they are targeting their market with very different and new reason they can build up. To give an example they had a valentine's video floating on valentines' week, which was followed up by father-daughter relationship, looking at the marriage season. So the sale is driven by brand recall. These social media videos are completely different from the advertisements broadcasted on television, in the

* Pursuing Fellowship Programme in Management in the area of Marketing at Birla Institute of Management

way that they are longer than the usual television advertisements are more connecting and are always of storytelling format.

Social media has a great strength to reach out to larger user base and the influence is also large. Once there is a page liked by users it draws an impact on several parameters like brand popularity, prospective customers, the repeat customers to be retained by right kinds of discounts and deals. So the power of social media is at play, a brand can generate several kinds of ways to keep the customer intact with them and feed these viewers with new content as soon as possible.

Social media is a multiplier source and usually never gives a negative response. It has a high rate of acceptance and more powerful influence. It just needs the right kind of hook that connects. Subscription level is high, so is the unfollow button. If you aren't pleasing enough, then the keenness of audience is gone.

The user is highly influenced by freshness of the idea, and there lays the whole struggle, generating a 4-5 minute powerful message and keeping in mind the interest window (challenges are many). The frequency of these video advertisements is increasing every day, and hence the creativity has to make stronger point to be successful.

Amplifying the interest are the teasers, which are shorter than trailers and are there to build upon the curiosity, it makes audience wait for the next byte of the video, building upon the suspense and curiosity. Thus making audience follow up.

Some brands in the market landscape have made such an impact already that even if there is no direct relation to consumption of the product, still, he longs for its video. One such is Blender's Pride adverts which are witty and fun. The quote "men will be men" itself says it all, but the witty advertisement is always a treat to watch. The delighted eyes generate a fan following even if there is no direct effect on consumption, it does have a brand recall and hence whenever, somebody is shopping for first time in the untouched zone, then this brand's mindshare will help in converting it to sales. There is high impact of number of likes to a page, which directly inflates the popularity. Brands have created specific sections around which they play. Once Tata tea gold came out with an advert for electoral voting, with its "Jaago Re" theme which utilizes its brand essence in two ways, one is the value proposition it talks about and other is the kind of social impact it creates, by incorporating an activist role in society, which is aligned with the ethics of its parent brand TATA.

It is delightful to watch these bits which are 4-5 minutes long but have huge impact in moving hearts. One such video content which was floated by Google was for Google maps promotional video, wherein India–Pakistan's bitter memories were used to connect the two youths of two countries. The brands are yet again playing it in customised way, the priority is to settle in hearts, which will only be fruitful if there is relevant content. It is important to understand for the creative team that what might connect with the US audience, it will not be relevant for Indian audiences. So creative teams for the brands need to understand that there are international topics such as Olympics and world peace kind, and there are different streams for national playfields. The global brands can have same standardised message and value proposition across the globe, but with different mingling of cultures, nationalities and tastes.

Nielsen took out its brand effect study on how and what impact these Facebook videos have on users and brands. The results show that they drive an emotional connection to build awareness and boost purchase intent. According to Facebook, videos get more than 3 billion views daily which directly lifts the brand's ad recall for 47%, 32% for brand awareness and 44% for purchase intent for subjects who viewed the ads (Beck, 2015).

This is not where it all stops, Facebook has added features to such videos, and that is, it stops if the user scrolls past it, which makes the usage of internet in control. Moving past a video gives message of disinterest. The consumption has increased and has taken over the infographics which were the usual way of posts of Facebook pages. The social media has been a platform leveraged to its best by the brands to make their presence felt every now and then, at a larger level. There have been trending videos and trends followed up by the audience showing up the interest at challenges posed to them, these can be engaging (Masson, 2016) in many ways, like for Flying Jatt movie promotions, the hit song 'beat pe booty' was trending on social media, a challenge by the actors to the audience, and hence the social media was stormed with such videos from the general public as acceptance to the challenge. This is how the greater impact has been through these videos for promotions. These trends become a wave of freshness which is been followed insanely. The other kind of engagement activities have been the Ice- Bucket challenge, which was for a cause and widely followed. Even Mark Zuckerberg, the founder of Facebook participated. Many a times, the social media is been used for showing support for a cause or sometimes there is disagreement and anger shown through changing the display pictures.

The advantage of social media is the kind of engagement and reach. The Brands' focus on social media is not only for sales, rather these videos suggest more of pursuing a connection between the viewers. It usually focuses on stories, making use of emotional marketing like using Father-daughter relationship, eve-teasing, social empowerment. The main goal is to have emotional connect, a mind share if not pushing purchase behaviour. The recall is more precious, and does create a value in longer term. Recall has the long term effects. It is believed if you have, something on your mind, it is likely to be on your buying list as well. Cognitive thinking is been pushed, hence keeping the product at the back of the mind. If the viewer does not wish to buy it today, he/she can at least recall and have it present there unconsciously. That's how brands are trying to fit themselves in the buying list of consumer, be it sooner or later. (Kolowich, 2016) The consumer experiment with their choices, in the kind of choices, this is exploited by the brands in the manner that brands. Like cosmetics brands provide Do-It-Yourself Tutorial videos for makeup and tricks for applying it. This is how majority of cosmetic brands like Lakme and Vloggers use the space. For an impulsive buyer, the social media has begun to be a scary place. Facebook markets the products according to the clicks and choices of your pages, hence everything which is placed on one's newsfeed is completely manipulated. It actually feeds you what you liked and post similar things. So if you were looking for a jacket, then the Facebook will make sure you buy it, by luring you into the lurking sea, and tempting you with best possible options present for the same product. Another disadvantage is, it keeps on feeding with similar kinds of suggestions that one can't look beyond it, and actually makes your search and results very narrow. Moreover,

getting these advertisements, on your favourite pages of interests and brands which you were following, sometimes becomes a headache. So on a busy day and in not so right mode having those videos posted on the Facebook walls feels unnecessary. It needs to be at the right time, and right place.

Among all the debates going about the advantages and disadvantages of social media and its content. It is very essential for brands to put across an image which is aligned to what it promotes in other channels. Creating an image and maintaining it throughout takes effort. On social media content is large and widespread, and so is the reach. The content published must be worthy enough to grab attention of the audience, beautiful enough to stay in the memory and intriguing enough to ponder upon the thoughts

A storytelling approach of advertisements has the capability of connecting emotionally and hence it is very important to build one and continue on the same lines (The Value of Storytelling on Facebook for Marketers, 2014). If the viewer loves the first story, it is more probable he/she will be following it to the second story and to the third. That is how a brand remains with the viewer, creating an impact and settling in somewhere deep in the heart and mind of the consumer.

## References

1. *Beck, M. (2015). Even Brief Video Views Drive Brand Lift, Facebook-Nielsen Study Finds. MarketingLand.*

2. *Kolowich, L. ( 2016). 31 Video Marketing Statistics to Inform Your 2017 Strategy [Infographic]. Blog Hubspot.*

3. *Masson, N. (Dec 15, 2016). 6 reasons why live video matters. https://marketing.twitter.com/na/en/insights/6-reasons-why-live-video-matters.html.*

4. *(2014). The Value of Storytelling on Facebook for Marketers. The Facebook Business.*

# Generational Conflict Management in Organizations and Aspects to be Considered by Managers

**Arpitha Reddy P ***

The organizations consist of employees with different age groups. The broad classification of age groups are Baby Boomers (Boomers), Generation X (Gen X) and Generation Y (Gen Y or Millennials). Boomers are born between 1946 and 1964, Gen X are born roughly between 1963 and 1983 while Gen Y while Millennial are born between 1984 and 2000 (Beutell and Berman, 2008). The mangers or leaders in the organizations have a tedious task to manage conflicts between their employees. When it comes to these generational conflicts, it is even more difficult as the level of understanding, maturity, attitudes, priorities, preferences and perspectives vary drastically (Festing and Schafer, 2014).

To make it little lucid, let us consider a family of six members. It consists of Grandmother, Grandfather, Mother, Father, Son and Daughter of the age 65, 70, 45, 48, 23 and 20 years respectively. The son wants to have an ear piercing, dye his hair with brown color and get spikes hair style done. But, his mother wants him to have a decent regular hair cut, no color and strictly no ear piercing. She feels that with decent hair cut and formal dress her son will look professional and that would help him fetch a job easily in interviews. While the grandfather and grandmother support the idea of decent haircut and apply oil. These are typically the differences in the understandings, perspectives and perceptions of individuals, who belong to Boomers, Gen X and Gen Y.

When different generation employees work together in an organization, we can expect difference of opinions and conflicts. These are inevitable in any organization. Managers or leaders dedicate most of the working hours to conflict management. Few believe, conflicts are dysfunctional elements and hence good to avoid them completely, which is likely not possible in practice. While few believe they are functional elements, so encourage to solve the conflicts when arise, which gives more valuable results. The broad classification of types of conflicts are work related, opinion, personal or attitudinal

* Pursuing Fellowship Programme in Management in the area of Finance at Birla Institute of Management Technology.

and authoritative conflicts (Pondy, 1967).

Working conflicts, as the name explains are the work related conflicts. Considering "Technological" aspect here, the exercise of using the new techniques or technology is prone in millennials compared to Gen X or boomers. Gen Y are technology savvy, they look for the alternate methods for doing the same piece of work, instead of use traditional methods. If we consider the same situation, Gen X are innovative, but not risk takers. They would like to have good, effective and innovative method but well experimented before, they do not take risk.

While the boomers are not comfortable with the shift altogether. They prefer to work in the traditional way, which has given positive results and not accustomed to the changes or swifts. It is usually very difficult to convince them how the change will effect positively (Sirias, Karp and Brotherton, 2007).

Opinion related conflicts arise from the values or beliefs of the individuals. Let us try to understand the "work characteristics" scenario among the three generations. Here work characteristics include work environment, salary and work values. Boomers are loyal to their employers and usually tend to be hard workers. They are happy with set directions and instructions by their boss or seniors. They prefer a stable work with a decent salary. They tend to give less importance to work satisfaction and work environment. They are also happy to do the same piece of work days and years together. They give utmost importance to the security of jobs. They are satisfied with the regular promotions and minimal hikes (Yu and Miller, 2005).

The Gen X emphasize on personal satisfaction in work. They are hard workers too. They are comparatively individualistic in nature and loyal to their work instead of the employer. They are technological savvy and believe in training and workshops, to keep themselves update with new developments and improve their skillsets. They are happy with healthy work environment and are open to changes. They expect decent salary and attractive packages and expect deserved salary hikes and promotions (Chen and Choi, 2008).

The Gen Y emphasize on challenging jobs and brand of the organizations. They are loyal to their skillsets over employers and organizations. They expect handsome salaries and expect good designations. They are technological savvy and believe in coaching and workshops to update their domain knowledge and skillsets. Their aspirations and goals are beyond organization's goals. They put in the efforts to achieve their individual goals. Sometimes attractive salary, promotion, brand and hike may not stop them to switchover to another organization as they highly respect their individualism (Reisenwitz and Iyer, 2009).

The personal or attitudinal conflicts arise because of multiple reasons, like personal beliefs, values and habits. We cannot predict reasons beforehand but can avoid them by accommodating others opinion, instead of passing personal judgements.

The personal opinions of the three generations on "working overtime" are very different (Wall and Callister, 1995).

The boomers are believed to be loyal workers and they have no issues in working overtime.

The willingness to work overtime is to put in all their efforts to complete the work, even if it calls for extra working hours. Gen X are keen on work-life balance, they have personal goals as well, which they prefer over organization's goals. They give less importance to the concept of working overtime. The millennials are usually comfortable in working overtime as long as there is some benefit in return. They are also very clear about work-life balance, but the way they enjoy might differ from Gen X. Gen X prefer to stay at home and spend some time with family over the weekends, watch a movie in a month or go to restaurant and plan for a couple of outings a year. While millennials prefer going out every weekend, party hard often and plan for outings frequently. They are not bound with number of trips an year but it is to do with their willingness (Chao, 2005).

The authoritative conflicts among these three generations has a vital significance. The attitude towards managerial styles vary significantly between all the three generations. The boomers are comfortable with any kind of managerial styles. They believe the direction and guidance is received by their boss or superiors and respects the authority. Any sarcasm, bullying, harsh communicating language and high pitch tones of managers are considered to be normal and they get acquainted with them. They don't consider them to be demeaning or bullying. The same is considered in Gen X people, but tolerance levels vary and likely the attitudinal issues cause attrition. But this generation started feeling the demeaned and depressed (Eisner, 2005). With Gen Y, the micro management style doesn't fit in. They don't like authoritative managers, as the culture of addressing superiors has changed in the recent past from Sir to their names. However, this habit depends on the organization's culture. This started due to increased cross cultural encounters and to inculcate the feeling among employees that we all are colleagues in the company not bosses (Becton, Walker and Jones, 2014).

Now a days organizations are having employees who belong to Gen X reporting to the Gen Y. These kind of situations are drawing attention of mangers towards conflict management. Because most of the times many people feel being older in age, they have more experience and younger generation needs guidance from them. But as said by Edwin Louis Cole "maturity doesn't come with age, but it comes with acceptance of responsibility".

The age gap is one of the causes for difference of opinion between employees. As the society, environmental, political and family aspects have been changing constantly, the family and immediate society plays important role in shaping the character of individuals. These aspects do influence the thought process and understanding abilities. This raises concern about generational gaps as an issue and generational conflict management in organizational context. Hence, the generational conflict management has gained huge importance and has attracted many researchers. There is extensive and exhaustive research done in Generational Conflict Management with respect to work-life balance, comparison studies, cross cultural studies, employee engagement, organization performance and so on. And the managers should consider all the aspects while managing the multigenerational workforce (Kapoor and Solomon, 2011).

## References

1. Beutell, N. J., & Wittig-Berman, U. (2008). Work-family conflict and work-family synergy for generation X, baby boomers, and matures: Generational differences, predictors, and satisfaction outcomes. Journal of Managerial Psychology, 23(5), 507-523.

2. Festing, M., & Schäfer, L. (2014). Generational challenges to talent management: A framework for talent retention based on the psychological-contract perspective. Journal of World Business, 49(2), 262-271.

3. Pondy, L. R. (1967). Organizational conflict: Concepts and models. Administrative science quarterly, 296-320.

4. Sirias, D., Karp, H. B., & Brotherton, T. (2007). Comparing the levels of individualism/collectivism between baby boomers and generation X: Implications for teamwork. Management Research News, 30(10), 749-761.

5. Yu, H. C., & Miller, P. (2005). Leadership style: The X Generation and Baby Boomers compared in different cultural contexts. Leadership & Organization Development Journal, 26(1), 35-50.

6. Chen, P. J., & Choi, Y. (2008). Generational differences in work values: a study of hospitality management. International Journal of Contemporary Hospitality Management, 20(6), 595-615.

7. Reisenwitz, T. H., & Iyer, R. (2009). Differences in generation X and generation Y: Implications for the organization and marketers. Marketing Management Journal, 19(2), 91-103.

8. Wall, J. A., & Callister, R. R. (1995). Conflict and its management. Journal of management, 21(3), 515-558.

9. Becton, J. B., Walker, H. J., & Jones Farmer, A. (2014). Generational differences in workplace behavior. Journal of Applied Social Psychology, 44(3), 175-189.

10. Chao, L. (2005). For Gen Xers, it's work to live:Allowing employees to strike balance between job and life can lead to better retention rates. Wall Street Journal, Eastern edition,November 29, B6.

11. Eisner, S. P. (2005).Managing generation Y. SAM Advanced Management Journal, 70, 4–15.

12. Tulgan, B. (2009). Not everyone gets a trophy: How to manage generation Y. John Wiley & Sons.

13. Kapoor, C., & Solomon, N. (2011). Understanding and managing generational differences in the workplace. Worldwide Hospitality and Tourism Themes, 3(4), 308-318.

**Thesis
Executive Summary**

# WORKING OF MONETARY POLICY:
# A CASE STUDY OF RBI FROM 1991-2015

**Amrendra Pandey ***

**Under the guidance of Dr Jagdish Shettigar****

This dissertation had undertaken an empirical assessment of the monetary policy of the Reserve Bank of India (RBI) from 1991-92 to 2014-15. The objective of the research was to examine the effectiveness of RBI's monetary policy as evidenced by measures it had undertaken to control inflation in India. The thesis also studied the impact of such measures on industrial production and the associated impact of fiscal policy and external shocks on inflation.

To examine the relationship between monetary policy and inflation Engle-Granger cointegration model was used. The monetary variables used were $M_1$, $M_3$ and weighted average lending rates (WALR) of the five large banks. Similarly, inflation trend had been assessed on the basis of data on the wholesale price index (WPI) and consumer price index-industrial workers (CPI-IW). The results have shown that, for the entire period of April 1991-92 to May 2015-16, WPI has stable long-run relationship with both the narrow and broad money, whereas consumer price index (CPI) has no such relationship.

To assess the impact of monetary policy on industrial growth vector error correction model (VECM), vector autoregression (VAR) and autoregressive distributed lag model (ARDL) bound test were used. The monetary variables taken into consideration were $M_3$ and WALR, whereas the index of industrial production (IIP) for manufacturing were taken as a proxy for industrial growth. From the analysis it became clear that industrial production was influenced by the monetary policy even in the long run.

To study the role of fiscal policy on inflation in India again VECM and ARDL-bound test were used. The fiscal variable considered in the model was monthly total expenditure of the central government. The results of the study showed, that inflation is affected by the fiscal policy even in the long run. Once fiscal shock is given to the system it affects inflation cumulatively by approximately 14.0 percent over the next 5 years.

*   Faculty of Economics at Birla Institute of Management Technology
** Area Head and Professor of Economics at Birla Institute of Management Technology

The last objective of this study was to consider the impact of external shock in influencing inflation in India. The model used to study this objective was VAR. The external variable considered for the study was the international crude oil price in terms of the Indian rupee. The results showed that there was direct causality from the crude oil price to WPI based inflation. It is also found that this causality is instantaneous, \textit{i.e.,} any change in crude oil price immediately impacts WPI.

Policy implications of the research findings are as follow:

(i) The central bank should be cautious while targeting CPI based inflation as Indian consumers are not impacted by monetary policy measures in the same way as businessmen.

(ii) The finding of the thesis shows that interest rate transmission mechanism is not strong and any change in WALR (by changing the repo rate) does not have significant long-term impact on inflation.

(iii) Single mindedly targeting only inflation (which may not respond to changes in WALR) may hurt the manufacturing growth of the country.

(iv) Coordination between the monetary authority and the fiscal authority would serve better in achieving the set inflation target; and

(v) The world crude oil price in Indian rupee has instantaneous impact on WPI, whereas it does not Granger cause CPI. For policymakers this finding delineates the impact of crude oil on inflation. Any future increase in crude oil price may have immediate impact on WPI while its impact on CPI may be protracted.

# MANAGEMENT THOUGHT

**Mr.Amitabh Kant**
Chief Executive Officer
NITI Aayog

## About Shri Amitabh Kant

Mr. Amitabh Kant is presently CEO, NITI Aayog (National Institution for Transforming India). He was former Secretary, Department of Industrial Policy and Promotion (DIPP).

An IAS from Kerala Cadre: 1980 Batch, he has also authored "Branding India - An Incredible Story" and has been a key driver of "Make in India", Startup India, "Incredible India" and "God's Own Country" campaigns which positioned and branded India and Kerala State as leading tourism destinations. He did his schooling from Modern School, Delhi, and Graduation in Economics (Hons) from St. Stephens, Delhi University and M.A from Jawaharlal Nehru University and is also a Chevening Scholar.

## Interview Transcript

**"Aadhaar-enabled payment system is going to be really the future of India"**

*Shri Amitabh Kant, CEO, National Institution for Transforming India (NITI Aayog), Govt. of India,*

*In conversation with Birla Institute of Management Technology (BIMTECH), Greater Noida, on issues like the impact of demonetization, digital transactions and various methods of digital payment, blockchain technology, E-KYC for mobile, and growth prospects for cement sector.*

**BIMTECH: Good Afternoon. Thank you for sparing time to interact with us.Sir, how is the Government of India responding to private wallets like Paytm, Freecharge, and other wallets when it comes to increasing the market share of Government-enable digital apps like BHIM and UPI?**

**Mr.Amitabh Kant:** Look there are different options available in the marketplace for digital payments. BHIM is an app which covers and is interoperable with Unified Payment Interface (UPI) and USSD. As mentioned, there are five different methods of payment which include private wallets, bank wallets, debit cards, credit cards, and Aadhaar-pay. My opinion is that the customer should choose what is best for him/her as per their requirement. We should allow the marketplace to decide what is good for customers. If BHIM is being run, it is an interoperable system where all banks are linked and thus the money remains within the bank itself. It does not move out of the bank as such. In the case of wallets, the money moves out of the bank account and credits into the wallet. Therefore our view is that all options must be promoted and let the consumer decide what he wants to buy and what he wants to deal with.

**BIMTECH: In past 8 months, we have seen a lot of initiatives in Blockchain technology (digital ledger) for banking sector by private organizations in the US. Why is Indian**

Government not investing and promoting this transparent and digitally secure transaction technology?

**Mr.Amitabh Kant:** Blockchain Technology is not yet been fully tried and tested in India. We have not examined the technical feasibility of this mode of transaction. We already have a system of Aadhaar-Pay and Aadhaar-enabled payment system. Now, these are very simple methodologies where you just have to feed your Aadhaar number and use your thumb impression or your IRIS and pay. So my view is that this is going to be really the future of India. India has created the back-end infrastructure of Aadhaar, which is also interoperable, once you link it up with BHIM. So that is really the future for digital transformation in India.

**BIMTECH: We have E-KYC option available for customers in the market for new mobile connection. Reliance Jio has promoted it on a larger scale with the Jio connections. But in Delhi/NCR, there are many cases where customer's Aadhaar card with a resident address of a different state has not been accepted for the E-KYC option. Your comment on this issue?**

**Mr.Amitabh Kant:** All telecom operators, in due course, irrespective of where your location is, will do it. That is a matter of technology they are using as of now. Even if you are not a resident of Delhi, you are a resident of Madhya Pradesh, at the back-end, your mobile connection is linked with Aadhaar. So, if there is an Aadhaar linked to your number, being on circle or off circle does not really matter from the customer-verification point of view. So technology should enable you to do e-KYC on your number and that will happen in due course. Recently, Reliance Jio and Airtel have done it using Aadhaar on a larger scale. So a large number of accounts have been opened and are still opening up at a rapid pace.

**BIMTECH: As one of our student interviewed you in NCCBM event, in the month of December 2015, you mentioned an expected growth rate of 7.5-8 percent in Indian Cement sector. But unfortunately, we have not been able to track a growth of more than 4 per cent. Would you like to comment on it?**

**Mr. Amitabh Kant:** Construction and real estate sector will have to revive so as to achieve the growth rate of 8 per cent in cement consumption. On the construction sector side, Government has given a package for the held-up projects in which 75 per cent will be paid and that should provide liquidity and thus it will lead to existing companies getting more and more business. So my view is that it should lead to more implementation of held-up projects. Cement consumption is a function of construction, infrastructure, and real estate. As these sectors grow up, cement consumption will also boost up and this will lead to increase in per capita cement consumption in India.

Thank you sir once again for your valuable insights! We, business management students have gained immensely. Hope to interact with you more in the near future at our campus.

### BIMTECH Interview Team

Neha Sharma (PDGM 16-18), Rajeev Saxena (PGDM 15-17), Shashank Sharma (PGDM 15-17) and Aklant Pati (PGDM IBM 16-18)

Under the guidance of Prof. Saloni Sinha, Business Communication, BIMTECH, Gr. Noida.

---

*Thank you sir once again for your valuable insights! We, business management students have gained immensely. Hope to interact with you more in the near future at our campus.*

# The Digital Tsunami- Succeeding in the World Turned Upside-Down

**BOOK REVIEW**

Prof. Saloni Sinha*

*"The unknown is unknown. We know not where the future is going... we cannot predict them or forecast them."* These words from the foreword of the book "Digital Tsunami…" by Mr. Bill Fischer, Professor of Innovation Management, IMD, Lausanne, Switzerland prepares the stage well for readers who are professionals dabbling in varied leadership styles, custodian of enabling environment in their work world, as well as talents who are struggling to keep pace with the meteoric paradigm shift from analog to digital; unlearning to fit into a world without boundaries. The talents that are bound to survive are those "who are prepared to adjust quickly and coherently" towards digital transformation. With the fear and anxiety among progressive professionals there is a huge appetite for "design principles of being digital".

Who better than Mr. Abhijit Bhaduri" The Digitalist Thought Leader" 2015 (SAP) and most influential Learning professional, to wade you through the irreversible phenomena of "Digital Tsunami" armed with his sensitivity of talent management, global experiences and successful experimentations in the organizations he has led.

Use of the analogy of "Tsunami" by the author to convey the irreversibility of digital transformation makes one become more fearful of the forthcoming "Internet of Everything"and alarming boundary less world. Since one cannot afford to perish, this book becomes simply 'unputdownable' as it proves like oars with easy strategies to manage oneself in the tsunami and upgrade skills to remain relevant to the job roles. The book is rightly timed and is highly recommended for leaders, talent managers, and young business graduates, clueless of the prospective digitalized work world they are about to join.

Though a nonfiction, this book is an enjoyable read, because one, it is a simple on-the-go 149 page read available both in hardcopy and the eBook formats; two, because it addresses a critical issue of survival in digitalized world in a very lucid style; three, it presents cases from the real challenges faced by leaders and talent managers along with several examples of probable solutions that worked in those circumstances; four, it introduces you to the

* Asst. Prof. in Business Communication at Birla Institute of Management Technology

future and supports by predicting actions a professional must take in developing digital appreciation much warranted to succeed in the "world turned upside down" due to supersonic speed of digital transformation. The instances cited in the book certainly become more believable and replicable. And, five, the sensitivity of the author in the field of art as well as technology makes the book highly credible.

The book follows a coherent progression from sections dedicated to self-realization further to self-evolvement so as to be able to manage self in contexts of change. It presents an understanding of the human mindset, acceptance to change, future trends that deem a transformation of the Self, inculcating predictive and appreciative competencies in Self to embrace irreversible change. The chapters are clear signposts for the restless, heavily disruptedsmart geeks shouldering personal, professional and organizational success.

The book opens the windows into the offices and streams for the readers the practices of transformational leaders who encounter and manage the intuitiveflight or fight genre of professionals in their workplace. The sections of the book definitely reinstate the confidence in the professionals who resist change and avoid sea side due to premonition of tsunami. In the process they miss out the thrill of taking risks and challenges head on, surfing and carving foot prints on the sands of time for the future to emulate. From scare to dare is the mantra,I believe, Mr. Bhaduri wishes to inculcate through this book.

As a B school faculty, I particularly endorse the chapters "Habits are difficult to change", "Pyramid of Skills", "The New Employee", "The Digital Leaders –FAANG" and "Five Behaviors to Reinforce". It allows a facilitator to introduce the workplace experiences for richer learning. The glossary and Endnotes are bound to satiate a curious reader. There is a lot of takeaway and usable material in the appendices for any learning and development professional, faculty of B-Schools and leadership trainers in the form of exercises on building Digital Appreciation and relevant competencies and skills for the new age world of work. Through these sections the author certainly encourages the professionals involved in talent development to further the aspect of actionable competency development strategies.

This book is rightly timed and much warranted. The effort made by the author to bring the latest technological advancements adopted in organizations which pose challenges to the present leaders as well as the new employee is successful in bridging the globalised digital world. One can easily lose sight in the Google world and hence miss out on acquiring relevant skills. The mention of MOOCs, e-payment methods, business specific technologies as cases and best practices are really helpful for any professional who doesn't want to fend for glossaries for updated jargons and neither perish due to lack of information.

A book for a generation which is hardly into reading, and is found forwarding nothing more than memes, the author intelligently incorporates a sort of visual summary of the chapters to break the monotony of the book. These frequent…approximately 30 graffiti-esque pages have cleverly matched upto the reading pattern of the smart multitaskers who dabble with varied content on multiple windows and never encounter slip of finger…!A sure thing to now inculcate from the millennial or Gen Y. Mr. Bhaduri with his wide experience of managing disrupted prospects has not gone wrong in understanding the psychology of such readers while planning the book.

However, the book might leave some of us fatigued at places as there are too many names of people, statistics, courses, strategies, technology etc in a single paragraph which becomes difficult to connect with due to information overload. The book seems monotonous and wanting in terms of structure on occasions like these.g. Pg 9-12 or 44-45. It will be good if in the reprints and later editions the author could include an appendix or have boxes in these sections to list those examples or highlight one of those which may have attained eponymy status. The endnotes could also include these theme based examples for a quick recap. The book undoubtedly requires undivided attention to assimilate the new age and new media jargons, examples and practices of organizations.

In today's data driven and individualistic world the book makes you sit up and register that it is high time that the employers acknowledge the power of employees and businesses keep pace with the customers. With quick access to information each one of us are calling the shots. Communication technology is enabling as well as empowering and leaders have to take cognizance of it and advance in the right pace. The book is a great guide and augurs well for the leaders of the digital world. The book is a must read and may become an airport or in flight companion for many of us.

After this, I believe readers would be waiting for a book especially for the new employees and a detail on how to plan talent on the pyramid of skills for the "Interconnected" world.

# Research Workshop Series
# Content Analysis Workshop – A Report

The Centre for Research Studies, BIMTECH organised a Content Analysis Workshop on January, 28th & 29th, 2017 under its Research Workshop Series. The workshop was held at BIMTECH Campus in Greater Noida and was an attempt to acquaint budding researchers and faculty with qualitative research methods and tools of analysis. Prof. Srinath Jagannathan, of IIM Indore was the workshop resourse person.

The Workshop received 22 participants from across academia and industry which included research scholars and faculty from Jammu University, SRM University, Lovely Professional University and Birla Global University and people from industry like Eli India Ltd. as well as faculty and research scholars from BIMTECH.

The proceedings of the workshop started by an Inaugural address by Dr. H. Chaturvedi, Director, BIMTECH. Dr. A. Sahay, Dean Research, BIMTECH in his address, highlighted the importance of Qualitative methods and their increasing acceptance in the research world.

The workshop started with a background of qualitative research and a quick brief on the importance of Content Analysis. The first day of workshop focused on Content Analysis through the software - Diction. Day 2 focused on developing contructs and dictionary with a focus on conjoint analysis and learning about another software - Hamlet.

In session 1, the focus was how to frame the narratives from the issues of different genres. As an exercise, narratives were colleted from the workshop participants on "Impact on demonitizaion on individuals". Session 2 was about how to do a content analysis of the narratives collected using the Diction software. Session 3 and 4 dealt with the details about the Diction Software, Master variables, what do these master variables mean and how to create our own dictionary. On day 2, Session 5 and 6 were about the Hamlet software, how to apply it on the data. Session 7 was on conjoint analysis, writing the program and solving it through SPSS software. In session 8, Professor Jagannath shared his articles and case studies. Throughout

the workshop, there was knowledge sharing between the resource person and the participants with insightful dialogues.

The main attraction of the workshop was the course facilitator, Prof. Jagannathan who delivered each session with enthusiasm and open interactions, full of energy. He gave personal attention to all the partcipants and ensured that each one of them understood the usage of tools well. Professor Srinath also shared his works and several research projects in which he himself was involved. The workshop received a positive feedback from participants (94% of participants were extremely happy to be a part of the workshop) and 21% of them have requested the Centre to conduct these kind of workshops frequently in future. 58% of the participants felt the duration of workshop should be extended, as it was rich in content and knowledge with the practical application.

Definiteness of purpose is the starting point of all achievement.

—W. Clement Stone

Proofreading Credits:
**Aninda Bhattacharjee and Priya Pathak**
PGDM-IBM
2016-18
**BIMTECH**

**BIMTECH**
**BIRLA INSTITUTE**
OF MANAGEMENT TECHNOLOGY
Excellence with Values

Plot No. 5, Knowledge Park-II, Greater Noida (NCR)
Uttar Pradesh – 201 306, India
Tel.: +91-120-2323001 – 10
Fax: +91-120-2323022/25
**www.bimtech.ac.in**