



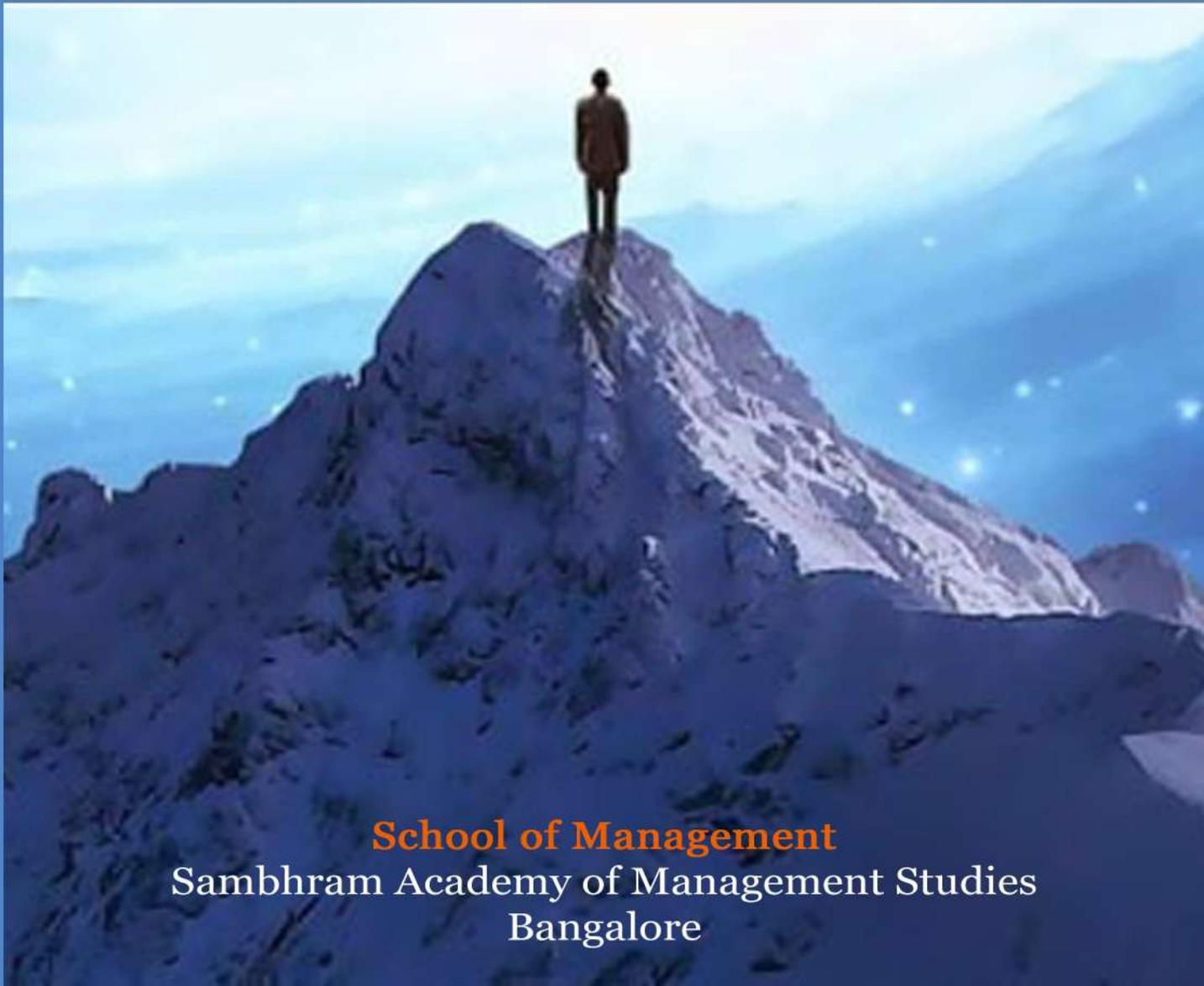
SAMSMRITI

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Ascension is a gradual process of becoming enlightened while walking around as a human being; it is a process of changing from a disconnected human being to the connected one.



School of Management
Sambhram Academy of Management Studies
Bangalore

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SAMSMRITI -The SAMS Journal is a peer reviewed Bi-Annual flagship publication of Sambhram Academy of Management Studies, Bangalore published in January and July every year; the aim is to connect to the Management Fraternity—Academia, Corporate Houses, Public Institutions, NGOs and Civil Society and the Government: by way of motivating basic and applied research and publishing rigorous, clear and widely accessible articles concerning business management and broader society. It culminates creating a platform for researchers, academicians and practitioners from diverse domains of management to share research achievements and practical experiences to stimulate scholarly debate in the development of management science and decision making. It also endeavors to promote and disseminate knowledge in the complex multi-disciplinary management field. Views expressed by contributors are not

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In 1991 a group of experts who were a perfect blend from industry and academic forayed in to Higher Education and established Sambhram Group of Institutions (SGI) at Bangalore. The team led by the founder Chairman Sri R. Venkatesh, consists of eminent educationists, distinguished personalities and philanthropists with a global perspective who have laid solid foundation and are nurturing it to grow phenomenally. The SGI forayed into Higher Education sector and established its cradle in the IT hub Bangalore launching the Management Program at the outset.

With a humble and genuine beginning the SGI from then till now have the following Institutions under its aegis:

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Sambhram School of Management is the Post Graduate Wing of Commerce and Management offering MBA and M.Com Programs affiliated to Bangalore University. The Programs are accredited by NAAC and recognized by AICTE, New Delhi; started in 1999 with a vision to impart education in the field of professional management with the mission of providing work-oriented education combined with ethical values and character building in the context of new millennium and successfully marched towards creating its brand name, popularity and reputation in the competitive academic world.

The School is marching towards excellence in all its spheres ranging from teaching to research and consultancy to gain competitive edge in a socially responsible manner. It has been rated as one of the best B-Schools in India . It is also ranked in the top 100 B-Schools (# 111) category by The Week- Hansa B-School Survey, 2014.

We strive to explore new horizons across industry and government interfaces, cross sectional learning from one's diverse peer group and involve in current events to shape the economy through academic-corporate engagement. We believe in providing practical exposure to students apart from building strong layers of theoretical base. In this endeavor, we organize number of Guest Lectures-cum- Seminars by inviting experts from industry and academia; arrange frequent industrial visits to imbibe a sense of corporate culture and functionalities. We have both academic and activity clubs that help students to unfold their potentials and add value in order to make them employable. The School has built an excellent faculty pool with experience and a rich intellectual capital base, state-of-the-art infrastructure, technology-savvy campus along with other bests towards ensuring quality.

EDITORIAL

Spirituality-Science-Management: A Modern Day Corporate Reality

The penetration of the atom in the early decades of the 20th century altogether changed our behavior in such a manner few other things could do before. At the level of knowledge, the laws of the mechanical edifice stood demolished and science, which had until now prided itself in its 'exactness,' found that new research was only taking it deeper and deeper into the realm of approximations. Newton was devoutly religious; in his work *Opticks*, he gives a clear picture of how he imagined God's creation of the material world.

Einstein lived in the era when the concept of a Personal God had become totally diluted even among the common people. A child of "entirely irreligious parents," religion was totally into him only by way of impact of education; from around the 1930s, when he was past 50, started to make very insightful connections on religion and philosophy. In an article that year, he called himself a religious man.

In Einstein's answer to a young girl's question on 'whether scientists pray', Einstein had his reply: "Scientific research is based on the idea that everything that takes place is determined by the laws of nature... For this reason, a research scientist will hardly be inclined to believe that events could be influenced by prayer, addressed to a supernatural being".

"But, on the other hand, everyone who is seriously involved in the pursuit of science becomes convinced that a spirit manifests in all the laws of the universe: a spirit vastly superior to that of man and one in the face of which we with modest powers must feel humble." Einstein called this brand of religion the 'Cosmic Religion' and went on to make the famed statement, "Science without religion is lame; religion without science is blind." Here lies Management inherent which is about the cult of human beings; its task is to make people capable perform better, to make strengths effective and weaknesses irrelevant. Management Science is concerned with developing and applying models and concepts that help to illuminate management issues and solve managerial problems.

With this back drop Swami Veereshananda Saraswathi remembers in his article "**Management Ethos**" J.R.D Tata who says: "when you work, work as if everything depends on you; when you pray, pray as if everything depends on God". Swamiji very sincerely discourses about motivation, creativity, imagination, corporate culture, liberty, and efficiency, technical know-how's limitations and what India needs today. His piece opens new vistas in the domain of management ethos today.

Mr. P G K Nair in the text "**Role of HRD in Modern Corporate Management**" talks of what HR has to do in the Corporate domain today and need not remain at the cross roads. "**Harnessing Western Philosophy for Self-Management**" is something special a piece and Mr. Tusar Nath Mohapatra says people still search meaning of their life even today. He talks of spirituality perceiving the spirit hidden behind the material world and suggests the oriental tradition can give a meaningful solution; it's only learning self-management to lead a harmonious and meaningful living.

Today social entrepreneurship has attracted great attention, scholars are worried that the field lacks a coherent and consistent theoretical framework; Prof. Vishal Gupta presents a new theoretical framework based on the text of Ludwig Lachmann, a central figure of the modern Austrian School. With reviewing the dominant theoretical approaches in entrepreneurship there is an approach to social entrepreneurship theory and research that builds on Lachmann's work organizing arguments according to Low and MacMillan's widely-used categorization scheme. The article provides a solid theoretical foundation for

developing a coherent paradigm in social entrepreneurship; it ends with a discussion of the implications of the theory and its potential effects on the social entrepreneurship concept.

Financial distress makes a firm's survival difficult; a firm experiences financial distress when it defaults the external obligations. A highly levered firm always undergoes distress position even though it has the tax advantage because of its high cost of debt; the article "**Predicting Corporate Bankruptcy Using Altman's Z Score Model: Case of Karnataka Antibiotics and Pharmaceuticals Limited (KAPL), Bangalore**" by Ms. Pushpalatha B P examined the financial performance and financial distress of the company from 2010-2015. Mr. M S Srinivasan in his article "**Business and Society: A Multidimensional Perspective**" talks of Corporate Social Responsibility from a holistic- spiritual perspective which has great potential for steering the higher evolution of business; to harness fully this evolutionary potential of CSR it has to be viewed in a total ecological perspective meaning not only in terms of the ecology of physical nature but also in the context of social, moral and spiritual ecology of human and terrestrial life. To focus otherwise CSR has to be understood and implemented holistically in all its dimensions: social, moral, ecological and spiritual why because there is interdependence between business and society at all levels.

Prof. Lajipathi Rai H and Mr. H A Raghavendra examined the impact of demographic factors on the buying behaviour of organic consumers. The study found that demographic factors have their impact on the buying attitude of the consumers towards organic and non organic food products. The authors opine that there is a huge untapped market for organic food segment and this can be exploited by the marketers to occupy their space in the industry.

The success of an organization depends upon Leadership and Management; success is doubtful without an excellent Leadership and Management. Managing other's we mean to manage external person's spiritual faculties; first we have to know what Self Management is. MAN is not a matter but a Living Conscious Being; we have to go deeper to analyze our self and identify different dimensions of Man; what a great strength will be released when we would come to know about the Real Self. Then we become the master of the senses, mind and intellect; only such people can supervise, lead and manage and become Total Quality Man. By Total Quality Man we mean perfection at physical (healthy physical body), mental (perfect sense organs, unpolluted concentrated mind), intellectual (undisturbed, focused, sattwik intellect), social (socially awakened citizen), and spiritual (believes in one divinity in all-beings) level.

We thank sincerely the contributors who have shown unparallel legacy about the new concept of Indian Management and expect our readers to take advantage of it. Our readers are our best judges and we move ahead perfecting the Journal in the subsequent issues. We will be highly grateful if our valued readers come back to us with comments on the articles.

Dr. K C Mishra
Editor-in-Chief

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Management Ethos

Swami Veereshananda Saraswathi¹

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Chhandogya Upanishad says:

“Yadeva vidyaya karoti, sraddhaya, upanishada, tadeva viryavattaram bhavathi”.

“What is done with knowledge, conviction and meditation will alone achieve maximum energy and efficiency”.

When we conduct our life in the light of this philosophy, when we acquire this awareness, we begin to view our life and work in a new perspective. Human life and work, individual and collective, needs a philosophy to guide it so as to make it the means for individual fulfilment and collective welfare. The more comprehensive that philosophy, the greater will be the fulfilment and welfare.

It is on the basis of holistic vision that Indians have developed the work-ethos of life. They found that all work, be it physical or mental, management, leadership, administration have to be directed towards a single purpose - the manifestation of essential divinity in man working for the good of all beings.

Why should one work at all...? Most of us rarely analyze why we go to work. Indians have always asked the question “why” before proceeding to know “how”. The answer is that the end of all work is the attainment of true knowledge of life and unalloyed joy.

Indian ethos were not practiced in forests or hermitages, but in the hectic work field of life. Swami Vivekananda pointed out: “We have seen that the people who discovered these truths were neither living in caves nor forest, nor following the ordinary vocations of life, but men who we have every reason to believe, led the busiest of lives, men who had to command armies, to sit on thrones and look to the welfare of millions. Yet they could find time to think out all these thoughts, to realize them and to teach them to humanity. How much more then should it be practical for us whose lives, compared with theirs, are lives of leisure?”

It is the natural ambition of everyone to come out in flying collars in all endeavours of life and reach great heights in life.

Warren Edward Buffet, the second richest man has given his CEO's only two rules:

Rule number 1: Do not lose any of your share holder's money.

Rule number 2: Do not forget the rule number 1.

Bill Gates, the world's richest man met him about a few years ago. Bill Gates did not think that he had anything in common with Warren Buffet. So he had scheduled the meeting only for half an hour. But when Bill Gates met him, the meeting lasted for ten hours and Bill Gates became a devotee of Warren Buffet.

We can find material expression of Swami Vivekananda's formula, "Work, Work, Work - let this be your motto" in J.R.D Tata's thought to a great extent. It is usual for corporate leaders to follow inexorable protocols and elaborate process of conferences to close business deals. But a work focused J.R.D. Tata had his impeccable style in closing the business deals. J.R.D Tata carried out his most important business while travelling in the lift with executives. This is the secret of focus on work. J.R.D Tata says: "When you work, work as if everything depends on you. When you pray, pray as if everything depends on God".

Cultivating this formula opens the door of success to all. This will increase their commitment to a greater degree. There is no short cut to success. Once Henry Ford said "Three things are required for success: the first thing is hard work, the second thing is hard work and third thing is also hard work".

Execution of work is more important than giving instructions. This incident happened when Lal Bahadur Shastri was working as Railway Minister. Once he was to visit a place called Sevapuri near Varanasi and he travelled by train to reach the place. Sevapuri railway platform was not of adequate height. As the gap between the train compartment ramp and the platform was deep, it became very difficult for him, who was short in stature, to get down from the train. On seeing the plight of Lal Bahadur Shastri four lady passengers commented jokingly: "Now the Railway Minister can appreciate well the hard ship caused to ladies due to inadequate height of the railway platforms" The Minister somehow got down from the train and ordered the station master to get a crow bar and spade. He started digging the mud and raising the platform height by filling it with mud. Inspired by the exemplary behavior of Lal Bahadur Shastri, many passengers joined and within three hours the platform height was increased.

Instructing others and completely delegating the work to others with no focus on execution can ruin us. Today, top management of companies needs focus on execution. These companies are blessed with super refined intellect and greater vision. Some tend to spend a lot of time in making detailed plans and become more paper oriented than work oriented. When it comes to execution, they tend to lack focus. Sometimes senior management and top management believe that execution is below their dignity and their job is only making big plans and showing direction to people down the line. All such people under perform for obvious reasons. Application of Swami Vivekananda's words, "Work, Work, and Work" can do immense good for the growth of companies and in turn to the country. Even the best teams in the world equipped with the most strategic plan that can ever be perceived by anyone in the world can miserably fail if they lack the focus on execution. Many of the managers of private, public and government sectors have excellent brains and competencies. But their interests are focused on alien things and lack focus on execution.

J.R.D Tata says: "The effective execution of plan is what counts and not mere planning on paper; it is not what we put on our plate or even what we eat that provides nourishment and growth, but what we digest." Further J.R.D Tata says, "Nothing worthwhile is ever achieved with deep thought and hard work".

Motivation

Today, many thinkers, political and social, tell us that money as a motivation is all right in the early stages; it can go some steps; beyond that, it is absolutely dead. No human motivation can be generated and sustained for long by merely paying more salary wages.

Money-making or mere utilitarian goals cannot be the only reason for business or management. To the utilitarian Swami Vivekananda said, "If the power to satisfy our desires are increased in arithmetical progression, the power to satisfy our desires increased in geometrical progression".

"The sum total of happiness and misery in this world is at least the same throughout. If a wave rises in the ocean it makes a hollow somewhere. If happiness comes to one man, unhappiness comes to another or perhaps to some animal... In olden times people lived in forest and ate each other; in modern times they do not eat others flesh, but they cheat one another. Whole countries and cities are ruined by cheating. That does not show much progress."

People who work only for money-making get slowly enslaved by desires for getting more money by exploiting others, which becomes a conditioned reflex with these people, resulting in an unspeakable restlessness, tension, secret fear and total loss of peace.

Indian ethos asserts that the spirit must lead matter and not vice-versa. The 'left brain' activities of reason, accumulation of wealth and dynamism must be guided by the 'right brain' activities of sacrifice, love and holistic actions. Roosevelt's dynamism and Einstein's brain must be combined with and guided by Buddha's compassion for all, in order to avoid a tragedy of Hiroshima. Tata's wealth generating capacity was inspired by Vivekananda's holistic vision, ushering in the great welfare- based industry in India.

Writes an American writer in 1994: "Although it appears that in America all work is aimed at material achievements, Americans are not satisfied by material achievements alone". A century ago Vivekananda foresaw this problem and said: "Materialism and all its miseries can never be conquered by materialism. Slowly they are finding that what they want is spirituality to preserve them as nations".

New thoughts emerged in 1988. Kenneth Blanchard and Vincent Peale brought out a book, "The Power of Ethical Management". On the cover of the book was written the following lines: "Integrity pays. You do not have to cheat to win". One of the chapters had the sub-title: "Managing only for profit is like playing tennis with your eyes on the score-board and not on the ball".

To all the managers and executives, the book brought a message of self introspection and success through ethical means even in business. The authors wrote, "Every problem can be solved if you take some quite time to reflect, seek guidance and put things into perspective". The conscience must strike anyone when an unethical deal is struck, disturbing peace and integrity of both the individual and the organization and finally bringing its downfall.

The real motivation comes as an inner response from stirring the depths of the human spirit: 'I am a citizen of India; it is a proud privilege for me to be called upon to shoulder this great responsibility'. That is the motivation that evokes the best from another person that inspires all high dedications and vast energies.

On one side, there is this love of money as a personal motivation; on the other side, there is this profound spiritual and human motivation. The Gita philosophy of work does not ask one to ignore or neglect the former, but only to place it in the context of latter.

The Japanese are highly patriotic. The common slogan of Japanese people is, "Dai Nippon Banzai" (Long Live Japan). Along with this the Japanese had developed the Zen teaching of accepting all work as a kind of meditation. With both these qualities, and a deep sense of nationalism, Konsuke Matsushita stood among the ruins of Hiroshima and started building up the new Japan along with others like Akio Morita, the founder of SONY Company. What inspired Matsushita was a spiritual motive for doing well to the nation and work. "Seeing the miserable state of Japanese society just after World War II with my own eyes, prompted me to found PHP whose purpose is to seek Peace, Happiness and Prosperity for the world," he wrote.

Japan's phenomenal success in industry and management which has awed the world, is largely due to the spiritualization of Business Management which Matsushita brought in Japan. The title of his small but great book, "Not for Bread Alone" at once brings the idea that business must reach beyond bread and money.

Creativity

Good industry or a Company does not sustain on the strength of the money or machine but on the quality of its personnel. Profit is the by-product of service given. In order to maintain good profits one has to be innovative, because needs change and customer also change. One should always be on the lookout for new, easily available raw materials and convert them into much needed products for the market. Yesterday's Know how gets outdated today and we have to learn and interrelate continually with others to keep in step with new trends and inventions.

Constant modernization, up gradation, research and new discoveries are required for bringing excellence in production leading to success in any business. R & D has become a part of every industry today. Peter Drucker writes in, 'Management for the future': "Learning moreover must be continuous". A century ago, Vivekananda told his countrymen that the race or nation which refuses to learn new things, is only heading towards death. Today India has listened to her prophet. Excellence in production has become the prime objective with many multi-national industries like Tata steel or Bajaj Auto. The Excel Industries of Bombay has declared for its motto: "Industry is the manifestation of excellence in man".

The Upanishads constantly inspire us with well known mantra: "chara eva eti chara eva eti." [Fare forward: going onwards is life]. Sri Ramakrishna's famous story tells us that the poor wood cutter in search of wealth was advised to go forward, and forward, until he discovered mines of copper, silver, gold, diamonds etc,

Excellence has got no end, all attempts at external excellence in work finally leads to internal excellence and the manifestation of our infinite possibilities hidden within. "Oh Arjuna, all work done with perfection leads ultimately to the manifestation of infinite knowledge within" [Sarvam karma akhilaṁ partha jñāne parisamāpyate], says Krishna.

Work done with utmost perfection and excellence leads to success

The essence of the creative leader is that he is in Koestler's phrase both a **Yogi** and a **Commissar**. The Yogi of Koestler is the contemplative man, the thinker, who is fond of research

and development labs, but finds it difficult to execute the idea in action. His realm of movement is higher creative rationality.

The commissar executes a plan or an idea efficiently, obediently without a question.

A person who combines both the Yogi and Commissar is a rare personality.

But to create a leader of highest creative power two more qualities are needed: **‘The power of vision and transmission of that vision and spiritual dynamism into others’**. Vision is the supra-rotational and super-sensual perception of truth. Vision belongs to a man who has achieved the power of pure intuition or inspiration.

Imagination

Creative intelligence does not lie merely with IQ [intelligence quotient]. Creativity comes from imagination- a wonderful word and value which we need to keep constantly before us.

Imagination- image making capacity, the capacity to image in one’s mind the possible situations and consequences arising from a sensory stimulus, before sending out a motor reaction; it is the capacity to pre-rehearse the scenes before the act.

This precious value of imagination, which is the stimulus behind art, science and religion, has a great part to play in the field of administration. All creativity is centered in imagination; all successful inter-human relationships depend upon imagination. Since administration is the science and art of human management with a view to securing human development, the administrator needs to be gifted with this precious value of imagination over and above intelligence. Here comes the importance, in all administrators, of a capacity for imaginative sympathy.

One may not see an actual suffering man in front; yet one can imaginatively see and experience the privations and sufferings of thousands of men and women far and near. This is the capacity that an administrator needs to develop, by which, though often sitting within the walls of secretariats or other offices, far away from actual human problems, he or she can imaginatively experience them, sympathize them and respond to them. Such imaginative sympathy is spontaneously stirred in him or her, as soon as he or she opens a file in front; for that file speaks, to him or her volumes about problems of people far and near whom are behind the file. With that triggering action of imaginative sympathy, the file, otherwise inert and dead, becomes alive and the administrator responds to the human situation quickly and efficiently, and the nation marches from progress to progress tearing down unnecessary red-tapes on the way.

Corporate culture: Company is a family

An organization is not its buildings, offices, bank balance, capital or even profit. It is a living creative movement. The driving force beyond a living and evolving organization is the **co-ordination of wills and emotional involvement** through spontaneous trust and dedication of all the workers towards the organization.

The Rig Veda the earliest religious scripture in the world offers a comprehensive vision of corporate life which is based on the Vedic vision of the essential solidarity of all life.

Samani Va Akuthi Samana Hridayani va Samana mastu VO Mano Yatha VA Susahasati

The Rishis who lived a holistic life for the happiness of many remind us:

**Common be your prayers, Common be your goal.
Common be your purpose, Common be your Deliberations.
Common be your Desires, United be your hearts.
United be Your Intentions, Perfect be the Union amongst you.**

Today's management everywhere is turning into a corporate culture which engenders a cordial relation between management and workers, which is being demonstrated in many places. With the slow withering of labor forces and labor unions we are witnessing a **"superior fusion"** in management. Managers are developing intuition through **Brahmin's** spiritual culture of prayer and meditation, dynamism and efficiency of **Kshatriya** administration, the wealth generating capacity of **Vaishyas**, and the laborers' (shudras) dedication to the minutest job. These are being increasingly harmonized, as Vivekananda foresaw. This fusion of culture will come when Management takes holistic approach based on the time tested, and universal values enshrined in Indian ethos.

The outstanding qualities of this new "super fusion work culture" will be the following:

- Employees will be respected for their innate infinite work capacity and dormant divinity.
- Manager will stand out no more as an administrator but a facilitator, a team builder and a dynamic inspirer, a father-friend philosopher figure, a corporate ideal, a rishi with distinct futuristic vision about the organization future, and a patient, calm, all-loving affectionate guide with a holistic vision and a respect to the divinity in each member of the organization.
- All work, high or low, will be respected as equally dignified avenues for manifesting one's own inner excellence, inner beauty and higher character and integrity, man's essential Christ and Buddha nature. The secular work will be socialized to worship the Divine in man.

The Ex-Chairman of Peerless Finance in India, who was offered from London the Jawaharlal Nehru Award for the highest management excellence in 1991, admits that the success was due to holistic ideas of management combined with dynamism that he learnt from the teachings of Sri Ramakrishna.

The Director, Calcutta IIM admits: "It's back to basics. If traditional values are transplanted to modern times a new management style can develop as opposed to a Japanese and American style". [India Today, July 15, 1994].

K.C. Shroff of Excel Industries says, "Every person working in an industry must love and respect every other coworker. This love, respect and togetherness can best be expressed by eating together. At Excel Industries we always eat together – same food, same place, same utensils and same discipline. We have no hierarchy in the dining hall. Through such relationship and creative interaction, the Excel Industries produced on a commercial scale more than a hundred different products, most of them for the first time in India".

Like an individual, the corporate body of all the workers and executives need to harmonize all four kinds of human energy - physical, intellectual, emotional and spiritual - in order to strike balance between profit and ethics, between external and internal excellence, between personal

prospects and corporate welfare. A corporate culture can thrive well only with higher ideals of life, and provision for regular spiritual sessions like group prayers, group meditation, cultural festivals, intergroup talks etc. where all members can participate.

Some management today are beginning and ending their working hours with congregational prayers, bringing more cohesion and unity in the corporate group and minimizing differences of opinion and clashes of interest.

J.R.D Tata says: "If I have any merit it is getting on with individuals according to their ways and characteristics. In 50 years I have dealt with a hundred top directors and I have got on with all of them. At times it involves suppressing yourself. It is painful but necessary. To be a leader you have got to lead human beings with affection".

Based on his noble values of heart, to deal people with affection, J.R.D Tata introduced many schemes in Tata groups which were later adopted as statutory requirements in India. Most industrial houses believe and live on surmise that monetary gains are the first priority. For J.R.D Tata it was the last priority. In 1956, J.R.D Tata initiated a program of closer "Employee Association with Management," to give workers a stronger voice in the affairs of the company. He firmly believed in employee welfare and espoused the principles of an eight-hour working day, free medical aid, workers provident schemes, and workmen's accident compensation schemes which were later adopted as statutory requirements in India. Many of the employees working in the Public, Private and Government organizations are not aware that the initiator of the facilities they enjoy was J.R.D Tata and they definitely thank J.R.D Tata if they know about it.

Swami Vivekananda says, "It is only a few that understand the language of the brain, but everyone understands the language that comes from heart".

Liberty

Liberty is the first condition of growth. Liberty joined with energy is an antidote to jealousy. Empowering others is the secret of successful management. Inspired leaders have always been able to inspire great enthusiasm even in dull, almost half dead people. "If a man's interest in a thing is not aroused, he will not work whole-heartedly, all should be made to understand that," says Swami Vivekananda.

The spirit of participating democracy where the opinion of workers are respectfully heard and honored, and where workers are empowered to take responsibility on themselves, is fast entering into business. "The new leader is a facilitator not order-giver", comments U.S Bestseller Megatrends. While distrust thwarts growth, faith in the workers' illimitable power creates wonders. Alex F. Osborn created the art of 'brainstorming' where the ordinary employees were asked to sit together and offer solutions to serious problems without any criticism of other ideas through killer phrases like 'that won't work'. Wonderful ideas came out, and generally six percent of ideas immediately worked. Today brain storming sessions are the foundation, of R & D in many places.

"To give expression to one's genius is heaven", wrote an American disciple of Vivekananda who always exhorted his disciples to excel himself.

Holistic Paradigm teaches that, "Empowerment begets responsible productivity and efficiency".

Efficiency

How to make ordinary man to perform extraordinarily? The only answer to this is that the individual must have a spiritual growth which is being neglected in today's' management system. If modern management is trying to rouse people to action in order to get the work done, Indian ethos always seek to rouse the 'whole man' the essential divinity and infinite strength within. In business, Alvin Toffler wrote in 'The Future Shock', it is the **"survival of the fastest"**. This requires the quick intuitive grasp of problems and accurate solutions based on intuitions. And intuition can be developed by regular practice of prayer, meditation or holy readings.

Amsterdam-based management expert Mr. Theisen writes: "Tomorrow's managers will have to possess new capabilities; they need intuition." Efficiency is the product of intelligence yoked to great social causes consciously and deliberately. Bhagavad-Gita says [II.50] "Yogah Karmasu Kaushalam"- "Yoga is dexterity or efficiency in actions".

What does that mean? It primarily means:

- Administrative efficiency, work efficiency, technical efficiency or practical scientific efficiency.
- Character efficiency.

Wherever there is such efficiency, you will find that ten rupees will produce result worth hundred rupees.

If you sanction a crore of rupees for a district, the Collector of District must be able to produce beneficent result ten times the amount sanctioned, by his own efficiency, by the efficiency of his fellow workers. That is the meaning of the word 'efficiency' in modern scientific language. It is not the amount of the money that is handled by man that makes for double, treble and ten-fold production out of it. It is rather the human mind which is trained and geared to public purposes, that enables one to tremendous results out of ordinary things.

Scientific efficiency is teaching the nation how to double and treble agricultural and industrial output; character efficiency will similarly help the nation to increase the tempo of all round national development. The achievement of such a character efficiency and scientific efficiency so as to ensure the production of maximum results from minimum investments at minimum costs is the responsibility of all citizens in a free society. When Government and administration become manned by such citizens, efficiency becomes the hallmark of all state processes.

As mentioned earlier, efficiency is defined in very beautiful passage of Chhandogya Upanishad:

'Yadeva vidyaya karoti shraddhaya, upanishada tadeva viravattaram bhavathi'

"Whatsoever is done with knowledge, with conviction and with deep thinking that alone become supremely efficient"?

The first component of efficiency is vidya i.e. Knowledge of things or the technical know-how of a particular subject. Then comes shraddha i.e. faith in oneself and faith in cause for which one is working. Last comes Upanishada i.e. deep thinking about a subject so that you can get the best out of it. Vidya, Shradhaa, Upanishada: these three things are necessary to increase efficiency in any particular field.

Technical know-how is thus only one aspect of efficiency. It cannot lead to maximum efficiency.

Limitations of mere technical know how

Science has opened two avenues for us: Power and Knowledge. Power corrupts and absolute power corrupts absolutely. We are more drawn to the power-aspect of science brought about by the revolutions of technology. In the glare of technology we have lost sight of the knowledge aspect of science which alone elevates us from the snares and pulls of a purely bio-physical existence and unities us with the whole of mankind.

Scientists discover truths in the laboratory. But for its application in life their left brain *intellectual excellence* must be combined with the right-brain *emotional power* inspired by a holistic approach to a life, a reverence for all beings and all life and a respect to all work.

To Indians in 1980's Vivekananda clearly pointed out: "What we want are western science coupled with Vedanta, Bramhacharya as the guiding motto, and also shraddha and faith in one's own self."

Bertrand Russel said, "The machine as an object of adoration is the modern form of Satan, and its worship is the modern diabolism." "Knowledge is power, but it is power for evil as much as for good. It follows that unless men increase in wisdom as much as in knowledge, increase of knowledge will be increase of sorrow". "Whatever may be mechanical, values are not and this is something which no political philosopher must forget."

India needs Rajarshis

The philosophy of Gita is especially relevant to those who work in the field of management and administration if they seriously seek to make their work efficient and constructive, and themselves, creative and fulfilled. A good administrator is a '*Rajarshi*' says the Gita.

The term '*Rajarshi*', means, according to Shankaracharya, one who is both a 'raja' and 'rishi' in one. '**Raja**' means, not necessarily a crowned head – but one who handles authority and power. In its basic sense, 'raja' refers to a person who shines, who is eminent in responsibility – 'rajate' means shines, is eminent.

'**Rishi**' or sage does not necessarily mean a person who goes to Himalayas and just sits in meditation. A 'rishi' simply means one who has grown spiritually, who has felt the touch of the infinite resource of the 'Atman' within. When a person combines power with spiritual inwardness, authority with sensitiveness to ethical and human values and social responsibilities, that person becomes a '**rajarshi**'.

With that growth comes a new energy resource which will help him or her to withstand temptations small or big, and keep oneself steady in the path of integrity, justice and dedication to service. The greatness of a rajarshi is the product of work efficiency combined with ethical and moral efficiency.

In a special sense, all holders of public power of responsibility, like an industrial magnate, the administrator, minister, the executive are all 'Rajas'; for, on them depend the happiness and welfare of thousands. If they are guided by the lamp of ordinary philosophy they may more likely and more often use their power and position to aggrandize themselves at the cost of society.

This may express the cleverness of a fox, but not the heroism of manliness, which is the true trait of a 'raja' or sovereign. For the latter, we need to resort to a more-than-ordinary light shed by a more-than-ordinary philosophy, which alone can create the energy of character-efficiency and dedication, and which reveals the heroism of saintliness.

This combination of the 'raja' and a 'rishi' in an administrator, the synthesis of manliness and saintliness is what is desired by the Gita for all people generally, and for managers and administrators particularly. Where one combines power with social responsibility, and both with the energy arising from character, clear thinking, dedication and practical efficiency, one effects in oneself, in varying degrees, this unique synthesis of the 'rajarshi' of the Gita.

Recent writers on management like John Heider states that (*Tao of Leadership*), "the wise leader develops spiritual behavior and lives in harmony with spiritual values and demonstrate the power of selflessness and the unity of all creation."

Frank Rose (*New Age for Business*) goes a step further and feels that not only the leader, but the whole organization he leads must have the goal or spiritual enrichment.

Conclusion

Today dozens of business organizations like Tata Groups and others inspired by leaders based on Indian Ethos are showing remarkable success. Educational institutions inspired by non-profit service motive, are still the best in India. Wherever Indian Ethos have been ignored even the non – profit organizations like schools, colleges and even hospitals have turned into money sucking institutions, highly politicized with everything achieved except education or medical service itself. Public sector units are flourishing under inspired leaders and sinking under the rule of corrupt, politicized leaders with selfish interests. Academically brilliant boys and girls are leaving the nation for more affluent countries totally oblivious of their debt to the nation and are thus turning into 'traitors' in the words of Vivekananda. On the other hand, brilliant Indian Scientists inspired by Indian ethos have already made spectacular scientific technological achievements, including Nuclear Power Plants and atomic impulsion.

Swami Vivekananda's mission as he confined to Sister Nivedita, was to inspire the Indians to combine the "Spiritual individualism of India" with the "Social Individualism of the West" both harnessed to a holistic approach for serving the masses.

A leader is one who practices what he preaches and leads an ideal life worth imitating, both inwardly and outwardly.

"Yad Yad Acharati Srestha Tat Tat evetaro Janah
Sa yat pramanam kurute lokah tat anuvartate"

"Whatever the excellent and best ones do, the commoners follow."

This is the significance of the Gita concept of 'Rajarshi' for all administration.

Swami Vivekananda intensely believed that in future India many more stronger and greater Rishis would come. Swamiji says; "They had hundreds of Rishis in ancient India. We will have millions, they did great work in the past, but we must do greater work than they".

Role of HRD in Modern Corporate Management

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Introduction

In the recent past HR functions have taken a prominent place in an organization's decision making process; it is not just as a partner in Management but more as a major player. The objective is to impact the organization's success by influencing its major strategy and day to day decision taking process, because the fundamental role of human resource is to influence the behaviour, to run the credible business, by following ethical and cultural value of the land where it is operating and also by adhering to legal and statutory provisions include giving credibility amongst its customers, investors and the employees and has thus become all the more important after the unfortunate things that happened in the corporate sector, like, Enron, Satyam, UB Group and Sahara to name a few.

“The development of our Human Resources is an area in which we need to do well, as it is decisive in determining the success of our diversification programme”. (HASSANAL BOLKIAH). Whether it is “Make in India” or it is the human intervention and innovations, Human Resources are the decisive factors and the Human Resource Process is the basic element which accelerate the process and give the desired effect.

The heroic response of the employees of the Mumbai landmark Taj Hotel during the 26/11 terror attack glorified the selfless service of its employees towards their customers, and has become a case study at Harvard Business School. This incident has inspired me and I thought it desirable to highlight certain basic fundamentals of employer – employee relationship and role of HR function in the 21st Century Corporate Management.

The Taj employees went beyond their call of duty to save the lives of their customers. This customer centric leadership is worth emulating and analysing in this modern scenario, where there is hardly any relationship other than e-mail or sms.

A survey conducted by the multi-media case study reveals that, there was a sense of urgency and responsibility at all levels – The General Manager knowing well that his wife & sons were charred to death on the topmost floor of the hotel, did not deter to stay back and lead his employees in the rescue operations – none of the employees tried to escape through the back door to save their lives. Same was the case with Major Sandeep Unnikrishnan Nair who fought with the terrorist unmindful of his personal safety. It demonstrates the military leadership and type of training, motivation and patriotism of the soldiers in our Military. Discipline, Dedication, Determination, Passion to serve the Nation – all in one, in one individual - This is what we want in HR philosophy. This phenomenon is inexplicable – when the world is facing cut throat competition to amass wealth and fame.

“The best way to be productive is to have a great team. So I spend more time on Human Resources, that is 20 per cent of my week”. (K.I.RYAN)

The Mumbai Dabbawala is another outstanding example of Human Resources Management. The men who transport lunch boxes have been a subject of study for management gurus like C.K.Prahalad and schools like IITs and IIMs, and also those in the American Ivy League. The target of zero error which every organisation dreams of has been turned into reality. The motivating factor for the Dabbawalas is 'Nobody is an Employee'. This phenomenon is known in the Modern Management as "Six Sigma" which is continuously practised by Mumbai Dabbawala without being aware of this Management Philosophy.

"Our work revolves around a few beliefs – the most important one of which is sticking to 'TIME' – followed by 'WORK IS WORKSHIP' and 'CUSTOMER IS OUR GOD'. 'Our forefathers under Shivaji fought against powerful Enemies. Today we wage war against TIME'. (MANISH TRIPATHI – Honorary Director, Mumbai Dabbawalas)

Another outstanding example of Human Resources Management is 'AKSHAYA PATRA', rain or shine, you cannot miss the 'Akshaya Van', veering through the heavy traffic jams, carrying mid-day meals every afternoon to fulfill India's dream of,

- i. Eliminating Classroom hunger
- ii. Addressing malnutrition
- iii. Increasing enrolment and retention in classrooms
- iv. Transforming lives of under-served children across the country.

This charitable trust has the total reach of more than 1.4 million children, across 10,770 schools. Hats off to their H R management. Here again it is the demonstration of complete harmony of Men, Material, Machine and Method effectively harmonised by the first factor – 'Men'.

At this juncture, it is worth going back to history of evolution of Man & Machine – In 1930s' when the great Visionary Late Sri JRD Tata, at the age of 38 was elected as Chairman of the Tatas' made his vision statement to his fellow colleagues.

He addressed his colleagues:-

I resolve to dedicate myself and the firm to the task of carrying on Jamshedji Tata's vision of a politically free and economically strong India and to play a worthy role in its development, but 'this dream' was shattered with the three lockouts that the Tatas' faced in its early stages in Jamshedpur and that set JRD to deeply and critically evaluate the reasons for the labour unrest.

On introspection the great truth dawned on him – he realized that the large concentrated labour force, had no "One to One relationship" – the gap between employees and management was too wide, as a result their grievances though negligible-'in isolation' was substantial 'in aggregate', the minor issues were allowed to build-up to a breaking point – which otherwise could have been eliminated by timely redress and follow up action.

The remarkable structure of Human relations rests largely on the proposals spelt out by JRD Tata when he was convalescing after a severe attack of pneumonia at Ootacamund in 1947, he realized that companies took greater care of their machines, than men, he realised that if operations required 30,000 machine tools and a special staff to look after them, to keep them in repair, replace them when necessary, maintain their efficiency, protect them from damage etc – Then there was also a need for a separate department, staffed with full time personnel and trained experts, to deal promptly and fairly with grievances of the personnel. This realization set the ball rolling and resulted in establishing a 'Personnel Department'- a partnership between labour and management. Tata Management celebrated 50 years of Industrial Peace at Jamshedpur in 1979 and the Joint Department Council established in 1956 enables labour and

management to sit together at various levels, and its Chairmanship is rotated every alternate year between the Management and Labour.

JRD very clearly defined the qualities which the Head for the Personnel Department should possess. He gave utmost importance in selecting the right person for this post since he believes that Human Resources are the foundation of a human endeavour. Today, Tata Group is a glaring example in the corporate world worth emulating. Even, after so many decades, vision of JRD Tata is a Torch Light to the corporate world to search more into the inner side of the corporate management.

“While we have expended enormous amount of money, energy and thought in coping with the maintenance of machines and flow of material, we have done practically nothing to equip ourselves for the highly complex and equally important task of dealing with 30 to 40 thousand men, each with a mind and soul of his own, we assumed they will look after themselves, and that there was no need for a separate organisation to deal with the problems”. (JRD TATA) It is this unique partnership between employer and employee - that we noticed at Taj, or with the Dabbawalas and Akshaya Patra, it is the culmination of the Leadership, Principle & Philosophy of JRD, which has percolated down to the modern terminology HRD – ‘ HUMAN RESOURCE DEVELOPMENT ’.

Qualities and characteristics of HR Head as defined by JRD are as follows:

- Wide Administrative experience.
- First-hand acquaintance of industrial problem as well as those human qualities which would win him the confidence of the men, mainly Sincerity, a Liberal and Sympathetic outlook combined with Strength of Character and Imagination.
- Should be free from Communal, Provincial and Political considerations. JRD gave utmost importance and urgency for selecting a most suitable person with above qualities and asked his Board members to justify the claim of Tata Group of being the most progressive and enlightened employer in India; fulfill the moral duties towards its employees; achieve that high standard of efficiency in the operations which the company may surely need to retain the competitive power in the years to come.

The JRD's philosophy is in fact the foundation for the modern HR philosophy in India.

“Human Resources are like natural resources, they are often buried deep. You have to go looking for them; they are not lying around on the surface”. (KEN ROBINSON)

Over the years, the H.R function has undergone a tremendous change. It has become a more integral part of the business vision. Outstanding managers are usually strong willed and of independent character, with distinctive styles of management and personal behaviour. This sometime makes it difficult to ensure a uniform philosophy of management – Directors and Managers should be professional men allowing full freedom to deploy talents and ideas of employees, keeping within the pattern of tradition of the company – otherwise each man tends to feel that instead of being a valued member of a friendly and humane organisation, he is a mere cog in a soulless machine. His attitude towards the management and the company becomes one of indifference, mistrust and coldness often tinged with hostility. He is easily led to feeling himself the victim of callous and unfair treatment.

“If an Institution wants to be adaptive, it has to let go off some control and trust that people will work on the right things in the right way”. (ROBERT B SHAPIN)

The three most important requirements for getting along with people are,

- Firstly – Communication, frank and continuous discussion between people, so that consequences are understood by both the sides.
- Secondly – Honesty and Sincerity because human history is replete with examples of the disastrous consequences of mistrust and suspicion amongst People and Nations.
- Thirdly – Trust, trust people, with whom one deals, and inspire a similar response in them.
- Fourthly – Influence behaviour in organisation by example ie., ‘Lead by example’.

Brilliant men are largely responsible for the continuous progress and high reputation of a company; they form a constantly renewed galaxy of stars in administration – the most common trait being their uncompromising adherence and dedication to a set of beliefs.

“The hardest challenge being an H.R person is, sometimes - you have to be LAWYER, the JUDGE and the HANGMAN”. (HASSAN CHOUGHAN). H.R has to determine what the organization can do to reward positive behaviour and deter behaviour not in firm’s or customer’s best interest, must understand the underlying strategic unity necessary for the organization internally and externally, legal and ethical issues should be given priority, should provide input on such issues as financial reports, must help build corporate integrity, add value in ways that will be admired by their line peers. H.R has to be more involved in the selection of board members, can play a lead role in directing the process for board functioning, team building, group processes, selection, training and performance management.

Anticipation, agility and a ‘Great Approach’ to daily management will help H.R to evolve itself into a new dimension. This means a total change or transformation to the next level of organizational maturity, a seat at strategic decision making table.

Before I conclude my views on the Subject, one more very important input I would like to add. One of our great Desi Management Gurus who taught management Subjects all over India, the late Prof.N.S. Ramaswamy, Padma Bhushan, founder Director of IIM Bangalore, the National Research Professor in Management and also known as CARTMAN, taught the Management Subject interpreting “Bhagavadgita”. Every function and process of various activities and positions right from ‘Raja’ to ‘Prajās’ could be compared with Modern HR Management is available in this great epic literature. I had the blessings of God Almighty, to spend quite a lot of time with this Guru and understand his insight in to the Management Subjects, which he considered as most important tools to navigate any complex business process of the 21st Century.

We should remember one more important aspect of our present society. India is the richest Nation in terms of human resource. 60% of our population is the youth below 30 years of age. It is the greatest asset. But, if this resource is not channelized productively, it could be a great liability. It is therefore imperative that every responsible citizen of our country, Government, Educational Institutions, Social Media, Parents, Industries, Business houses

etc. should ensure that we make our youth competent enough to take our Nation to a Super Power in this century. In order to achieve that unique target we have to put in a proper Human Resources Management System in place.

'The ability to dream is the most important human resource given to man by God '. (Sunday ADELAGE).

Let us dream and translate that dream to reality and ensure that H.R reaches greater heights in contributing to the growth and development of Modern India – and also in ensuring the fulfilment of Individual and Collective life within their organization and Nation at large.

Harnessing Western Philosophy for Self-Management

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From the days of the invention of the wheel, man has traversed full circle. After reaching the acme of industrial revolution, he is paying the price of environmental degradation and pollution. Economic models are floundering and man is ever in search of newer Development paradigms. Consumerism has reached its zenith and all human affairs are kowtowing before the deities of money, power, and sex. The gender problem in its complex ramifications seems intractable as ever. Art and culture has become handmaid of commerce, and tourism is no longer that innocent enjoyment of nature. Sports have become war and war sport amongst mighty nations. Religious bigotry and fanaticism is still the order of the day like the medieval days. Books are still being banned or burnt and places of worship demolished. Politics, all over the world, has become a cesspool of corruption and moral degradation and Democracy is another name for hypocrisy. Caste systems have been replaced by new class hierarchies and racial prejudice still stalks the continents. Hence, more and more people are being forced to search for the meaning of life, for they find their lives futile.

Life is no laughing matter. By following a course in self-management, one can systematically learn harmonious living. Whatever difficulty or dilemma one faces in life, it is not personal; nor it's new. It is a human problem and thinkers in different lands and times have tried to resolve them. It is our good fortune that we can learn from their teachings and experiences. The lens of Western thought serves as a useful tool to understand the world around us and the mystery of our own existence. By yoking both science and mathematics to its advantage, speculative philosophy has traversed a long path in discovering new ways of looking at our place in the universe as well as the realms we carry within ourselves.

The word "spirituality" is used in a variety of contexts. But its most simple meaning lies in its literal sense, that is perceiving the spirit hidden behind the material world. Since time immemorial, seekers have aspired to break through the barrier between the visible and the invisible and have left behind their experiences for others to work upon, in different cultures and continents. The Oriental tradition, or especially, the ancient Indian wisdom, in this context, can be looked upon as largely revelatory in nature. While the Truth was disclosed at the very dawn of its civilization and various philosophies and systems of practice were formulated to attain the Truth, it has never been easy to bridge the gulf between it and the ordinary human experience.

It is here that the new ways hewed by the Western philosophers comes to one's rescue. Without any pretension of leading one to Self-realization or a Divine-encounter, it takes the rational route and tries to clear the hurdles in seeing aright. Honest in its avowed goal of thinking the unthinkable, it sets out to humanize the transcendental idea and harmonies the austere and otherworldly nature of spiritual pursuits with ordinary human aspirations. To fix firmly the notion of the Spirit, shrouded by the outward reality, in our minds is the first and foremost challenge. For, to look upon something invisible as the cause of all movement and action is something that the

modern mind refuses to accept. But when the theme as delineated by various strands of Western philosophy is surveyed, the picture appears clearer.

Take, for instance, the robust voice of Plato who flatly refuses to take this world of ours as autonomous. Instead, he affirms that this existence is a mere reflection or poor imitation of the world of "Idea," the hidden realm of perfection. This otherworldly notion of Plato was challenged subsequently by several thinkers but perhaps none has been able to equal the intellectual vigor of his level in order to demolish the argument. In the modern era, Kant, by doubting the veracity of the "thing," goes on to repose his faith in the priority of, what he called, "the thing-in-itself." This very thesis supposes a causal world beyond weaving out this world of ours. Berkeley, though considered an empiricist, when says that this world is constructed as articulated by our mind, it is food for thought for us and an invitation to see through the illusions set up by the reason.

Much before Einstein propounded his conception of space-time-continuum, Leibnitz talked of a relational theory of space and time hinting at multiple levels and their connectedness. He also spoke of arriving at a "perspective less position" so as to have a view "from nowhere." This was an audacious piece of vision in his time when the Newtonian deterministic rigor was ruling the roost. Whitehead, too, to a large extent, has stood by the Leibnitz an "mutual relatedness" of space and time and this sort of worldview helps to look beyond the perimeter of one's horizon. In his scientific thought, Goethe prescribes a reversal of the movement of thinking. This organic style of thinking starts from the origin to reach the diversity of phenomena, thus inculcating intuitive perception of the essential.

Even a supposedly down-to-earth philosophy nurtured on the sap of "death of God" as Existentialism also affirms an "essence" alongside the existence, thus compelling a rational being to probe deeper. While Husserl goes a step further by conceiving a causal "Life-world," Heidegger takes an unassailable position through his "Being-in-the-world." Contemplation on such themes has a transformative effect on an individual, especially when the faculty of perception is stretched to its limits in line with Maurice Merleau-Ponty's explorations. Besides, the phenomenological "reduction" itself is a known meditative procedure employed to apprehend the truth of things. The evolutionary thesis of Samuel Alexander as well as the "elan vital" of Bergson point to a hidden reality in man and the world. The "Noosphere" and the "Omega point" conceived by Teilhard de Chardin, too, confirm the notion of an evolutionary urge of nature acting upon us incessantly to facilitate the scheme of the Spirit to take shape. Such other secular seeming breakthroughs in thought accomplished in the "wasteland" of 20th Century like Structuralism and Hermeneutics can, as well, be profitably harnessed for opening our eyes to fertile spiritual vistas.

The different parts of our being and consciousness, as delineated by Sri Aurobindo in his Integral Yoga system, are nothing but the other worlds. We can well imagine our plight as puppets when disparate worlds are very much in the play to pull the strings. Somewhat similar to the insight offered by Baudrillard that it is the object which uses and employs us and not the other way round that we ordinarily perceive. That there runs a perpetual consonance between the seen and the unseen might seem, at times, hard to digest, but a poetic impression can be allowed to swim aloft. The inner and the other worlds are a consistent theme in Savitri. Composed through the years from Quantum mechanics to nuclear holocaust, this modern epic by Sri Aurobindo puts a stamp of authority on the unseen fecund worlds and their inhabitants who are inextricably linked to our motions and emotions.

Toward a Theoretical Paradigm for Social Entrepreneurship Research: A New Approach to Social Entrepreneurship from the Radical Austrian School

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Resource Recombination;
Social Entrepreneurship.

Abstract: *Even though social entrepreneurship has attracted a lot of scientific and popular attention in recent years, scholars are worried that the field lacks a coherent and consistent theoretical framework. In this paper, we present a new theoretical framework based on the work of Ludwig Lachmann, a central figure of the modern Austrian School. Using Low and Macmillan's (1988) key specifications as an organizing framework, we identify the direction in which Lachmann's approach would lead the field of social entrepreneurship. We acknowledge some research in social entrepreneurship that is consistent with a Lachmannian approach and provide guidance for future research.*

Introduction

The study of social entrepreneurship is passing through a critical phase in its development. It is, in fact, 'the best of times and the worst of times' for this emerging area of inquiry (Christie & Honig, 2006). Journal editors are devoting increasing space to social entrepreneurship research (Peredo & McLean, 2006) and courses related to this topic are in high demand in universities and colleges (Saravathy & Wicks, 2003). Policy-makers are captivated by social entrepreneurship because of the potential benefits to society and economic development (Tan, Williams, & Tan, 2005). However, scholars working in this area are beginning to get worried that "social entrepreneurship may never gain the consensus and legitimacy that academics seek" (Mair & Marti, 2006: 40). Not only is the academic literature on social entrepreneurship "thin" (Tan et al., 2005: 353) and considerably fragmented, it also lacks theoretical underpinnings (Austin, Stevenson, & Wei-Skillern, 2006; Weerawardena & Mort, 2006).

The growing literature on social entrepreneurship shares close affinity to the more theoretically developed domain of entrepreneurship (Mair & Marti, 2006). Like entrepreneurship scholars in general, social entrepreneurship researchers believe in "new value creation" (Saravathy & Wicks, 2003). Unfortunately, because the mainstream entrepreneurship literature assumes the primacy of economic goals in entrepreneurial activity (Davidsson, 2003), theory development in social entrepreneurship has been limited. This lack of a sound theoretical framework is problematic because it threatens the viability of social entrepreneurship as a legitimate academic discipline (Mair & Marti, 2006).

Entrepreneurship scholars were recently presented an alternative and provocative new approach to entrepreneurship research based on the work of Ludwig Lachmann, a central figure of the modern Austrian school (Chiles, Bluedorn, & Gupta, 2007; Chiles, Gupta, & Bluedorn, 2008; henceforth CBG). These scholars argued that Lachmann's work - a unique blend of economics, psychology, and sociology- allows scholars to develop an unconventional theory of entrepreneurship that does not regard profit motive as an essential prerequisite to entrepreneurial activity. In this article, we extend CBG to present a new theoretical paradigm for social entrepreneurship research based on Lachmann's work.

We believe that our article is both timely and important; the new paradigm presented here will be beneficial for social entrepreneurship scholars in several ways. First, building on a distinct alternative to profit-based conceptual frameworks of entrepreneurship allows social entrepreneurship scholars to slip the shackles of commercial entrepreneurship and the yoke of profits (Austin et al., 2006). This is important as social entrepreneurship research is primarily about entrepreneurs who create social value (i.e. value creation that adds to and enhances the good life of the underprivileged sections of society), rather than economic value creation (i.e. driven by selfish profits). Second, it can help integrate the many seemingly disparate ideas that dot the social entrepreneurship literature- the social entrepreneur's imaginative capacity to envision the future (Thompson, Alvy, & Lees, 2000), the continuous recombination of scarce resources (Weerawardena & Mort, 2006) driven by creative entrepreneurial action (Sarasvathy, 2001a) and contextual embeddedness of social entrepreneurs (Mair & Marti, 2006). Having a single conceptual framework that incorporates such disparate concepts has the potential to provide greater coherence to a fragmented literature. Third, unlike other theoretical frameworks in entrepreneurship, the Lachmannian paradigm provides for an internally consistent relationship between individual action and societal interests. Thus, we take a critical first step on the path toward tackling the problem of inadequate theory development in social entrepreneurship¹.

We organize this paper in the following way. We begin by reviewing the dominant theoretical approaches in entrepreneurship. Next, we present an approach to social entrepreneurship theory and research that builds on Lachmann's work, organizing our arguments according to Low and MacMillan's (1988) (hereafter L&M) widely-used categorization scheme. We attempt to demonstrate that Lachmann provides a solid theoretical foundation for developing a coherent paradigm in social entrepreneurship, something scholars suggest is necessary if the field is to make progress (Mair & Marti, 2006; Weerawardena & Mort, 2006). We end with a discussion of the implications of our theory and its potential effects on the social entrepreneurship literature.

Theoretical Development

Prior Literature: Summary and Limitations

For most of the field's history, entrepreneurship scholars have been infatuated with the equilibrium models of neoclassical economics (Reynolds 1991, Sarasvathy 2001a, Shane 2000). The failure of these models to adequately explain entrepreneurship eventually led scholars to Austrian economics as an alternative paradigm (Shane 2000, Venkataraman 1997). Contrary to the equilibrium-based assumptions of neoclassical models in which markets perfectly convey information about goods and profit-maximizing individuals possessing full information and imbued with perfect foresight enter into atomistic, transaction cost-free, spot-market exchange (Praag 1999), entrepreneurship calls for a theoretical framework such as Austrian economics that allows for market failure so that new entrepreneurial activity can take place (Shane & Venkataraman, 2000).

Entrepreneurship researchers in management gained valuable insights from the work of Austrian scholars, principal among them Joseph Schumpeter and Israel Kirzner (e.g., Cheah, 1990, Sarasvathy, 1999). Indeed, the approaches of these two scholars have been accepted as the "two fundamental premises" of entrepreneurship (Venkataraman, 1997): Schumpeter (1954)

¹ *It is not our purpose here to claim Lachmann's framework as the only viable paradigm for social entrepreneurship. As social entrepreneurship research matures, other paradigms may be suggested that provide for theoretical development in this area.*

argued that entrepreneurs, driven by the potential for profit, disrupt the existing market equilibrium at rare and irregular intervals to create disequilibrium ('gales of creative destruction'), Kirzner (1973) argued that alert entrepreneurs spotted arbitrage opportunities and move the market from initial disequilibrium toward equilibrium (Kirzner 1973). Though useful for research related to commercial entrepreneurship (Austin et al., 2006), Schumpeter and Kirzner do not offer much help when it comes to understanding social entrepreneurship because both of them focus on profit-seeking individuals. If entrepreneurs are primarily driven by personal economic motives, as Schumpeter and Kirzner argued, there is no place for entrepreneurial activity that is driven by the desire to create social value for the society.

The Perspective of Ludwig Lachmann

Ludwig Lachmann (1970, 1976, 1977, 1978, 1986, 1990) is a central figure in the modern Austrian school. Lachmann was a "maverick economist" who "battled against settled ways of thinking in Austrian circles," calling for a "radical rejection of orthodox economics" that would require a "radical reexamination of the way in which economic theory was developing," and, as a consequence, "steering the modern Austrian school in the most novel of directions" (Boehm et al. 2000, p. 396, 374, 370, 386, 373). Ludwig Lachmann provides a non-traditional economic foundation for understanding the creation and growth of new organizations without requiring the entrepreneur to be primarily driven by selfish profits, making it especially relevant for our purpose here.

We now introduce a Lachmannian approach to social entrepreneurship. To organize our argument and identify the direction in which Lachmann's unique brand of Austrian economics might lead the field of social entrepreneurship, we use L&M's key specifications: purpose, theory, focus, levels, time, and methods. These six specifications provide a useful framework for evaluating current developments and identifying future directions in social entrepreneurship research. Introduced in L&M's field-defining article, they were later the theme of a 2001 special issue of ET&P (Davidsson, Low, & Wright, 2001) in which each article addressed a different specification. Because these specifications are widely accepted by entrepreneurship scholars as a legitimate framework for addressing future research directions, they provide both a familiar format for introducing Lachmann's theoretically radical message and a useful rubric for explaining how Lachmann's ideas would change the direction of social entrepreneurship research.

Purpose

L&M, defined entrepreneurship as the 'creation of new enterprise', urged entrepreneurship researchers to 'explain and facilitate the role of new enterprise in furthering economic progress' (1988: 141). Social entrepreneurship scholars appear to accept this definition of entrepreneurship with an important addition: The outcome of entrepreneurial activity should be social value creation through social change and transformation (Dees, 2001; Mort, Weerawardena, & Carnegie, 2003).

Unfortunately, how or why social entrepreneurship leads to societal progress (any more than government supported social organizations) is not well-understood (Weerawardena & Mort, 2006). Lachmann sheds fresh light on entrepreneurial creation, opens new ways of thinking about entrepreneurial exploitation as a continuous re-combinative process, and fills a gap in the literature regarding the causal connection between social entrepreneurship and societal progress. Specifically, Lachmann developed his own brand of market process theory in which

entrepreneurs engage in creative imagination, and his own variety of capital theory in which entrepreneurs explore opportunities by continuously combining and recombining resources to produce goods and services (e.g. financial services for the poor by Grameen Bank). Together, these two theories (Lachmann's market process theory and capital theory) can explain how entrepreneurial actions of social entrepreneurs can lead to societal development and transformation. In the next section we introduce basic ideas of these two theories.

Lachmann's market process theory

Lachmann views the market as a social process driven by entrepreneurial action rather than merely a place for economic exchange. He argues that entrepreneurs form plans based on their subjective knowledge and expectations. Because expectations are oriented to an unknown and unknowable future, entrepreneurs must imagine possible futures and choose among these alternative subjective mental creations. Here choice is an inherently creative act: Creative imagination (Lachmann 1986). For Lachmann, entrepreneurs create ex nihilo, through what Ford (2002: 641) calls the forward-looking process of imagining that allows them to 'think outside the box', where the 'box' is defined largely by the limits of knowledge rooted in interpretations of the past. These ideas are especially consistent with Prabhu's (1999) discussion of "creation of social enterprises", Sarasvathy's (2001b) work on "entrepreneurship as economics with imagination", and Thompson et al. (2000)'s work on "social innovation".

Because entrepreneurs make plans based on their subjective interpretation of the past and imagination of the future, some entrepreneurs' plans may succeed, while many will fail, leading to the continuous revision of plans based on new information that entrepreneurs acquire over time. Lachmann views the market process as the outward manifestation of an endless stream of information continuously converted into new knowledge and new expectations; hence, plans are incessantly formed and revised. The creative action of individual social entrepreneurs in such a market process ultimately engenders the kind of continuous and unforeseen change observable in societies; such change in turn brings about development and progress for societies (Boehm et al, 2000).

Lachmann's capital theory

Lachmann's capital theory is essential to understanding the purpose of social entrepreneurship because it helps in understanding how entrepreneurs can exploit opportunities to address social problems. He builds on the work of Menger, Böhm-Bawerk and Hayek, eschewing the idea of a capital stock (treating capital goods in an economic system as a homogeneous aggregate in equilibrium). Instead, Lachmann (1978) attends to the 'capital structure', or the structure of production, as a constantly evolving, complex network of capital or intermediate resources that entrepreneurs deploy at particular times to produce final goods and services. Although capital goods are material objects, it is the knowledge they embody that is key. They are best viewed as embodied knowledge.

The capital structure is characterized by heterogeneity and complementarities. Heterogeneity refers not to physical differences in capital goods but to differences in their use. Complementarities refers to the "interdependencies and synergies" between different resources, "the way they enable, augment, or extend one another's effectiveness" (Baetjer 1998: 21, summarizing Lachmann 1978). Lachmann (1986) distinguishes two types of complementarities: plan complementarities of capital combinations within an organization; and structural complementarities of capital resources belonging to different organizations.

Lachmann's work in capital theory anticipates Mair and Marti's (2006) idea that social entrepreneurs bundle and re-bundle resources as new ventures grow. Social value is created through imaginative recombination of resources. In a world of constant change in which plans are constantly colliding, failing, and being revised, existing capital goods will be continuously reshuffled into *new combinations*. Dees (1998) asserted that "social entrepreneurs do not allow the lack of initial resources to limit their options" (p. 31), suggesting that social entrepreneurs are somehow able to gain access to resources they need to start and develop new social organizations. Nascent social entrepreneurs, much more than other entrepreneurs, rely on their *resourcefulness* (Dees, 2001) to attract and retain resources as they generally do not have formal mechanisms (e.g. venture capitalists, angel investors) to turn towards for their needs (Hughes & Luksetich, 2004). Scholars also recognize that social entrepreneurs not only creatively recombine within their own organization, but also across organizational boundaries (Sharir & Lerner, 2006). Lachmann's capital theory can also help understand resource recombination within and across organizations offering a more complete understanding of social entrepreneurship.

In summary, Lachmann shares with scholars the belief that social entrepreneurs must employ both creative imagination and capital resources. However, social entrepreneurship scholars lack a theoretical framework with which to make sense of these ideas resulting in fragmented development of theory. Lachmann's market process theory (which spotlights entrepreneurial imagination) and capital theory (which highlights the continuous recombination of capital resources) offer social entrepreneurship scholars frameworks ideally suited for understanding the creation and development of social organizations.

Theoretical Perspective

One of the most important choices entrepreneurship scholars must make, L&M argued, is that of theoretical perspective: 'the field will be better served in the future if the issue of theoretical perspective is addressed directly and unstated assumptions are avoided' (1988: 146). Social entrepreneurship scholars have generally embraced and built the very foundation of their field on theories that assume that entrepreneurs are primarily driven by economic profit (Venkataraman, 1997; Shane and Venkataraman, 2000). Lachmann, however, explicitly rejects the Schumpeterian idea of profit-driven entrepreneurs disrupting the existing equilibrium or the Kirznerian idea of entrepreneurs discovering opportunities to arbitrage and push the economy towards equilibrium.

By incorporating not only past knowledge but also (and especially) future expectations into the plan concept, Lachmann sets the stage for a very different kind of market process theory in which entrepreneurs' are no longer driven by the desire to make economic but are guided by their knowledge and expectations. At any moment each individual may imagine different future states and revise his or her plans as a consequence of his imaginative ability' (Gloria-Palermo, 1999). Entrepreneurs' plans thus will never be fully coordinated – a position that also challenges the traditional view of the equilibrating tendency of the market process.

The challenge for social entrepreneurship researchers is to recognize that the equilibrium assumptions underlying traditional theoretical approaches such as Schumpeter's and Kirzner's block progress on myriad important problems that may be of interest to scholars interested in understanding social entrepreneurship (Stevenson & Harmeling, 1990). If, as Sarasvathy (2001b) suggested, social entrepreneurs "take us from the world we live in to the world we want to be in", the assumptions behind our theoretical approach must mirror reality so that we can better

understand a range of social entrepreneurial phenomena from the emergence of new social organizations (Mair & Noboa, 2003) to the large diversity in the nature of social organizations in the world (Peredo & McLean, 2006) to social entrepreneurship leadership (Prabhu, 1999).

Focus

L&M acknowledged and encouraged a shift from 'trait-based' toward more process- and context-oriented entrepreneurship research. Although the details of such an approach remain fluid (Ucbasaran, Westhead, & Wright, 2001), social entrepreneurship researchers appear to agree that the study of social entrepreneurship must include both the process by which entrepreneurs act and interact, and the broader organizational, industrial, and societal context in which they operate (Mair & Marti, 2006). We have already discussed two processes central to Lachmann's approach: market and capital (re)formation processes. These processes themselves provide an entrepreneurial context. In market processes, entrepreneurs act based on expectations and interact with other entrepreneurs and market participants (e.g., recipients of social services) who represent important contextual elements. Similarly, in capital (re)formation processes, entrepreneurs combine and recombine capital resources within a focal organization and interact with other organizations in the public or private sector (Sharir & Lerner, 2006). While Lachmann's market process and capital theories address a limited set of entrepreneurial contexts, his institutional theory comprises a much broader set, including economic, political, legal, social, and religious institutions.

Lachmann's institutional theory

Building on the work of Max Weber and the Austrian institutional tradition established by Menger, Lachmann (1970) tackles three main points in his institutional theory. First, Lachmann (1970) argues institutions serve as points of orientation enabling millions of individuals to coordinate their expectations based on taken-for-granted rules and norms. For Lachmann, these institutional rules and norms are really stockpiles of knowledge shared by actors capable of attributing similar meaning to their actions. 'Institutions', as Lachmann put it, 'enable...coordinating the actions of millions whom they relieve of the need to acquire and digest detailed knowledge about others and form detailed expectations about their future action' (1970: 49-50). For example, standards serve as institutions that 'assist in coordination by helping align expectations' (Langlois & Savage, 2001: 151): 'In the classic case...the convention that we all drive on the same side of the road is a standard that reduces "transaction" costs of ascertaining the intentions of each oncoming driver, not to mention the resource costs of failed coordination. ...The convention...brings order out of disorder' (Langlois & Savage, 2001: 151-152). Thus disequilibrium market and capital (re)formation processes appear embedded in and stabilized by institutional contexts, echoing social entrepreneurship scholars' argument that institutional context does not merely facilitate entrepreneurial action but also shapes and constrains it (Mair & Marti, 2006; Steyaert and Katz, 2004).

Second, Lachmann (1970) explains the need to build a coherent institutional order not only on coherence and permanence but also on flexibility and change. To guide and coordinate individual action, institutions must be fixed and stable. At the same time, they must adapt and change as the environment changes. Older institutions may assume new functions (as old functions are discarded) or be replaced entirely by new institutions. New institutions arise in deliberate and emergent ways: through legislation or as the unintended consequence of individuals acting in their own interest without any overall design (Lachmann, 1970). In either case, Lachmannian entrepreneurs play an important and active role in the creation and subsequent evolution of

institutions. Indeed, far from merely reacting to 'changing circumstances', they are the driving force behind institutional emergence and change (Lachmann, 1970: 79). Social entrepreneurship scholars have only recently begun to examine how such 'institutional entrepreneurs' create new institutions or replace old institutions with new ones. For example, initiatives like Grameen Bank that started as a small self-help group grew over time to become an institutionalized financial organization, similar to the Credit Union movement about a century back. However, how different institutional contexts might influence the way social ventures are created is poorly understood in social entrepreneurship (e.g. why did the 'self-help movement' start and succeed in Bangladesh).

Third, Lachmann (1970) claims the institutional order comprises complementary external and internal institutions, with 'a few fundamental [external] institutions, not mutable at all provid[ing] a firm outer structure' comprising 'frequently mutable [internal] institutions in a definite sphere of action, ...a sphere in which change must be expected to be frequent' (1970: 90). Social entrepreneurship scholars have largely ignored the relationship between entrepreneurial action and different types of institutions. Lachmann's institutional theory can be helpful in understanding how social entrepreneurship activities differ across regions because of differences in local institutions.

Lachmann's work suggests that because of differences in institutional frameworks across societies, a general theory of the social entrepreneurial process is not very likely. He supports the development of context-specific theories of social entrepreneurship that describe the process within the specific institutional context of the society. Considering expectations as drivers of entrepreneurial action and institutions as guiding posts for these expectations can help scholars develop theories of how social entrepreneurs act starting from the birth of the idea and through its growth as an enterprise.

Levels

L&M emphasized conducting entrepreneurship studies at multiple levels of analysis (individual, group, organization, industry, and society) and suggested integrating these different levels. More than a decade later, Weerawardena and Mort (2006) found that, most empirical research in social entrepreneurship is at the micro (individual and firm) level, while cross-level studies remain virtually nonexistent. Lachmann's work is inherently multi-level; his theories on market processes, capital, and institutions include different levels of analysis, from individual through firm, industry, market, and supply chain to the broader institutional environment. In recognizing the interdependence and mutual causality of these levels, his work is also inherently cross-level. And, as described above, these theories are themselves interrelated: Opportunities created through market processes must be exploited through capital (re)formation processes, and these disequilibrium processes are, in turn, embedded in stabilizing institutional environments. Lachmann's work can be helpful to social entrepreneurship scholars interested in developing multi-level or cross-level understanding of social entrepreneurs, such as called for by Mort et al. (2003).

As noted previously, individuals act on plans based on their subjective knowledge of the past and expectations of the future. Social entrepreneurs, pursuing their objectives and dreams, interact with other entrepreneurs and actors, bringing about social change and development. In other words, individuals interacting at a lower level spontaneously generate higher-level societal change without intervention by a central controller (Lachmann 1976), a multi-level process with cross-level influences.

Lachmann's capital theory spotlights entrepreneurs who use resources to produce products and services for other social actors. However, the productive potential of these resources can be realized only by combining them, both with other resources within the organization and with those of other organizations- as in the example of The Copa-Roca Sewing Cooperative in Brazil or The Gujarat Cooperative Milk Marketing Federation in India. Accordingly, the theory spans multiple levels, from the individual through the organization to the community, revealing possibilities beyond the narrow confines of social entrepreneurship research conducted at the individual or organizational level of analysis (Weerawardena & Mort, 2006).

Lachmann (1970) considers institutions from a variety of sectors, as noted above. He views the social world as a series of nested institutions: a hierarchy in which agents at lower levels interact to produce higher-level institutions. Hence, according to Lachmann, institutions result from entrepreneurial action at lower levels that in turn shape and constrain such action. Moreover, market institutions (e.g., cooperatives) are themselves embedded within higher-level institutions (e.g., cultural or legal systems). Lachmann's explicit emphasis on the recursive interaction between entrepreneurs and institutions and his recognition that institutions are embedded within higher-level institutions interestingly parallels a structuralist and sociological view of social entrepreneurship (Mair & Marti, 2006).

As L&M suggested, multi-level studies can provide unique insights and promote richer understanding than single-level studies. Lachmann's theories are decidedly multi-level. He recognizes the intimate connections among different levels, with higher-level processes, affecting lower-level processes, even as lower-level actors interact to produce higher-level phenomena. Lachmann's unique theoretical approach lends itself to multi- and cross-level research in a field where researchers have generally limited their studies to individual or organizational level of analysis (Weerawardena & Mort, 2006).

Time Frame

L&M explicitly specify the time frame of analysis as one of six factors entrepreneurial research must address. They argued that to understand the entrepreneurial process better, studies need to consider longer time frame. Unfortunately, their prescription has been largely ignored. In a recent special issue of *Journal of World Business* devoted to research on social entrepreneurship, none of the published studies, theoretical or empirical, acknowledged the relevance of time frame to social entrepreneurship.

Lachmann believed time to be important to social science research and put time front and center to scientific scholarship. In what has come to be known as Lachmann's law in the Austrian circles, he declared "Time and knowledge belong together. As soon as we permit time to elapse we must permit knowledge to change" (Lachmann, 1959: 73); to Lachmann, time and knowledge are inseparable. Here Lachmann includes in knowledge both interpretations of the past experience and expectations of future possibilities [Gloria-Palermo, 1999]. This continuous change in knowledge, with the continual interpretation and re-interpretation of experience, and continuous reformation of expectations, makes it impossible for entrepreneurs to accurately predict the future of their organization. Emphasizing continuously changing human expectations frees scholars to investigate processes unfolding as entrepreneurs create and grow social organizations and teaches social entrepreneurs to accommodate continuously revised plans, because the emergent future will differ from the anticipated future.

In recent years, organizational scholars have made progress in acknowledging and incorporating

time in their research (Ancona, Goodman, Lawrence, & Tushman, 2001). Unfortunately, social entrepreneurship scholars have not yet considered time in their research. Lachmann's thinking and advice about time can benefit social entrepreneurship researchers by helping them think more explicitly about the role of time in the social entrepreneurship process. As scholars make progress in understanding why and how new social organizations are created and developed, time will become even more important to advancing our understanding of how the process occurs.

Methods

L&M urged entrepreneurship researchers to design more rigorous studies employing theory-driven formal models and sophisticated statistical analyses to test a priori hypotheses about the relationships between variables. To establish causal linkages among variables, they advised longitudinal studies. Mair and Marti (2006) lament that the vast majority of empirical research in social entrepreneurship is "descriptive" and "anecdotal" (p. 37). Lachmann suggests a different approach to empirical research in social entrepreneurship.

Lachmann embraces the 'process theory' tradition of social science research (Van de Ven & Poole, 2005), arguing that, to narrate the emergence and evolution of complex social phenomena, researchers must explain a sequence of events in time and context, paying particular attention to their temporal ordering, myriad interactions, and institutional environments. As Van de Ven and Engleman (2004) emphasize, this approach is necessary to understand how entrepreneurial processes unfold, yet it has been woefully neglected in management and entrepreneurship scholarship.

At the core of Lachmann's methodological approach are the Weberian concepts of *Verstehen*. Lachmann (1970) adopted the historical method of *Verstehen* (understanding through interpretation), the traditional method of classical scholarship. Because no two minds are alike and because social entrepreneurs act creatively, Lachmann argues, we should strive to explain and understand their actions. Lachmann (1990) later used the word *hermeneutics*, a method of interpreting a text's original meaning, to describe *Verstehen*. Pastakia's (1998) study, which interprets the context-particular, experiential knowledge of entrepreneurs by treating their narrative explanations of how their firms developed in their unique socio-economic context provides an example in the social entrepreneurship literature of this method.

Although, the preceding discussion may imply that Lachmann advocated only exhaustive descriptive histories, we do not believe that Lachmann would have been opposed to research methodologies that involve making specific predictions using statistical techniques. Lachmann would have argued that research methodology should be consistent with the questions we ask. Thus, when social entrepreneurship scholars ask "What are the antecedents or consequences of social entrepreneurship?", one of the two important question in the study of entrepreneurship (Van de Ven & Engleman, 2004: 355), statistical approaches that explain a phenomenon using a small set of well-developed variables, embedded in a *nomological* net, are suitable. However, when scholars ask 'How does the entrepreneurship process unfold over time?', the other important question in entrepreneurial studies (Van de Ven & Engleman, 2004: 355), narrative techniques are Lachmann's tool of choice.

In sum, Lachmann's approach to empirical research challenges social entrepreneurship researcher to adopt research methodologies that enable them to reach a coherent understanding

of entrepreneurial action unfolding in time and embedded in context. It encourages social entrepreneurship researchers to adopt longitudinal methods more suitable to the phenomena under study (Bygrave 1989), such as analyzing qualitative accounts using ethnographic, case study, or discourse methods (Gartner & Birley 2002). And it underscores a pressing need to fill a large and important gap in the social literature by conducting research that is driven by sound theories adapted to the unique domain of social entrepreneurship.

Conclusion

Our primary purpose in this article has been to introduce a Lachmannian paradigm for social entrepreneurship research. Lachmann provides social entrepreneurship scholars 'a new direction' and an 'alternative way of looking at things' (Boehm et al. 2000: 368-383) that can help move away from the profit-based paradigm prevalent in entrepreneurship research. Lachmann also provides a framework that helps reconcile many seemingly disparate concepts of social entrepreneurship into one single conceptual framework. By considering Lachmann's paradigm for further development in social entrepreneurship, researchers will be able to build on an integrative framework that allows scholars from different backgrounds and disciplines to talk with each other.

We identified the direction in which a Lachmannian approach would lead the research on social entrepreneurship. Specifically, this approach suggests scholars pay more attention to two central but largely neglected issues in social entrepreneurship research: (1) the creation of new social organizations through human imagination and (2) the creation of social value through continuous recombination of scarce resources. This approach emphasizes the use of theories, in particular Lachmann's unique brand of market process and capital theory, rooted in assumptions that do not rest on the homo economicus driven by selfish profit motive. It suggests focusing on the ongoing interaction between entrepreneurs and other social participants (e.g., public and private sector partners), and on the broader institutional contexts in which such processes are embedded. It adopts a multi-level view of social processes in which cross-level influences operate from the individual through the organization, community, and society to the broader institutional environment. It supports social entrepreneurship scholars' calls for theory-driven research but also encourages them to develop their own theories using qualitative research methodology, such as narrative techniques and ethnography. Finally, it exhorts social entrepreneurship scholars to understand how the entrepreneurial process occurs over time and the process through which social entrepreneurs create new social organizations and social value.

We certainly do not claim that Lachmann or his framework is the final word in social entrepreneurship. Lachmann never set out to develop a new paradigm nor did he believe that his work is a finished product (Vaughn, 1992). As Lachmann would have said, entrepreneurship research will develop only if scholars are willing to discuss and debate giving and accepting new ideas. We believe that a Lachmannian framework offers us a distinct conceptual framework to advance social entrepreneurship research both theoretically and empirically. We hope that other scholars will join in the effort to develop social entrepreneurship research in this paradigm.

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Predicting Corporate Bankruptcy using Altman's Z Score Model: Case of Karnataka Antibiotics and Pharmaceuticals Limited (KAPL), Bangalore

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Key words

Altman's Z-Score Model;
Corporate bankruptcy;
Financial Performance;
Financial ratios.

Abstract: Financial distress is a situation, which makes a firm's survival difficult. A firm, which is exposed to higher business risk, faces a greater chance of financial distress. A firm experiences financial distress when it defaults the external obligations. A highly levered firm always undergoes distress position even though it has the tax advantage because of its high cost of debt.

This study examined the financial performance and financial distress of Karnataka Antibiotics Pharmaceuticals Limited, Bangalore during the period 2010-2015. The study used several financial ratios to evaluate the financial performance and Altman's Z score model to predict corporate bankruptcy. The study concluded that the financial performance is satisfactory. KAPL is out of crisis zone of corporate bankruptcy. However, it can take precautionary steps to avoid the chances of becoming bankrupt.

Introduction

In the changing scenario every business strives very hard in its survival in the growing era of core competence. Any business without finance is like a wingless bird. A financial requirement of a business must be sufficient to meet both long term and short term commitments and for this business is responsible to monitor its financial position regularly. The financial performance of a company is judged through its financial statements, which indicates the profitability and financial position and so on. Like the importance of blood in human body, finance is also important for any organization. Finance is all about acquiring and investing funds in organization. It is important for commencing, conducting and expanding the business of the organization whether the company is new or existing the decision regarding financing and investing has an important role for achieving organization goal. To know about the organization financial position and health financial analysis is required. Financial analysis is process of critical examination of the financial information contained in the financial statement in order to understand and make decision regarding the operation of the firm. The financial statement is a study of the relationship among various financial facts and figures as given in a set of financial statements. The analysis of financial statement is the process of establishing and identifying the financial weakness and strength of the firm. It is indicative of two aspects of a firm i.e. Profitability and financial position. For analyzing financial position and profitability ratio analysis one of the most important and widely used technique, which is relevant in assessing the firm performance in relation to profitability, liquidity and solvency etc, with his it also help to know about the financial health of business organization.

Review of literature

Bal.G.R(2015)corporate bankruptcy of selected FMCG companies by using Altman's Z score model. The study concluded that this model can be used to analyze financial position of the companies. They found that the selected FMCG companies showed sound financial position and

less chances of bankruptcy in future. The study further suggested that Z score model should be regularly estimated for making strategies to improve their financial performance.

Mandal.A and Roy.D(2013)examined the financial indicators of corporate sickness of selected steel company in India by using step-wise logistic regression. The study revealed that rate of growth of profit after tax is a most powerful predictor of sick companies. It concluded that earning power is another important determinant of corporate sickness.

NilanjanaKumari (2013) predicted that bankruptcy is unlikely to occur for MMTC in the next two years. Finally, it can be concluded that the overall financial health of MMTC is good, and it can be quoted as an investor friendly company.

Palanivelu, P. And Kavita, K.S. (2013) analyzed and compared the financial performances of NSE listed steel Company. Altman's Z score revealed healthy situation only for few years for some companies, otherwise, for all the companiesit was found to be in the unpredictable and unhealthy zone. Short term solvency positions of the NSE listing companieswere found to be satisfactory

Chandra, H. and Selvaraj, A., (2013) conducted a study on analyses of financial health of selected steel companies in India using Altman's Z-score model and concluded that the financial health of selected steel companies was not in safe zone and there was no significant difference between the size of the companies and Z-score value.

Al-Saleh and Al-Kandari(2012)developed a model for financial distress prediction using data of six Kuwati commercial banks for the period 2001 to 2009. For this 11 ratios and logistic regression has been used for the study. From this study it was revealed that three ratios such as investment in securities to total assets, loans to deposits are the best predictors of financial distress for the banks under this study.

Sheela, S.C. and Karthikeyan, K (2012)attempted to study financial health of Pharmaceutical industry with the help of Altman's Z-score model with special reference to Cipla, Dr Reddy and Ranbaxy. Researcher found that the Cipla and Dr Reddy were in too healthy position while Ranbaxy was in healthy situation.

Fijorek and Grotowski(2012), in their research, analyzed Polish company bankruptcies. They studied 13288 companies, of which 1198 went bankrupt in Poland. They concluded that the sudden increase in current liabilities to total asset ratio should be continuously monitored and closely investigated as this financial ratio is also a very strong predictor of bankruptcy.

Tan(2012)made a study on determining relationship between financial distress and financial performance during financial crises was carried out and the results reaffirm that firms having low level of leverage tend to perform better than those highly leveraged.

Bhunia et al.(2011)used step-wise determinant analysis for developing financial distress prediction model by taking samples of failed and non-failed companies from eight industries. Mahalanobis-D2 method was utilized for identifying most powerful variables that discriminate between the groups. Out of 64 ratios, two-ratios i.e., cash flow to sales and days sales in receivables were identified asa significant predictors of financial distress.

Ramaratnam and Jayaraman(2011)analyzed Altman's Z score model with special reference to the Indian steel Industry. The authors used Altman's Z score model to predict, analyze, and compare the financial health of the major steel companies in India from 2006-2010. The Z Score was further tested using ANOVA test to analyze the consistency and stability on different ratios used in Altman's Z score.

Ray (2011) made an attempt to apply Altman's Z score model on the Indian automobile industry and tested whether the model can accurately predict bankruptcy in the Indian automobile industry.

Dr.D.Maheswara Reddy and Mr.K.V.N.Prasad(2011) In this study an attempt has been made to determine the combined effect of various financial ratios with the help of Z-score analysis. The Z score of HDFC Bank Ltd based on the modified Altman's model is between 4.05 and 5.09 during the study period (i.e. 2006 to 2010). HDFC Bank Ltd is having a good financial health throughout the five years.

Mr. Y. M. Satish and B. Janakiram(2011)In this study, the major apart from quantitative factors, some qualitative factors such as Character, Capacity, Capital and Condition of customers should also be considered in assessment of creditworthiness. This study also indicates that company should introduce assessment of creditworthiness before providing credit sales and changes should be made in the present credit policy.

Altman (1968) tried to assess the quality of ratio analysis as an analytical technique. The author develops the multiple discriminant analysis using a sample of 66 firms in two mutually exclusive groups: 33 bankrupt firms and non bankrupt firms in case of Manufacturing Corporation. The author explained that as ratio analysis is susceptible to faulty interpretation and can be analyzed subjectively, it is important to develop a model that suitably removes the possible ambiguities observed in traditional studies. The model thus developed, known as the Altman Z score model, has been extensively used in various research studies.

Snapshot of KAPL

Government of India constituted a committee headed by DR. Mansukhlal Hathi (who was a renewed doctor, Member of Parliament and a union minister of health). The main purpose of forming committee is to recommend health requirement of our country. One Important recommendation of health committee is to recommend health requirement of our country. One important recommendation of health committee is that "Every state in the country should have drug formulation unit of public sector to improve the position regarding the availability of quality drugs to state institutions, hospitals and people".

Karnataka Antibiotics and Pharmaceutical Ltd (KAPL) a government company was established in the year 1981 with the main objective of manufacturing life saving drugs. The company started its business operations in the year 1984. The company was promoted by government through Karnataka state industrial investment and development corporation limited (KSIIDC) 40%. KAPL harbors a culture of continuous up-gradation and enrichment of human resources through regular training and development. The corporate office of the company is located at Nirman Bhavan, Bangalore

Karnataka Antibiotic and Pharmaceuticals limited is a public sector company with the main motive of making good quality life saving drugs to meet the needs of the society.

The company is expanding its product range from time to time to meet the demand of the market and to keep track in the competitions. KAPL is not only having domestic market but it has expanded its marketing globally by supplying its products to Germany, Netherlands and European countries also. The manufacturers various types of medicines like dry Powder vials, tables, capsules, liquid parental etc. Thus the main objectives of KAPL are not mere profit making but to serve the society and to protect people from various diseases.

KAPL has earned a place in the Indian Pharmaceutical market as a reputed manufacturer for its high quality lifesaving drugs and other specialized medicines with its marketing activities which has spread both in Domestic as well as International markets.

Having made its debut in 1981 as a government Enterprise, it has been developed into a multi crores revenue company.

It is having manufacturing unit in Karnataka and it is seen that its products are reaching every corner of the state through its effective distribution and marketing. KAPL supplies its products to almost all the states of our country. It is having more than 30 Distribution centres in various parts of India. Through its effective distribution and marketing the products has reached almost all the parts of the nation. It has many branches throughout India in following places like Bangalore, Kerala, Chennai, Hyderabad, Mumbai, Patna, and Delhi. KAPL not only operates nationally it also goes for international. It exports its products to various countries like Ethiopia, Philippines, Germany, Denmark, Netherlands and Belgium.

Altman's Z-Score Model

$X_1 = \text{Working Capital} / \text{Total Asset}$:

The working capital/total assets ratio is a measure of the net liquid assets of the firm relative to the total capitalization. Working capital is equal to the difference between current assets and current liabilities, while total assets include both current and fixed assets. In this ratio, liquidity and size characteristics are explicitly taken into account. A firm with consistent operating losses will often have shrinking current assets in relation total assets.

$X_2 = \text{Retained Earnings} / \text{Total Assets}$:

Retained earnings report the accumulated reinvested earnings and/or losses of a firm. It is found in the Stockholders Equity section of the Balance Sheet. The ratio measures the cumulative long-term profitability of the company and implicitly considers the age of a firm. Studies have shown that corporate failures are much more common in a firm's earlier years, as many firms that go bankrupt are relatively young ones that have not yet had the time to build up its cumulative earnings. Hence, it makes sense that young companies are more likely to default on their obligations. In addition, X_2 measures the leverage of a firm. Companies with high retained earnings relative to total assets have to a greater extent financed their assets through retention of earnings rather than debt financing, which may reduce the likelihood of bankruptcy.

$X_3 = \text{Earnings Before Interest And Tax} / \text{Total Assets}$:

This ratio illustrates the productivity of the company's assets before tax or leverage factors are taken into consideration. Firms depend on operating efficiently through the earning power of its

assets in order to have long-term viability. Return on total assets appears to be particularly appropriate for predicting bankruptcies, since it has the highest weighting in each of the Z score models. EBIT is found in the company's Income Statement.

X_4 = Market Value of Equity / Total Liabilities:

The market value of equity is the combined market value of all shares of common and preferred stock. Total liabilities include all current and long-term liabilities found in the firm's Balance Sheet. X_4 indicates how much the company's assets can decline in value before the liabilities exceed the assets and it becomes insolvent. Equity to debt also emphasizes the leverage of the firm. The higher the debt relative to the equity, the more high risk the firm is considered as. In addition, this ratio adds a market dimension to the Z score, within the meaning that falling stock prices may be a sign of upcoming problems. This should ensure that systematic risk is incorporated in the model, which is essential when considering the financial crisis.

X_5 = Sales/ Total Assets:

The asset-turnover ratio is a standard financial ratio measuring the ability of the company's assets to generate sales and the management's capacity in dealing with competitive conditions. Sales are categorized as revenues in the company's Income Statement. One should use net sales, which reflects the deduction of returns, allowances and discounts. Altman found that X_5 is the least significant on an individual basis, but it is quite important because of its unique relationship to the other ratios in the Z score for manufacturers.

The formula (for manufacturing firms), which is built out of five weighted financial ratios
 $Z=1.2(X_1) + 1.4(X_2) + 3.3(X_3) + 0.6(X_4) + 0.999(X_5)$

Where:

Z= Discriminate function score of a firm

X_1 =Working capital/ Total assets

X_2 = Retained earnings / Total assets

X_3 = Earnings before interest and taxes/ Total assets

X_4 = Market value of equity/ Total liabilities

X_5 = Sales / Total assets

With the help of Altman guidelines, the financial health can be measured.

Situation - 1 → Z-Score below 1.8 → Not healthy

Situation - 2 → Z-Score between 1.8 to 2.99 → Healthy

Situation - 3 → Z-Score 3 and above → Too healthy

Strictly speaking, the lower the score, the higher the odds are that a company is headed for bankruptcy. A Z- score of lower than 1.8, in particular, indicates that the company is heading for Bankruptcy. Companies with scores above 3 are unlikely to enter bankruptcy. Scores in between 1.8 and 3 lie in a grey area

Objectives of the study:

The objectives of the study are

a) To examine the financial health of the Karnataka Antibiotics Pharmaceuticals Limited.

b) To assess whether Karnataka Antibiotics Pharmaceuticals Limited is under financial distress or not.

Scope of Study

The scope of study is limited to analysis of financial performance of KAPL for recent five financial years 2010-2011 to 2014-2015. Besides, it assesses the corporate bankruptcy using Altman's Z score model.

Results and Discussions

The results are presented in two parts. The first part exhibits the financial performance of KAPL, Bangalore while the second part is devoted to the results of corporate bankruptcy.

Financial performance of KAPL, Bangalore

Table 1 Selected financial ratios of KAPL, Bangalore

Financial Ratios	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Return on investment (%)	0.3	0.31	0.16	0.12	0.16
Current ratios (times)	1.467	1.65	1.65	1.667	1.814
Quick ratio(times)	1.208	1.319	1.238	1.247	1.017
Absolute quick ratio(times)	0.434	0.4	0.474	0.507	0.35
Current cash debt coverage ratio (times)	0.122	-0.075	0.217	0.038	-0.146
Debt equity ratio(times)	1.261	1.024	0.827	0.815	0.583
Inventory conversion ratio (times)	39.755	30.386	37.833	43.517	118.8
Work in progress turnover ratio(times)	58.546	55.105	33.825	40.535	23.614
Fixed asset turnover ratio (times)	5.973	6.094	4.623	4.451	4.202
Sales (revenue) to compensation ratio (times)	5.634	5.353	5.041	4.668	4.646
Sales to raw material and sales to store expense ratio (times)	1.781	1.98	1.984	1.87	1.95

Sources: Author's calculations

ROI measures the relationship between earnings before interest and tax and capital employed. It helps us to find out how efficiently the long term funds supplied by the creditors and shareholders have been used. A higher ROI implies more efficient the management in utilization of capital employed. As per the above analysis we can interpret that in the year 2010-2011 the value is 10% and in 2011-2012 the ratio increased by 2%. During the year 2012-2013 and 2013-2014 the ratio posted a downfall from 8% to 6% respectively. The analysis reveals that KAPL was able to reap a return of about 8% to 12% of the total assets during the study period.

Current ratio measure the ability of the firm to meet its short-term obligations and to assess the short-term financial solvency position of the firm. It measures the safety margin available for short-term creditors .Higher the ratio, greater the margin of safety for short-term creditors and

vice-versa. Table 1 shows that the current ratio as increased from 1.46 times to 1.814 times in 2014-2015. Traditionally, a current ratio of 2:1 is considered to be a satisfactory ratio. On the basis of this traditional rule, if the current ratio is 2 or more, it means the firm is adequately liquid and has the ability to meet its current obligations but if the current ratio is than 2, it means the firm has difficulty in meeting its current obligations. It is evident that KAPL has sufficient liquidity position to honour its short-term obligations.

Quick ratio establishes a relationship between quick assets and current liabilities .It measures the ability of the firm to meet its short term obligation as and when due without relying upon the realization of stock. It indicates rupees of quick assets available for each rupee of current liability. Traditionally, a quick ratio of 1:1 is considered to be a satisfactory ratio. It is widely accepted as the best available test of the liquidity position of a firm. Generally speaking, an acid-test ratio of 1:1 is considered satisfactory as a firm can easily meet all current claims. The acid-test ratio provides, in a sense, a check on the liquidity position of a firm. It is divulged from table 1 that quick ratio of KAPL was 1.319 times in 2011-2012 which was at its maximum. The firm was able to maintain adequate liquidity to meet the short term obligations in time.

Absolute quick ratio measures a relationship between cash and marketable securities and current liabilities. It is used to measure the ability of the firm to meet its short-term obligations as and when due without relying upon the realization of stock and debtors. It indicates that cash and marketable securities available for each rupee of current liability. A very high absolute liquidity at the cost of profitability since idle cash does not generate any return and marketable securities generate return at a rate lower than the rate of operating margin. This ratio is most rigorous and conservative test of the firm's liquidity position. The ratio is hovering between 0.4 to 0.5 throughout the study period. It implies that KAPL was able to meet its short term obligations very promptly without waiting for realization of stocks and debtors.

From the above table 1 it can be inferred that the current cash debt coverage ratio is not in a better position which means in the year 2010-2011 it was 0.122 times and in the subsequent year it was showing a negative indication by -0.075 times, and in 2012-2013 it increased to 0.217 times and this shows a positive indicator to the firm and this continued in the year 2013-2014. In the year 2014-2015, it again dropped to -0.416 times.

Debt equity ratio establishes the relationship between long-term debts and net worth. It measures the relative proportion of debt and equity in financing the assets of a firm. It indicates the margin of safety to long-term creditors. Table 1 shows the debt-equity ratio of KAPL. It is divulged from the analysis that highest DE ratio was recorded in 2010-2011 while it fell to 1.024 times in 2011-12. The ratio witnessed a tremendous fall thereafter and stood at 0.583 times during 2014-15. A low debt-equity ratio implies the use of more equity than debt which means a larger safety margin for creditors since owner's equity is treated as a margin of safety by creditors and vice-versa. Traditionally, a debt equity ratio of 2:1 is considered to be satisfactory which means debt could be twice the equity. The analysis of above table reveals that Debt equity ratio is less than 2:1. It implies that debt servicing capacity was poor. The company has a capacity to raise additional debt. Not much benefit of trading on equity is possible when the firm earns a rate of return higher than the interest rate on the borrowed funds.

Interest coverage ratio establishes a relationship between net profits before interest and taxes and interest on long-term debt. It is used to measure the debt servicing capacity of a firm so far as fixed interest on long-term debt is concerned. Long-term creditors of a firm are interested in

knowing the firms' ability to pay interest on their long-term borrowing. Table 1 presents the results of interest coverage ratio of KAPL. Interest coverage ratio of KAPL showed an increasing trend during the study period. It implies that KAPL was able to keep a higher amount of cushion in order to meet its interest payments. KAPL has greater ability to pay interest. Generally, higher the ratios, more safe are the long-term creditors because even if the earnings fall, KAPL would be able to meet its commitment of fixed interest charges. Besides, it is evident that the ratio was too high. It is not favourable for KAPL. It shows that it is not using debt as a source of finance so as to increase the earnings per share.

Table 1 presents the results of work-in-progress turnover ratio. The analysis of the table reveals that the work-in-progress turnover ratio was at its maximum of 58.546 times during the year 2010-2011. Thereafter, it fell to 55.105 times in 2011-12. The ratio recorded a minimum value of 23.614 times during the year 2014-2015. It is evident that work-in-progress stock has increased over the study for the periods by 193% while the sales for the corresponding period increased by 18.29%.

Fixed assets turnover ratio establishes the relationship between net sales and fixed assets. It determines the efficiency with which the fixed assets are utilized. It indicates the firm's ability to generate sales per rupee of investment in fixed assets. Table1 presents the fixed assets turnover ratio of KAPL. The fixed assets turnover ratio stood at 5.973 times during 2010-2011. It increased to 6.094 times in the subsequent year. Thereafter the ratio showed a marginal decline and stood at 4.202 times during2014-2015. This shows that KAPL exhibited the efficiency in managing and utilizing at fixed assets. In general, higher the ratio, the more efficient the management and utilization of fixed assets, and vice versa.

The sales (revenue) to compensation ratio compares the amount of money a company spends a paying its employees to the amount it makes in net sales. Table 1 shows the results of sales to compensation ratio. It is revealed that sales to compensation ratio was 5.634 times in 2010-2011, in the year 2011-2012 it decreased to 0.281 times and it showed a downward trend in the corresponding years by 0.312 times in 2012-2013, in 2013-2014 it declined by 0.373 times and 0.022 times in the year 2014-2015. This shows that the firm has spent less on the benefits of employees in comparison with sales.

From the above table it is inferred that the sales to raw material and sales to store expense ratio was fluctuating position year after year, in the year 2010-2011 it was 1.781 times and the ratio has been increased by 0.199 times, and the same as repeated in 2011-2012 by 0.004 times but there was a change in the ratio by the decreased value of 0.114 times, but it have increased by 0.12 times. This shows that the sales to raw materials and expenses are at moderate level with no much higher difference.

Predicting corporate bankruptcy of KAPL, Bangalore

Table 2 Results of Altman's Z-Score Model

Year	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	Mean
Z- Score	2.2091	2.4314	2.2588	2.2267	2.4713	2.3195

From the above table, the Z score model interprets the zone level of the KAPL whether it is healthy or not or it has undergone bankruptcy. In the year 2010-2011 the Z score multiple value is 2.2091 and it is at a healthy zone and the corresponding year it was 2.4314 which is good indication to overcome bankruptcy in 2011-2012 and in the year 2012-2013 & 2013-2014 it was 2.2588 and 2.2267 which is still at a safe zone and 2.4713 in the year 2014-2015. The Z score is in the medium range. Though the company is out of crisis zone, it is mandatory to take precautionary steps and keep tab of the figures to avoid bankruptcy.

Findings

- 1) KAPL was able to reap a return of about 8% to 12% of the total assets during the year.
- 2) The current ratio of KAPL increased from 1.46 times to 1.814 times in 2014-2015. KAPL has sufficient liquidity position to honour its short-term obligations.
- 3) The quick ratio of KAPL was 1.319 times in 2011-2012 which was at its maximum. The firm was able to maintain adequate liquidity to meet the short-term obligations in time.
- 4) The absolute quick ratio of KAPL hovering between 0.4 to 0.5 throughout the study period implying the fact that KAPL was able to meet its short-term obligations very promptly without waiting for realization of stocks and debtors.
- 5) The current cash debt coverage ratio of KAPL was not in a better position.
- 6) The debt equity ratio witnessed a tremendous fall during the study period. Debt equity ratio is less than 2:1; it implies that debt servicing capacity was poor.
- 7) KAPL has greater ability to meet its commitment of fixed interest charges. However, it was not using debt as a source of finance in order to maximize EPS.
- 8) The work-in-progress stock has increased over the study for the periods by 193% while the sales for the corresponding period increased by 18.29%.
- 9) The KAPL exhibited the efficiency in managing and utilizing fixed assets.
- 10) The KAPL has spent less on the benefits of employees with relation to sales.
- 11) The sale to raw material and store expense ratio of KAPL was almost stable hovering between 1.7 to 1.9. It was found that ratio between sales and raw materials and expenses are at moderate level.
- 12) It was found from the results of Z score that it was out of bankruptcy zone. The firm exhibited marginally out of crisis zone however the company has to take precautionary remedies to avoid bankruptcy zone.

Conclusion

This study examined the financial performance and financial distress of Karnataka Antibiotics Pharmaceuticals Limited, Bangalore during the period 2010-2015. The study used several financial ratios to evaluate the financial performance and Altman's Z score model to predict corporate bankruptcy.

The study concluded that the financial performance is satisfactory. KAPL is out of crisis zone of corporate bankruptcy. However, it can take precautionary steps to avoid the chances of becoming bankrupt.

Suggestions

- 1) KAPL has to meet with sufficient liquidity position to keep up its short-term obligations which act as a safety margin for the short-term creditors to maintain satisfactory current ratio of 2:1.
- 2) KAPL has to rely on cash and marketable securities available for each rupee of current liability so that it can aim at meeting its short-term obligations promptly without waiting for realizing of stocks and debtors.
- 3) In case of current cash debt coverage ratio KAPL has to concentrate more on the net cash operating activities to avoid negative indication in its financial statements.
- 4) KAPL has to measure the relative proportion of both debt and equity which helps in financing the assets of the firm, so that it can maintain good debt servicing capacity.
- 5) KAPL has the ability to service its debt which adversely affects to meet its fixed interest charges on its long-term debt and this would maximize KAPL's EPS.
- 6) The work in progress stock shows that KAPL is at good position which means the sales are increasing, so that it can increase its profits.
- 7) KAPL should establish a relationship between net sales and fixed assets so that it has the efficiency with which the fixed assets are utilized and enable good indication of generating sales per rupee of investment in fixed assets, so the company should increase its ratio.
- 8) KAPL has to increase its sales so that it can meet the amount spent on the benefits of the employees.

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Business and Society: A Multidimensional Perspective

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Key words

Corporate Social Responsibility;
Moral dimensions;
Social, ecology;
Spiritual unity.

Abstract: A promising trend in the present corporate scene is the growing acceptance of the concept of Corporate Social Responsibility, CSR. This concept has great potential for steering the higher evolution of business. But to harness fully this evolutionary potential of CSR it has to be viewed in a total ecological perspective, which means not only in terms of the ecology of physical nature, but also in the context of social, moral and spiritual ecology of human and terrestrial life. In other words CSR has to be understood and implemented holistically in all its dimensions: social, moral, ecological and spiritual. This is because there is interdependence between business and society at all levels. This article examines CSR from such a holistic, spiritual perspective.

The Emerging Perspectives

Broadly speaking, there are three major schools of thought on CSR: moral obligation, which includes environmental preservation and sustainability- license to operate and reputation.

The first one, concept of moral obligation, is based on the principle that commercial success have to be achieved in ways that honour ethical values, respect people and communities and preserve the natural environment. The second, license to operate is based on the idea that every company needs tacit or explicit permission from government, communities and numerous other stakeholders to do business. The third, reputation, is based on the rationale that CSR improves company's image, strengthen its brand, enliven morale and even raise the values of its stock.

There is at present a growing awareness among corporate leaders that business is an integral part of human society and the resulting recognition of the interdependence of business and society. However, many entrepreneurs and executives, especially in the West, view this interdependence pragmatically as part of the enlightened long-term interest of business. For example, when Mervyn E. King, the head of an investment bank and chairman of South Africa's king committee of corporate governance was asked. "Isn't it too much to ask the members of the board to monitor social responsibility" his reply was "A good corporate citizen can improve its image, motivate its employees, raise capital cheap and make its business more sustainable. What I am advocating is not a moral crusade, its good business" which is more or less belongs to the "reputation" school. Similarly Debra Dunn, a Vice-president¹ of Hewlett-Packard, talking about her company's 'E-inclusion' project says, "The initiative isn't really about philanthropy. It's about trying to bring viable sustainable solutions that not only address the problems of the community we are talking about but also create ongoing business opportunities for HP."

The most recent and latest school of thought on CSR, propounded by Michel E. Porter and Mark Kramer, deftly combines the moral, social and pragmatic perspectives. Porter and Kramer call their perspective as "Shared Values." According to this school of thought competitiveness of a company and the health of the communities are closely intertwined. A business needs a

successful community not only to create demand for its products but also to provide critical public assets and supportive environment. A community needs successful business to provide jobs and wealth creation opportunities. This mutual dependence of corporation and society implies that both business decisions and social policies must follow principle of shared value, which benefits both sides. Each company has to identify a social problem or need, which when solved or fulfilled, creates shared value for the company as well as the society. So, as Porter and Kramer conclude, “purpose of the corporation has to be redefined as creating shared value, not just profit perse.”

In contrast to this predominantly pragmatic approach of the west to CSR, most Indian and Asiatic businessmen view the consequences of this interdependence of business and society in moral terms, as a moral responsibility to give back to the society which in terms of philosophy belongs to the “moral obligation” school... A Business Today-Ernst & Young study on India’s best-managed companies makes the following interesting observation:

“---we noted one key difference that distinguishes the approach of Indian companies from those of others. This difference lies in their inclusive nature and manifests itself in the way Indian companies deal with their stakeholders---Indian companies often engage in social upliftment and nation-building projects not due to any regulatory pressures but from a natural sense of duty. We believe that this inherent trait of inclusiveness could well be the defining factor of their tremendous success in the years to come4.”

The Deeper Moral Dimension

Here comes the importance of the deeper Indian perspectives on the moral dimensions of CSR. This trait of Indian companies and the final observation regarding their future success reflect more or less a subconscious perception of the deep insight of Indian thought on the subject. Some of the emerging imperatives in business like ethics, social responsibility and sustainability, are in their essence moral ideals which can lead the corporate world to a quantum leap in evolution to a higher level of consciousness, which in the long-term will have its corresponding positive impact on the bottom-line. For an idea or ideal is not an abstraction, but mental energy or a thought-force. Therefore a moral or spiritual ideal lived in action releases a moral and spiritual force, which has its eventual material results. This is the deeper insight behind the dictum of Mahabharata, “Dharma is the basis of Artha,” which means, roughly translated, ethics is the basis of wealth. Interestingly, this spiritual insight of Indian seers is getting validated by modern empirical research. There is at present a growing body of research, which indicates that moral ideals can lead to financial and business success. For example, Patricia Aburdene, in her well-known book, “Megatrends 2010,” states:

“Socially responsible firms repeatedly achieve first-rate financial returns that meet and often beat the market and their peers, proving morals and money may be curiously compatible, after all. For example, Governance Metrics International rated public firms on governance, labor, environmental and litigation policies. Top-ranked firms substantially outperformed the market, while poorly rated firms significantly trailed it.”

Here are some more examples given by Patricia to illustrate her hypothesis:

- A 2002 DePaul University study found that the Business Ethics 100 Best Citizens (the 2001 list) outperformed the mean of the rest of the S&P 500 by ten percentile points. The DePaul study tracked total returns, sales growth and profit growth.

- When researchers studied firms that honour stakeholders, not just shareholders, the results were particularly striking. Tower Perrin studied 25 firms that excel in relationships with stakeholders—investors, customers, employees, suppliers and communities. From 1984 to 1999 the “stakeholder superstars” beat the S&P 500 by 126 percent. The “superstars,” including firms such as Coca Cola, Cisco, P&G and Southwest Airlines, showed a 43 percent return in total shareholder value versus 19 percent in total shareholder return for the S&P 500.

But to realize fully the moral and spiritual potential of ideals like ethics, social responsibility or sustainability they have to be pursued for their own sake, as a selfless service for the well being and progress of the larger whole of life. But if we pursue these ideals with an eye on some pragmatic gains it not only diminishes their uplifting, evolutionary potential but also restricts their material results. There is an element of truth in the pragmatic attitude of people like Merlyn King and Debra Dunn who regard social responsibility as good business because in the long-term goodness pays. But the Indian perspective on corporate responsibility is not based on commercial considerations but on a higher pragmatism rooted on the universal laws of nature, Dharma. The Indian giver gives selflessly without seeking anything in return, but at the same she knows in the depth of her heart, she gives not in vain. The Indian giver knows intuitively that, in the long-term, higher laws of Nature reward generously the unselfish giver.

The other important and emerging attitude on social responsibility is the professional approach to philanthropy. According to this new thinking, social responsibility is not merely throwing money in the form of charity. Philanthropy must transform itself into an art and science of creative giving and has to be done with the same level of professional competence as is bestowed on pursuing bottom line business goals like profit or productivity. For example Bill Gates, the founder of Microsoft, writing on his philosophy of charity says:

“Carnegie believed the wealthy are custodians of society’s resources and have a moral obligation to spend altruistically and wisely-----I am a steward of some of society’s resources and I take the responsibility seriously----I believe in bringing the discipline of business to the art of giving. In practical terms it means doing as much as possible with every dollar and partnering with groups doing excellent work.”

However, in a holistic perspective, the social responsibility of a company has to be assessed by the total impact of its products, services and practices on the long-term well-being of the society as a whole and not solely by its isolated CSR projects. A company may do great work through its CSR projects, but if its products or its practices are harmful to the peace and well-being of the society or environment, like for example, cigarettes, guns or weapons of mass destruction or reckless downsizing, then the good work done through its charitable initiatives are annulled by the harm done through its products and practices. As Arun Maira, Chairman of the Boston Consulting Group, India rightly points out:

“What the world needs is accountability from businesses for how they make their profits. Imagine a business that makes large profits from selling hard drugs, whose owners then set up trusts with some of these profits to build charitable hospitals. They may be admired for their philanthropy, but did they run a responsible business? This is an extreme example, but it serves to make the point that 21st century society expects businesses to be accountable for the effects their products and their operations have on the condition of communities and the environment.”

And to comprehend fully the nature of this net positive impact of a company on society, we have to understand the social matrix in which business functions.

The Social Ecology of Business

The concepts we have discussed so far can be understood better if business is viewed as part of a system of social ecology. Some of the orthodox schools of economics and management which do not agree with the concept of CSR, like for example that of Milton Friedman, argue that business is an economic organism and therefore it must confine itself to its core economic activity of creating wealth for the shareholder and should not get into any social activities. But in our present globalised world, where we are becoming increasingly conscious of our interdependence, such a rigidly compartmentalized approach is not valid.

The holistic view admits the fact that a business organization is a part of the economic life of the community and therefore wealth-creation and improving the economic life of the community is an indispensable and irrevocable dharma of business. But business also draws its material resources from Nature and generates a lot of waste. So it has a paramount ecological responsibility to preserve the natural environment. Business is not only an economic entity but also a social organism, or a community, which is part of the surrounding social environment, and from which it draws its social resource like human capital, infrastructure and education. So it has a communal responsibility to improve the quality of social life of the community.

Moreover the qualities of the economic, social, cultural, psychological and spiritual environment are closely inter-related and interdependent. Quality of the economic life depends on the quality of the social factors like education, health care, family support-system, social security, communal harmony, equity and gender relations. Similarly quality of the social environment depends on cultural values and ideals. And finally, the quality of the psychological and spiritual environment of the community depends on the moral and spiritual content of its values, not merely professed in thought and word, but lived in action. But the external social environment is only one aspect of the ecology of business. A business organization is sustained by other stakeholders like shareholders, employees, suppliers, customers.

The concept and practice of corporate responsibility must include and embrace all these factors, which sustain the organization. This organic interdependence of the various dimensions of the corporate life of humanity must be the basis of social responsibility. Every socially sensitive organization should have a CSR strategy, which provides clear guidelines on the nature of corporate responsibility to all these stakeholders, their priorities and how to discharge these responsibilities. These guidelines have to be based on a clear perception of the total long-term impact of business, not only on the physical ecology of Nature but also on the social ecology.

The other aspect of social ecology is the dependence of society on business. As Porter and Kramer—whom we have quoted earlier—rightly points out not only the health of business depends on the health of society but also the economic wellbeing of society depends on the values of business. What are the practical implications of this interdependence? Civil society must support good, ethical and responsible business. Here comes the role of NGOs, which are in our contemporary world, a powerful and influential force in civil society.

This cooperation between business and NGO's may not be easy to achieve because most of the NGO's view big business with suspicion and mistrust. Such an attitude is to a certain extent

justified when we look at the past history of big business in its attitude to the poor and the environment, which is much to be desired. As long as the dominant attitude of big business to the poor is selfish and exploitative or pretending to be benevolent but with an ulterior motive, then NGO's hostile and suspicious postures against big business is not altogether unjustified. We can even say that NGO activism and its vigilant, critical and militant attitude to big business had helped in checking the rapacity of the rogues in the corporate world. But at present great winds of change are blowing over the corporate life. Business ethics is one of the seriously debated subjects in the corporate world and in B-Schools. The concept of corporate social responsibility is on the threshold of becoming one of the dominant values of business. So NGO's should not cling to the prototypal thinking that all big business is an evil monster bent on exploiting the poor. When there is a positive change in the corporate world and a sincere commitment to the poor, then NGO's have to collaborate, even while keeping a vigilant eye and a long-term perspective on the impact of the activities of business on the lives of the poor, especially in the domains of environment and culture. In fact co-creative interaction between the NGO and big business can lead to much mutual benefit and learning, if both display sufficient maturity to understand each other's perspectives and interests. NGOs can learn a lot from the professionalism and the managerial and technical capabilities of big business. And big business can learn much from the humanistic, environmental and cultural sensibilities of the NGO.

This need for co creative relationship between NGOs and Civil Society is now beginning to be recognized by progressive thinkers in management. For example, Jeb Brugmann and C.K. Prahalad in an article in Harvard Business Review discuss this subject extensively with many examples. As Brugmann and Prahalad points out:

“Realizing that they each possess competencies, infrastructure, and knowledge that the other needs to be able to operate in low-income markets, companies and NGOs are trying to learn from and work with each other. For example, Danone has set up a joint venture with Bangladesh's Grameen Bank to manufacture and sell bottom-of-the-pyramid dairy products. Microsoft has tied up with the NGO Pratham to deliver personal computers to Indian villagers, while Intel and two large Indian information technology firms, Wipro and HCL Info systems, and have launched the Community PC in partnership with other NGOs to do the same. Nestlé has joined hands with health professionals and NGOs in Colombia, Peru, and the Philippines to deliver educational programs on nutrition and nutritionally fortified food products to the poor⁸.”

The Spiritual Foundation

We are now brought to the question what is the deeper and inner source of this interdependence between business and society? Here comes the need to understand the spiritual foundation of corporate responsibility. Economic, social or cultural interdependence is only the outer expression of the inner, psychological and spiritual unity of all human and terrestrial life. The New Physics has perceived a “non-local” unity and connectedness of all matter at the subatomic level. The modern science of ecology has perceived a similar unity and connectedness among biological organisms in Nature. Globalization is making us aware of the unity, interdependence and connectedness of our economic life. But all these unities are the outer manifestation of a deeper and inner unity of the human and terrestrial life at the psychological and spiritual level of our being. Our bodies are part of the universal physical energies of nature. Our individual bodies are linked together with the bodies of all others, human and non-human, material, biological and animal. Much before the advent of modern science of ecology, Sri Aurobindo expressed this ecological unity in a pregnant verse:

“Atom and molecule in their
Unseen plan,
Buttress an edifice
Of strange oneness,
Crystal and plant, insect
And beast and man—,
Man on whom the
World-unity shall seize”

Similarly our vital and mental energies, made up of our thoughts, feelings, sensations and vitality are part of the universal unity of the vital and mental energies of Nature. Our individual minds and hearts are inseparably interlinked with the minds and hearts of others. The outer economic, political and cultural life of humanity is only the external expression of the collective vital and mental energies of man.

As we plunge still deeper into our being, at the inner most core of our individual self, we will find a spiritual unity, an indivisible unity of consciousness in which we can feel our oneness with all existence and know all others as part of our own highest universal self, not merely in thought or feeling, but as concretely as we feel our body as part of our self. If we are able to shift our consciousness and the centre of our life and action from the egoist mind to this unity-consciousness then we will know that our own well-being and progress very much dependent on and related to the well-being and progress of others and the larger whole. We also know that whatever we do or give for the well-being and progress of others or the whole ultimately returns to us manifold enriching our own well-being. Similarly all hurt or violence we inflict on others or the larger whole also returns upon us. Ultimately, all the higher and broader ideals emerging in the corporate world like ethics, social and ecological responsibility or globalization, to realize their highest potential have to be based on the perception of this integral unity of all life. All our actions have to be a movement towards a progressive attainment of our inner being and outer life to this inescapable law of unity.

Interestingly the importance of this unity-consciousness for ethics and ecology is now beginning to be recognized in modern thought. The physicist and author, Fritjof Capra writes: “Within the context of deep ecology, the view that values are inherent to all of living nature is grounded in the deep ecological or spiritual experience that nature and self are one” and quotes from Arne Naess, the founder of the deep ecology movement.

“Care flows naturally if the self is widened and deepened so that protection of free Nature is felt and conceived as protection of ourselves-Just as we need no morals to make us breathe-so if your self in the wide sense embraces another being, you need no moral exhortation to show care-you care for yourself without feeling any moral pressure to do it-if reality is like it is experienced by the ecological self, our behavior naturally and beautifully follows the norms of strict environmental ethics¹⁰.”

The highest spiritual realization of unity is perhaps a distant and difficult goal to achieve for most of us. However if we are able to perceive this integral unity and its pragmatic consequences with a certain amount of intuitive concreteness or vividness in our mind or heart then it will lead to an inner transformation which will bring a much greater selflessness, integrity, spontaneity and insight to our moral or spiritual idealism, impulses, behavior or action. It will also infuse our

idealism with an attitude of spiritual pragmatism, which knows with conviction that in a life-system governed by the laws of unity, mutuality and interdependence, “grow by giving” is the only sustainable strategy. We also know deep within us that to give without seeking anything for the self never goes in vain because, as Sri Aurobindo points out, “For even though no return is demanded, yet there is the knowledge deep within us that a marvelous return is inevitable¹¹.”

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Do Demographic Attributes Trigger Buying Behaviour of Organic Consumers? A Case Study of Bengaluru City

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Key words

Buying Behaviour;
Demographic attributes;
Green Revolution;
Organic Food

Abstract: In the recent years organic food products have got preponderance in the food sector. The widening of the consciousness regarding the ecological issues has made the consumer to consider of the better ways of food consumption rather than consuming whatever he gets. The global warming and other environmental issues have made even a common man to think about the biological conservations like, protection of environment, green saving, ethical values in life style, animal wellbeing and sustainable development. These are the base of a new life style which has circuitously encouraged the innovative agricultural activities. In the present article the authors have tried to analyse the impact of demographic factors on the consumers' buying behaviour towards organic food products in Bengaluru City. It is concluded that the demographic factors have a clear influence over the buying behaviour.

Introduction

Food is the basic need for all human beings for their survival. Food is needed by the human body for energy and nutrition. It is possible to obtain nutrients from a scientifically balanced food. In the recent years organic food products have got preponderance in the food sector. The widening of the consciousness regarding the ecological issues has made the consumer to consider the better ways of food consumption rather than consuming whatever he gets. 'Organic' refers to products that are produced without the aid of fertilisers or pesticides (Hutchins and Green Halgh, 1997). Products classified as organic are produced in agreement with standards right through all aspects of production and are then certified by an industry body. Research has shown that consumers have a basic understanding of the term 'organic' (Lyons et al., 2001).

Statement of the Problem

Food market is vast expanding in all directions from production to consumption. With the increasing awareness of consumers and the health consciousness and environmental issues it has got the pace of recognition worldwide. The increased consciousness has influenced the quest for the quality food products like organic food products. The consumer behaviour is influenced by various factors including demographic factors. Hence the present article studies influence of demographic attributes.

Review of Literature

The results of study by Shahraki, and Hamraz (2015) indicated the high tendency to consumption organic products compared to common products. According to the results, factors such as higher education and income had more exaggerated the use of organic products.

Study by Huang and Lin (2012) has examined how the consumers were willing to pay premium for organic products and how socio-economic and demographic factors affect their willingness to pay using a contingent valuation approach.

De Magistris and Gracia (2009) demonstrated that lifestyles represent one of main factor explaining organic food decision-making. In particular, organic food products were preferred by those consumers interested in maintaining a particular lifestyle associated with healthy and eating habits.

The research was conducted by Tsakiridou et al (2008) on the Greek consumers' purchase behaviour of organic products. Education and income were highly correlated with organic attitudes and consumption. The people with higher income bracket indicated a strong preference towards organic products' consumption.

Objectives of the Study

- a) To assess the influence of demographic variables on consumers' buying behaviour towards organic food products in Bengaluru.
- b) To offer suggestions so as to make the organic market more disseminated.

Hypotheses

Ho1: There is no significant relation between Income level of the customer and buying behaviour towards organic food products.

Ho2: There is no significant relation between educational qualification of the respondent and buying behaviour towards organic food products.

Ho3: There is no significant relation between occupation of the respondent and buying behaviour of the consumer towards purchase of organic food products.

Ho4: There is no significant relation between food habit of the consumer and buying behaviour towards organic food products.

Analysis

The demographic factors of the respondents of this research considered here are education, education, income, food habit, and occupation.

The testing based on percentage and correspondence analysis helps to link the effect of each demographic variable on four dependant variables – Income level, occupation, educational qualification and food habits of the respondents.

Table 1: Respondents Profile

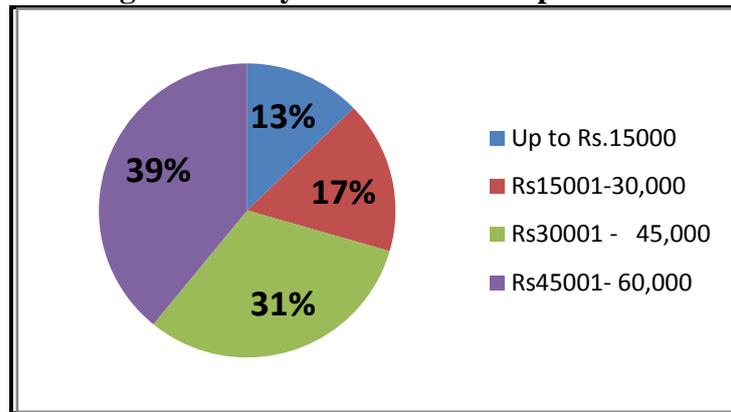
	Mean	SE of Mean	Median	Mode	SD	Variance
Occupation	3.38	0.086	3	3	1.214	1.473
Education	3.72	0.081	4	3	1.152	1.328
Income	3.67	0.077	4	4	1.09	1.189
Food habit	1.27	0.031	1	1	0.445	0.198

Source: *Field Survey*

Table 2: Monthly income of the respondents

Income	Frequency	Valid Per cent	Cumulative Percent
Up to Rs.15000	45	10.0	10.0
Rs.15,001-30,000	59	13.0	23.0
Rs. 30,001 - 45,000	111	24.4	47.4
Rs. 45,001- 60,000	138	30.4	77.8
Above Rs. 60,000	103	22.2	100.0
Total	454	100.00	

Fig 1: Monthly income of the respondents



Source: Field Survey

Table 3: Preference towards organic food products

Income	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mass
<Rs. 15000	.000	.000	.066	.121	.188	.093
Rs.15,000 – 30,000	.067	.019	.117	.121	.354	.131
Rs. 30,000-45,000	.133	.116	.234	.312	.167	.244
Rs. 45,000-60,000	.333	.442	.204	.347	.250	.304
>Rs.60,000	.467	.423	.380	.101	.042	.228
Active Margin	1.000	1.000	1.000	1.000	1.000	

Source: Field Survey

The above table shows the influence of income of the respondents on the preference of consumers towards organic food products. 30.4% of the respondents are of the income group Rs.45, 000 to Rs.60,000 and 24.4% of the respondents are from income group of Rs.30,000 to Rs.45,000 and 22.8% are above Rs.60,000. This clearly proves that respondents with higher income group are more positive towards organic food products.

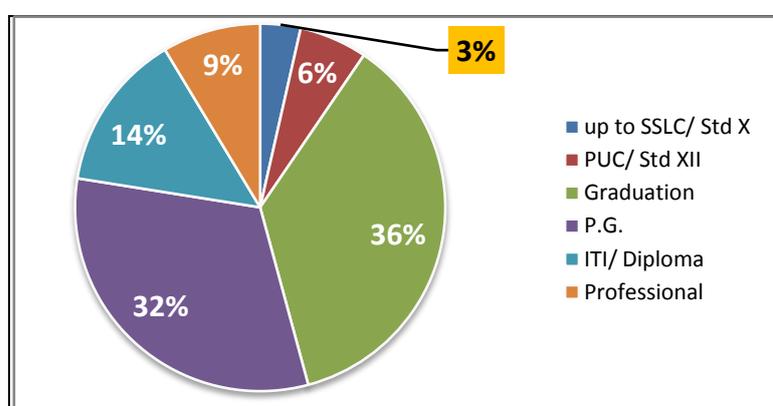
It also infers that out of those who agree for organic products 34.7% are from the income group of Rs.30,000 to Rs.45,000. However 44.2% disagree and 33.3% strongly disagree to organic food products. This needs to be studied about the reasons for their disagreement. This may be due to lack of accessibility and availability of organic food products. The potentials of the two highest income groups should be tapped by the organic food marketers.

Table 4: Educational qualification of respondents

Income	Frequency	Valid Per cent	Cumulative Percent
Up to SSLC/ Std X	16	3.0	3.0
PUC/ Std XII	27	6.0	9.0
Graduation	165	36.0	45.0
P.G.	144	32.0	77.0
ITI/ Diploma	63	14.0	91.0
Professional	39	9.0	
Total	454	100.00	

Source: Field Survey

Fig 2: Educational qualification of respondents



Source: Field Survey

Table 5: Percentage of organic food products in food purchase

Educational Qualification	<20%	20-30%	30-40%	40-50%	> 50%	Mass
Up to 10 std	.071	.023	.140	.042	.038	.064
SSLC	.250	.244	.079	.021	.000	.088
Graduation	.679	.523	.298	.292	.100	.327
PG	.000	.151	.342	.444	.338	.316
ITI	.000	.058	.140	.111	.300	.135
Professional	.000	.000	.000	.090	.225	.069
Active Margin	1.000	1.000	1.000	1.000	1.000	

Source: Field Survey

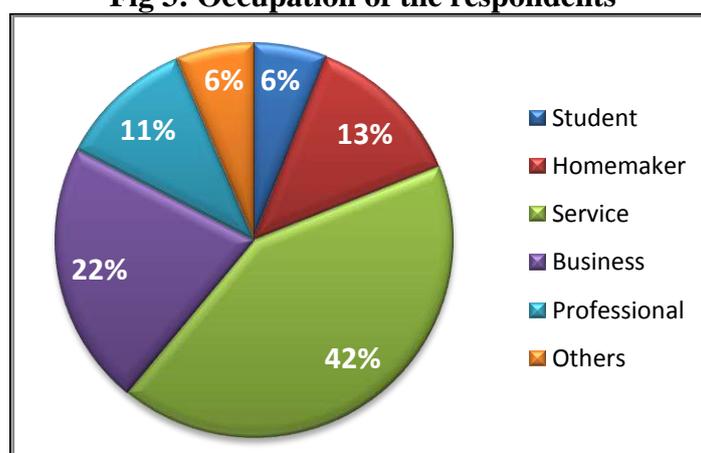
The above table shows that Graduates comprise the maximum buyers of organic food products with 32.7%. However, 67.9% of these respondents purchase less than 20% of organic food out of their total food purchase. Whereas 31.6% of the respondents are PG holders and 44.4% of these respondents purchase 40-50% of OFP in their regular purchase of food every month. As a whole this proves that educational qualification has a significant influence on the buying behaviour of organic consumers.

Table 6: Occupation of the respondents

Occupation	Frequency	Valid Percent	Cumulative Percent
Student	27	6.0	6.0
Homemaker	59	13.0	19.0
Service	191	42.0	61.0
Business	98	22.0	83.0
Professional	50	11.0	94.0
Others	29	6.0	100.0
Total	454	100.0	

Source: Field Survey

Fig 3: Occupation of the respondents



Source: Field Survey

Table 5: Percentage of organic food products in food purchase

Occupation	Unsatisfied	Neutral	Satisfied	Mass
Student	.056	.051	.075	.064
Home Maker	.101	.077	.126	.111
Service	.500	.179	.495	.470
Business	.212	.359	.164	.202
professional	.091	.308	.075	.102
Others	.040	.026	.065	.051
Active Margin	1.000	1.000	1.000	

Source: Field Survey

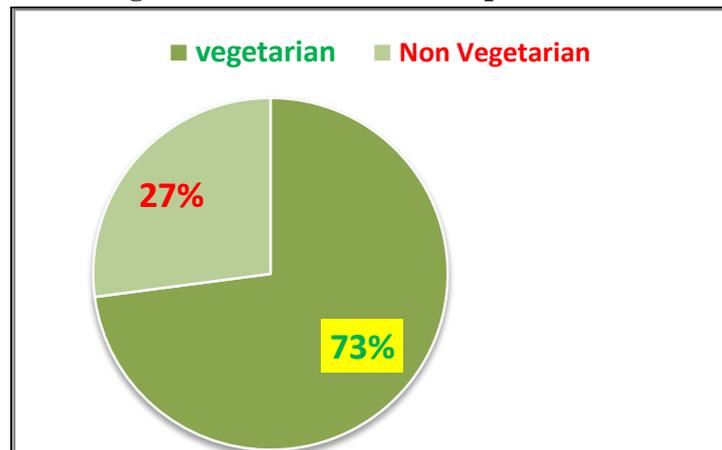
The respondents of this survey were mainly from service sector (47%), business (20.2%), homemakers (11%) and professionals (10.2%). From the row profile, 46.7% of the service sector respondents are unsatisfied and 50% are satisfied with the organic products. From the column profile, 50% of the unhappy respondents and 49.5% of the satisfied are also from service sector. 21.2% of the unsatisfied and 16.4% satisfied respondents are business men. 20.4% home makers are happy with the consumption of the organic products while 10.1% of the respondents are unsatisfied. This clearly shows that respondents from service sector have a direct significance towards organic food products. However it also supports that there is high potential since 50% are of not satisfied towards organic food products. The reason for this may also be because of lack of availability and limited shelf life of organic food products.

Table 6: Food habits of the respondents

Monthly Income	Frequency	Valid Per cent	Cumulative Percent
Vegetarian	331	73.0	73.0
Non Vegetarian	123	27.0	100.0
Total	454	100.00	

Source: Field Survey

Fig 4: Food habits of the respondents



Source: Field Survey

Table 7: Percentage of organic food products in food purchase

Food habits	<20%	20%-30%	30%-40%	40%-50%	> 50%	Active Margin
Vegetarian	.069	.103	.289	.354	.186	1.000
Non Vegetarian	.050	.348	.186	.255	.161	1.000
Mass	.062	.190	.252	.319	.177	

The above table shows that 35.4% of the respondents who are vegetarians purchase 40-50% of the organic food and 34.8% of the non vegetarians purchase 20-30% of the organic food of their regular food purchase every month. This proves that vegetarians have high inclination to purchase organic food products. However non vegetarians also have positive inclination towards purchase of organic food products.

Findings

The respondents with higher income bracket are more positive towards organic food products. Organic food products are more popular with higher middle and higher income groups. It also indicates that there is high potential for organic market. It supports that educational qualification has significant influence on the buying behaviour of organic consumers. Higher the education higher will be inclination to buy organic food products. People with high education become more health conscious and more awareness enlightens them towards organic food products. Respondents from service sector have a significant relation towards organic food products. However majority are the respondents who are not satisfied with

organic food. This reveals much has to be done to make the organic food popular among this group. The reason for this may also be because of availability, accessibility and limited shelf life of organic food products. Vegetarians have high inclination to purchase organic food products. However non vegetarians also have positive inclination towards purchase of organic food products.

Conclusion

The foregoing study gives a clear view of the status of organic food products in the city of Bengaluru. The analysis has been made to probe in to the objectives and its applicability. Through the analysis it is also proved that the Null Hypotheses are rejected and Alternative Hypotheses are accepted. It asserts that the demographic factors have a significant influence over the buying behaviour of consumers towards organic food products in Bengaluru City.

It is evident from the foregoing analysis that the demographic factors relating to consumers have their impact on the buying attitude of the consumers towards organic and non organic food products. The untapped potential of the organic market should be utilised by the prudent marketers. This will widen the organic market and the society will be provided with the healthy life style and well being of mankind. The need of the hour is to spread more awareness by environment both government and non governmental agencies and making special provisions in the agricultural policies.

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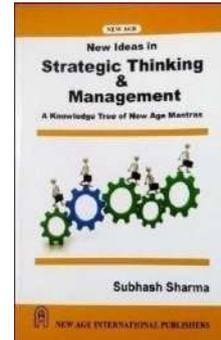
New Ideas in Strategic Thinking & Management: A Knowledge Tree of New Age Mantras

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Prof. Subhash Sharma's master piece "**New Ideas in Strategic Thinking & Management: A Knowledge Tree of New Age Mantras**" is a rare book to open new vistas in Strategic Management perception; he really has been able to intertwine the two: Management in true sense and Indian ethos in practical form so that following the same we do our duty genuinely as practitioners. Even the budding managers can take such cues to create a super structure to take such practices to the zenith across the world in their career. How does one use **Strategy**, bringing the concept from the battle field to the domain of management for a practical application? To those who always look at the West, to quote an example, to them I would say "Look, Prof. Sharma is here, read his works and enough you learn to translate all your ideas in to action in life".

His concept of sacro-civic-society, a sacred civic society is not at all impossible in the days to come provided all Indians practicing Management any where, even outside India, root their Management concept from newness of this book. No author dared to deep-root the whole gamut of management Indianized as Prof. Sharma does.

In the five parts of this book Part I is 'Knowledge Creation'. I learnt 'Holistic Performance Scorecard' taking us beyond Balanced Scorecard, with focus on Self so that what we do, will perfectly be done. We earnestly desire to have a darshan (see in naked eyes) of our Guru that he brings as Direct Vision (Darshan model) of the problem by the social science researcher. The Diya metaphor (Lamp means light meaning knowledge) model suggests that the researcher has to look at the problem as a Scientist, Artist and Rishi (sage who re-see) to get involved in true action. The CEO has to be a Rishi to Re-See each problem to find solution but today most of them most of their time are seen only in meetings and meetings. It's something astounding to

note “789 State of Consciousness: **Seven Heavens** [Satyaloka, Tapaloka, Janaloka, Maharloka, Svarloka, Bhuvraloka and Bhurloka]; **Eight Chakras** [Muladhara, Svadhisthana, Manipura, Anahata, Visuddhi, Ajna, Bindu and Sahasrara] and **Nine Cloud**”.

His geometry of consciousness, five steps of knowledge building and synergy between Western and Eastern Knowledge Creators, are really extremely great and important to take note. Indian thought has shown to the world “only truth prevails” [Satyamev Jayate]. It can not be the wholesome of management decision unless we include all together: Head (American approach), Heart (Japanese approach) and Consciousness (Indian approach); the last is spiritual dimension in all decision making. The New Age Mantra well defined by the author based on AJIN (America, Japanese, Indian, New Age) is truly a new dimension we see. Truly seeing the Self in Other and Other in Self, starting from enemy, competitor, friend, sisters and brothers is an eye opener for all managers to manage the whole gamut of affairs; no marketer should see the competitor as some body else but the self in him/her and work out the strategy to win over.

Part II and III speak of something holistic in nature which so far no global expert has talked of in the globalized era. Before the State, Nation and the World, Self has to be counted very much which gives a spiritual dimension to the entire movement; the Swastik spirals in the global village focusing on the self is noteworthy. “Three Wise Men Walking on Development Road” is a special note in this book, viz., Adam Smith (walking on right), Karl Marx (walking on left) and Mahatma Gandhi chanting the mantra of ethics and truth (leading the two); the trio talk of economics, politics and good governance and the Great one talking of Spiritual Awakening is Swami Vivekananda with out which no change is possible; going beyond the pyramid thinking and towards a new Indian vision, are also something special by the author for all of us. The way Prof. Sharma leads BEST analysis to happiness, to look at the nature of all problems through CINE matrix and the SAW (Science, Art & Wisdom) of Re-Engineering and Forward Engineering, in this book is a rarest of the rare intellectual exercise across the domain.

Total view of life, complete view of nature and the personality view of human being termed as TCP is the foundation of a new corporate model referring to ethics in organizations; the transformation can be possible through HCL (Harmony, Cooperation and Love). The author tells us “every person is rooted in 4 Ps: Principles, Practices, Perspectives and Philosophy” leading to an Enlightened Professional which is sine qua non to all essentials of the best Indian culture; integration of all these is possible through his/her skills, values, wisdom and visions and our heritage do teach us from the beginning of our wisdom: focused in part IV of the book.

We, in our childhood, were asked to look at the moon and poetically our mother used to sing and asking us also to sing the song to bring the moon to our hands; may be the moon ocean strategy could be better understood going ahead in the literature provided in last part. It is another breakthrough idea taking us beyond red ocean and blue ocean strategy as it provides a new categorization for academic literature of strategic management and leadership. Different metaphors relating to strategic management is the major thrust of the book; I am sure we get the excellent stuff for us for further research in the field.

I personally feel Prof. Sharma has added a new dimension to the existing model of decision-making metaphor and even all activities of management. His proposed model is based on the cognitive inference system essential for operating in a complex social system; the source of the system is Indian philosophy.

Always we delve into the past for answers to imminent problems; the HR expert, very often, is no different in this approach. One instance can be found when *The Book of Five Rings* written by a relatively uneducated Japanese warrior in the sixteenth century, and is now considered to be business bible... "only Dr. Subhash Sharma treads the middle path delicately balancing his logic and sentiment" answering to all of us in an intellectual way. He says that it was a wrong question to ask: "Whether God exists"? Yes, I do agree that this question need not be answered by persons like us.

Prof. Sharma has been doing something extraordinary in the field of practical management in the Indian context for the Global Inc.

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