

Manage India - The Strategic Management Of Corporate And Social Sector

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INTRODUCTION

Amazingly, the economists, corporate players who used to make predictions about the economy or the growth of the corporate sector even for 2025, 2050.... were not able to foresee the monster of recession even few months in advance. Before the recession, economists, corporate players were talking about the requirement of the manpower paucity in future for matching the economical growth. Amazingly, professionals made liberal predictions of economy and manpower requirement in 2015, 2020, 2030, 2050....but there was no serious prediction about the millions of people losing the jobs in next few months. Till the start of 2008, when overall world economy was doing better and corporate sector was growing by leaps and bounds, nobody predicted that in just few months, the economy would be crippled and a country like USA would be sucked in the black hole of recession. Interestingly, decision makers, and economists are considered experts in giving direction to the overall economical growth, but on many occasions, and this time around also, they failed miserably in steering the economy on the slippery road of recession. The monster of deflation came out of its old grave and caught these so called future economic/business predictors unaware about this new development. The recent economic crisis has put a big question mark on the worthiness of the existing economical models/concepts and also on the vision and the capabilities of so called economists and the decision makers of both government and corporate sector. India is so vast and diverse that the impact of difficult times varied from state to state, city to city, town to town, village to village. The Indian corporate sector, people, economists and government were far more worried about the impact of the global recession than of the unfortunate Mumbai and Pune attacks. The severe effects of the slowdown did not harm much as more than 60 percent of the population in India is engaged directly or indirectly with the agriculture sector, which is intensively and extensively labor oriented and highly socialized. More than 80 percent of Indian families depending on agriculture are in rural areas with moderate exposure to the products manufactured and marketed by the corporate sector. Being part of the bottom of the pyramid, this segment has been explored till now by few corporate organizations only. These organizations are satisfying hardly few needs of this low income segment through their products (normally low price with optimum quality) which is unevenly spread geographically throughout the country. In fact, the products of cottage industry and unorganized local traditional industry have penetrated the Indian rural market deeply.

INTEGRATION OF INDIAN MARKET WITH GLOBAL BUSINESS

The Indian rural market is insulated from the global market and is moderately connected to the urban markets which are dominated by the corporate sector. The Indian rural market, due to its inherited structure, is less exposed to the global economy but is ultra sensitive to the agricultural produce which is significantly dependent upon weather conditions, government pricing policies, storage facility, local and national politics and other factors. The Indian rural economy is more prone to floods, droughts and politics than the performance of the corporate sector or national and international economic cycles. Indian farm output still accounts for a large part of the country's economic pie. Rural prosperity and discretionary income with rural consumers are linked significantly to the agricultural production. The economy of urban India draws its purchasing power from the people associated with small business and retailers, small scale industry, professionals, government employees (both national and state governments) and the corporate sector (government and private companies). In short, Indian rural and urban markets are not too much exposed to the global business. Therefore, the impact of global melt down in India was not instant and visible like it was in other

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countries.

MODERN APPROACH

In the Indian corporate sector, most of the companies are family-owned and their managements are highly centralized for all major decision making purposes. However, major financial institutions, banking, and the insurance industry are controlled by the Government of India, which does not provide their executives much opportunities of becoming adventurous in their business approaches and decisions or in hiring the senior management executives at exorbitant salaries. Like China and Brazil, the regulatory system in India is also helping (to some extent) to prevent a complete meltdown. In spite of the fact that the Indian economy is growing with conservative along with a modern approach with its deep roots in agriculture, the slowing demand has filtered down to the markets (urban markets in particular) with shops and malls finding fewer buyers even during the normally robust festival season due to the higher inflation rate.

❁SOCIO- CULTURAL FACTORS

Interestingly, the performance of Indian markets (both rural and urban) is also influenced by two significant socio-cultural factors - Indian marriages and festivals as they are celebrated with full pomp and show with their spread almost throughout the year. There are many auspicious days in a year when Indian cities witness marriages more than 30,000 per day in its metros and little less in its middle and small cities. Each marriage on an average is a vehicle of revenue generator for cottage and small scale industry and also for the multinationals dealing in refrigerators, micro waves, air conditioners, motorcycles, cars of all ranges, hospitality services, fashion designing etc. Most of the marriages also need services of small to five star hotels for entertaining on an average three hundred guests. Indians make bulk purchases of clothes, cosmetics, utensils and jewelry; they also seek, for example, the services of hair designers, religious teachers, food chains, tailor-fashion designers, musical band services, photographers, and videographers, during marriages; weddings keep on continuously feeding the Indian markets. India celebrates all festivals like Diwali, Eid, and Christmas along with lot of other Hindu, Muslim and Christian festivals which are spread almost throughout the year. It keeps optimum momentum in the economy in spite of any major national or international slow down. Therefore, India's diversity and culture, which are rich and embedded with traditional and modern flavors, provide enough driving force to the Indian economy.

❁INDUSTRY

India is drawing considerable global attention due to its inherent strengths in Information Technology. According to the National Association of Software and Service Companies (NASSCOM), the apex body for software services in India, there has been a significant rise in terms of revenue in Information Technology (IT) sector. It has increased from 1.2 percent of the gross domestic product (GDP) in the financial year 1998 to an estimated 5.5 percent in 2008. Unfortunately, the recession had eaten the volume of out-sourced IT business from other countries. These days, the Indian IT industry is strategically exploring Japan's IT market also for its respectful survival. The Japanese IT service market is valued at \$108 billion, according to a recent survey by Nasscom and Price Waterhouse Coopers. Presently, India is only 13 percent of this pie. Fortunately, IT majors have so far weathered the storm to some extent, but much will depend upon their ability to bag more business in future as it is vertically linked to the organizations that went in depression mode due to the global melt down. Tourism industry was in a comfortable position with its "Incredible India" campaign, but after the Mumbai terror attacks and recent declaration of Red alert in Delhi and NCR, the spirit of both the customers and the industry dropped substantially. Unfortunately, massive corruption and delayed preparations of the Commonwealth Games took away the strategic leverage of the industry during this time of opportunities.

According to the latest data, there had been a 17.6 percent drop in foreign tourists' arrival (FTAs) in January, 2009 compared to the same period last year. This is down from 12.5 percent decrease that was registered in December, 2008 compared to December, 2007. Foreign tourist arrivals were 4.87 lakh in January 2009 compared to 5.91 lakh in December, 2008. This decline in FTAs is going to give sharp pain to the whole Indian industry on long term basis if not arrested at a preliminary stage. India is an energy starved nation. This will continue to be a worrying feature of the country's economy since more than 70 percent of crude oil requirements are met from abroad. The higher cost of

energy is another stumbling block for producing cost effective products. Externally, China will continue to pose a challenge in manufacturing and infrastructure until India is able to provide economical and quality power and world class transportation facilities to its industry. However, signing the nuclear agreement with America is a significant step for utilizing nuclear resources for producing power in order to reduce the demand and supply gap of power in the country. In future, the liquidity required for sustained growth and existence may become a crucial issue for the corporate sector in India. Most of the sectors are desperately looking for infusion of funds including the airline industry. Interestingly, India has foreign reserves that are enough to manage economical cycle effectively for around next two years even if foreign investment flows are affected. India's foreign exchange reserves, made up of foreign currency remittances and bullion assets among others, stood at about \$250 billion as of today.

❖ HUNGER AND POVERTY

Apart from the growth in some areas, India is still naked and hungry even in 21st century and that too at the age of 63 plus years after the independence. More than 6.2 crore people in India still live in slums which is more than the population of Britain. As per the report of National Commission 2008, for the unorganized sector, 80% of workers in unorganized sectors survive on just ₹ 20/- per day. India's hunger and poverty are national shame. In Delhi, hardly 20 km away from the Parliament House (sanctum sanctorum of our democratic institution), PMO and the offices of the most powerful national and regional political parties of our country; the slums of Seelampuri and many other slums scattered throughout the capital are trying to tell all of us that their life is worse off than shown in the movies. We can imagine the plight of people in other parts of the country. Delhi's sustained campaign to present a beautiful face of national capital during the Commonwealth Games fell flat, when the Municipal Corporation of Delhi (MCD) on April 28, 2010, informed the Supreme Court through affidavit, *"About 49% of the total population of Delhi lives in slum areas, unauthorized colonies and about 860 J J Clusters.. There are also 20,000 jhuggies and according to a rough estimate, about 5 persons stay in each jhuggy besides a sizable population living in unplanned areas having no proper system of collection, transportation and disposal of municipal solid waste."* The latest data reveals that more than 27% of world's undernourished population lives in India. 43% of children (under 5 years) in the country are underweight compared to the global proportion of 25% and 28% in sub Saharan Africa. The other report said that inflation for food articles doubled from 5% in July 2008 to 11% by the end of January 2009. India's formal social security system is extremely weak and discrematery, which may become one of the major reasons of resentment among the masses in case of any major economic eventuality. Most of the rural India which is around 60 percent of Indian population is malnourished. Around 50 percent of India lives hardly on ₹ 15-20 per capita per day. One in every three urban Indians live in homes too cramped to exceed even the minimum requirements of a prison cell in the US. However, till now, its inherent joint family system is able to provide social security informally along with the habit of saving with moderate lifestyle. The concept 'reforms' so far is unfortunately associated with stock markets, GDP, Sensex, business... and not with labor and social sector. The pathetic condition of the labor involved in the construction of infrastructural projects for the Commonwealth Games in Delhi drew the attention of the hon'ble court, which appointed special committee to investigate about their inhuman conditions in the capital of India. Unfortunately, when the economist and the intellectuals are talking about the so called reforms and benefits of liberalization, it is a matter of pain that no reform has touched the lives of these poor workers till now. They are still working as slaves day and night to make the Commonwealth Games a big success for the pride of our country. Hope that the hon'ble court may bring relief to them and recognize their contribution to the Indian economy.

❖ ROLE OF GOVERNMENT AND MEDIA

In every state, the government is the most powerful and effective tool available to the people for maintaining equilibrium and to arrest major disparities in the social system. Individuals leading the government should be visionary and able to give direction to the society including business houses. But most of the leaders have started looking for the direction from the corporate houses which are already directionless, myopic visionary and full of inefficiencies resulting in the major global economic breakdown. After government, media is another tool/ link between the society and decision makers (both corporate and government). The information brought by the media plays significant role for the decision makers to take quality decisions in the interest of the society and corporate sector. But the media, to a large extent, has shifted its role from The News - People's Views to My News - My Views.

People are compelled to listen or read what media wants to impose upon them under the influence of its stakeholders (corporate houses, corporate leaders, advertisers, government decision makers, political parties etc.). Readers have to listen / read the views of hardly 5 -10 permanent columnists everyday or every week. Very small space is available to the readers for their views and that too if the readers have comments/feedback for the write-ups of permanent columnists. India is flooded with intangible wealth of ideas and innovations. But glass cage of language, media and inequity are keeping them in dust bin. How could media claim that world would be the better place if millions of people share millions of ideas when the media strategically explores the views of their 5-10 writers only by overlooking the innovative ideas and views of thousands of its readers and viewers?

CONCLUSION

India has economy of around \$1.2 trillion. The Indian economy has been more insulated than most Asian countries from global economy and horizontally integrated with Indian culture.

India is not short of money and food for the poor. It is short of managing its resources. India's growth is vital to pay for poverty alleviation programs, drinking water, sewage, education, health and housing. Unfortunately, we don't spend enough on these and what's spent is not strategically spent. The state of India's education system is dismal and that of social sector is alarming. India should ensure that its educated young have more avenues of productive and intellectual growth than just the IT-BPO industry. The present management education system is developing individualistic career oriented professionals with exclusive focus on their personal growth rather than the growth/existence of their organizations and the upliftment of society. The initiative should be to bolster economic growth with a social touch which is in the interest of executives, organizations and the other stakeholders on long term basis. Unfortunately, the corporate players, politicians, governments and significant number of specialists from almost every profession have surrendered their leadership positions to the money and have become its slave. Today human beings are not leading the world but it is the money and greed which are leading the world. Greed, lust, violence, conflicts, injustice have replaced vision, happiness, prosperity and patience. Executives of the corporate sector must learn the lesson that they have right to become rich by earning through legal, ethical and social ways which is associated with the responsibility to contribute to the society as without its support, it is not possible to be successful for any individual. Private business houses demand privatization. When they suffer, they want government to share losses. Two sets of economic issues keep cropping up again and again. It is a debate between those who wanted more reforms and those who wanted inclusive growth. To treat the public sector as a whole as "inefficient" and the private sector as "efficient" "is the strategic myth of India Inc. whereas many times it has been proved otherwise. Even during recession, the State Bank of India registered growth and ICICI bank passed through the most difficult period during the same time. Unfortunately, there is a strategic shift among the media and government to give false hopes to the younger generation in order to create a feel good factor for their vested interests. This trend is very dangerous. How long we can afford to keep the data of poverty, underprivileged, slums and unemployment under the carpet? The younger generation should be sensitized about such issues as they are the people who could give innovative solutions for these problems and are going to face such realities in future. There is wide gap existing between government, corporate sector, media and society, which are taking all of us away from the reality. The corporate sector, government and media should join hands with the society, serve with transparent, ethical, legal and socially acceptable ways; then money will follow them and in that case, the world would again be ruled by the human beings and not by money and greed. UN reports highlighted the plight of the country's slum dwellers, blamed the conditions in slums and the absence of a political vision, rather than insufficient resources. It is high time for us to throw away the blind folds imposed on us by the policy makers and accept the reality that we are naked and hungry; the way America accepted after the attack on their Twin Towers that they are on war. America did not try to put security threats to them under the carpet in order to give false feel good feelings to their people for short term political advantages. We should consider *Shumdog Millionaire* an opportunity to bring awareness in the society and encourage the higher and middle classes to contribute their resources liberally and make sincere efforts for bringing real feel good factor among the people living in slums for achieving the inclusive growth of India. When we fail to provide health care, education, justice and good governance to the larger section of population, we prepare fertile ground suitable for lawlessness, corruption and violence resulting in the creation of Naxlites and extremists. The performance of agriculture sector, the intensity of the integration of Indian markets to global business, and the direction of the strategic security engagements with Pakistan

will ultimately determine the future of the Indian economy from the options like ugly, good or excellent. If India is able to sustain around 8-9% economic growth rate despite high levels of corruption and mismanagement in all sectors and at all levels, then imagine how prosperous India could have been had it managed its economy, corporate and social sector effectively and efficiently. The mantra is managing India. India needs effective management and quick quality decision making in all sectors and not political embedded economics/policies which are bringing more prosperity to the only privileged people who are already in the lap of luxury.

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