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CLIMATE CHANGE: ACCOUNTING FOR COSTS

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ABSTRACT

Climate change endangers human health and costs us money in both lost and interrupted health care. Climate change poses a major risk to the global economy, possibly shrinking its output by 20%, according to the 2006 Storn Report. Tackling climate change is not just a question of doing the right thing. Business has a duty to their customers, employees and crucially, their shareholders to deliver long term value and to manage risk. In other words sustainability has always been a fundamental strategic goal. This paper covers four main topics – Business and Climate change, Barriers to change, the management accountant's role and how organisations can use management accountant to embed a rigorous approach to climate change into strategic and operational decisions.

INTRODUCTION

The climate of the India is changing. There will be at least 30-40 years of unavoidable climate change and further changes beyond this, dependent on the success of global mitigation efforts. This document explains how to incorporate these changes into the development, appraisal and evaluation of policies, programmes and projects.

THE EFFECTS OF CLIMATE CHANGE

- According to the latest India Climate Projections, the main changes will be:

Higher temperatures

- Hotter summers and milder winters

Changing patterns of precipitation

- Drier summers and wetter winters

Changes in extreme events

- More very hot days
- More intense downpours of rain
- Larger and more frequent storm surges

*Rising sea levels***WHEN IT IS IMPORTANT TO CONSIDER CLIMATE CHANGE**

Many policy, programme or projects will be directly or indirectly affected by a changing climate. It will be particularly important to consider the risks and effects of climate change if a policy programme or project:

- Has elements affected by the weather and climate, including variability and extremes, and assume a stable climate;
- Has long-term lifetimes, implications or implementation periods;
- Involves significant investment or has high value at stake;
- Provides or supports (critical) national infrastructure;
- Involves decisions with significant irreversible impacts;
- Has significant interdependencies with other Government activities or the wider economy; or
- Addresses contingency planning or business continuity needs

IDENTIFYING CLIMATE RISKS**Physical changes**

Changes in extremes and anomalies – exceeding a certain threshold or climate record - are likely to be noticed before changes in average climate. For example, more frequent periods of temperatures exceeding 35°C. Changes in the average climate will become more apparent over the next 20-30 years, visible as differences from historical norms and variability (for example, warmer, wetter winters with more intense rainfall events). These changed conditions will then become the accepted norm. The specific context of an activity will determine how these differences in climate will be felt, and the implications they have.

EFFECTS ON POLICIES, PROGRAMMES AND PROJECTS

A risk assessment should be made of how climate change could affect a policy, programme or project. The depth of the assessment should be proportionate to the costs, benefits and risks involved. The extent to which climate change will affect an activity depends on the vulnerability and adaptive capacity of the activity:

- *Vulnerability* is the extent to which an activity is susceptible to the effects of climate change, including climate variability and extremes. It is context specific, and may depend on thresholds. For example, temperatures above a certain level may damage road surfaces. However, a road surface in direct sunlight is more vulnerable to higher temperatures than a road surface in shade.
- *Adaptive capacity* is the ability to adjust to climate change risks (including climate variability and extremes). This will be constrained by factors such as the information available, and the incentives individuals and organisations face. Risk assessment should take a structured approach. Initial screening should focus on identifying potential climate factors that may pose a threat (or opportunity), and how these could affect the activity. Once these are identified, more detailed risk analysis should be undertaken to explore how the effects of climate change are transmitted and the non-climate factors that enhance or diminish these effects. The aims of the activity will need to be defined clearly enough to allow analysis, particularly for deriving forecasts in terms of parameters that affect the activity. Risk assessment should consider direct and indirect effects. Many activities will be directly influenced by climate change, because their objectives or elements of their design and operation are dependent on climatic factors. Failure to allow for projected changes in climate may lead to significant future costs or missed opportunities. Where an activity is not directly affected by climate change, it could still be affected by changes in other areas and sectors.

Important factors to be aware of include:

- **Timing:** Particular attention should be paid to activities that have long-term time horizons, life-times, or implications;
- **Thresholds:** Threshold effects may exist where risks become particularly intolerable, and these may depend on other activities or the wider economy;
- **International effects:** Events elsewhere in the world triggered by climate change could have effects on activities that operate solely within the UK; and
- **Flexibility:** Given uncertainty over the future climate, decisions that would be difficult or expensive to revise in future should receive additional scrutiny.

OBJECTIVES OF THE STUDY

Managing and mitigating climate change must be embedded in our decision making. When it comes to capital expenditure and investment decisions, for example, it is vital that we apply the principles of sustainable procurement and consider long-term implications – financial, environmental and social – rather than just short-term costs. Management accountants have a key role to play in driving sustainable strategic and operational decisions. But research shows that even where finance teams are engaged in climate change related activities, it has often been on an ad hoc basis.

This must change. Management accountants are equipped with tools and techniques that can ensure businesses understand the scale of the problem, come up with viable solutions and ensure they are properly implemented. They have a pivotal role in providing business intelligence to support strategy and influence decision making. Without the rigour and commercial acumen of the finance function, it may prove impossible to truly embed sustainability into normal business life. Failure for management accountants to get involved now, when key decisions are being taken in areas like carbon trading and compliance with new climate change related regulations, could result in far higher costs, lost opportunities or reduced competitiveness.

We have conducted an international survey of almost 200 finance and sustainability professionals and companies. We also carried out interviews with experts in this regard. This has helped us understand best practice in this area as well as identify opportunities for the management accountant to become more involved. This paper makes a compelling case for every organisation to ensure that its finance team is at the heart of its climate change strategy, whether that's complying with new regulations, mitigating its environmental impact or adapting to new circumstances. Senior decision makers should understand the value that management accountants bring to the issue; accountants themselves should be clear about how to make the case for their involvement and what skills they can bring to bear.

CLIMATE CHANGE AS A STRATEGIC BUSINESS IMPERATIVE

Research has shown that one of the most important reasons companies fail is that they ‘miss colossal external changes’. That’s a definition that can easily be applied to climate change. Like any risk, however, there are upsides and downsides. Research carried out by the Carbon Trust and McKinsey² in 2008 suggested that tackling climate change could create opportunities for a company to increase its value by up to 80% – if it is well positioned and proactive. But up to 65% of value could be destroyed if the company is poorly positioned or a laggard on climate change.

There is stiff competition to secure funding for projects and demonstrating a compelling return on investment in climate change management can be difficult. Strategic, long-term goals also play an important part in ensuring continued commitment to the longer-term sustainability journey.

Management accountants are well versed in risk management and have the skills and techniques to support long-term strategic decision making, so it was no surprise that 80% of respondents to our survey think finance professionals have a key role to play here. Although 56% of our respondents feel their organisation is committed to mitigating climate change and a third believe that climate change is integrated within the overall business strategy of their organisation, 63% agree that their organisation can do ‘a lot more’ to reduce its environmental impact. Only 38% say their business is well positioned to deal with the impacts of climate change. Worse, one in five respondents say climate change is not on their organisation’s agenda at all. Just 58% of respondents feel climate change is of central importance to their organisation. That perceived level of importance makes a huge difference and citing sustainability as a strategic goal also overcomes some of the financial return questions on climate change management. ‘There will always be projects that can deliver a better return,’ says Richard Shore, Controller Global Marketing and Sales at Jaguar Land Rover. ‘But our commitment to deliver on long-term targets embedded into our strategic goals is dependent on such projects – so they will get the support and funding.’

COMPELLING EXTERNAL FORCES

Detailed (and, increasingly financially modeled) evaluation of the risks and opportunities around climate change should compel organisations to act – and act in a more structured and strategic way. External forces are also pushing climate change up the business agenda. New regulations, driven by co-coordinated legislative efforts on a global scale, are perhaps the most visible factor. A new ‘Global Deal’ in late 2009 should crystallise the regulatory framework for the longer-term. Costs, such as changes to the tax regime or carbon trading, will become more tangible – and more material to profitability. That massively increases the need for vital business intelligence and demands the use of management accounting tools. Investor expectations have also changed. Already there are demands for clearer and more reliable reporting of the risks and costs around climate change – reporting that management accountants are uniquely placed to provide. Indeed, one company we visited had been told by one of their institutional investors, ‘we have a standard policy of not supporting the reappointment of the Board unless companies are doing certain things’ in the sustainability realm. Furthermore, the Goldman Sachs Sustain report, released in May 2009, shows a correlation in carbon intensive industries between carbon efficiency and valuation multiples, illustrating the increasing influence of ‘green credentials’ on a company’s market capitalization. ‘Shareholders want to know what’s being done,’ says Chris Harrop, Marketing Director at Marshalls Plc. ‘A third of our shareholders are signed up to view Carbon Disclosure Project material.’ Employees and customers may not be so ruthless in their demands for detailed evaluation – but they still want to know there is commitment and rigour behind climate change activity. ‘It is fruitless trying to implement strategies if people are not aware of the reason why, and the benefit to be obtained, from these strategies,’ says one respondent to the CIMA survey. ‘Finance should first be allocated to education of the masses and then the overall buy-in will manifest itself with the desired results.’

Global economics itself is a major driver for applying accounting to climate change. Spiralling utility costs are a factor, but the economic downturn and global competition has created further demands for operating efficiencies. Aside from fuel savings, businesses are now examining investment in new technologies, plant and equipment requiring rigorous financial and strategic appraisal provided by management accountants. The 36% of respondents who have cut back on environmental programmes during the downturn may be missing out on opportunities for long-term cost savings from projects ostensibly designed to further a sustainability strategy.

BARRIERS TO CHANGE

Researcher is keen to understand why finance professionals aren’t more involved in climate change management in many organisations and why more organisations aren’t taking concrete steps to manage, mitigate and adapt to climate change. Worryingly, only 29% of respondents to our survey agree that climate change poses a significant risk to their organisation. ‘There is not enough being done to raise the profile of this

within the business,’ said one respondent. ‘We have started to bring our thoughts on to climate change, but only for new business not for current operations,’ said another. A third summed up one of the biggest barriers to action: ‘Other priorities push such issues to the back seat.’ For the finance team, this creates a two layer problem. First, will the organisation and its people commit to a rounded and forward thinking view of climate change? And second, will they see the value in applying management accounting skills? On the latter question, there is cause for optimism. A key barrier to taking climate change seriously is the need for discipline and robustness around the measurement of the problem, something that the finance function can bring to the issue. And although on a global basis, finance teams are least likely to have a formal role in climate change policy implementation (30% in our survey), in some countries finance professionals are more deeply embedded. So while in the UK it’s 44% and Ireland just 23%, in China finance functions are more likely to have a formal role in implementation, according to our survey. We discovered several further key barriers to both acceptances of the need for action and of the role management accountants can play.

• FOR THE ORGANISATION

HEARTS AND MINDS

Too few employees consider the subject worthy of attention. ‘Senior managers are very supportive of a strong sustainability agenda. [But] middle and junior managers want to focus on their day job and see it as a side issue,’ said one respondent. ‘We are compliant with all environmental laws... but with no financial benefits to the organisation, unless there are legal reasons for making any adjustments or improvements there is no reason to improve,’ commented another.

UNDERSTANDING THE ISSUE

‘Our biggest problems are identifying a globally recognised reporting framework⁴, getting the correct measurements in place for the key contributors; the relative impact factors for each source of emission; and a place to disclose our results publicly,’ said one respondent to the CIMA survey. In one FTSE 250 company, capital investment is dedicated to growing the top line. The finance team told us that cost saving opportunities didn’t get the same prioritization. That means projects with a return on investment (ROI) of 40% could have been overlooked because they didn’t boost revenue.

THE MAIN PROBLEM IS COST

A common barrier is the belief that these initiatives are too expensive: 60% of respondents believe that adapting to the impacts of climate change will raise costs. ‘If we increase our costs to accommodate climate change issues... the customer simply moves business,’ said one respondent. ‘Efficiency, economy and value for money drive decision making,’ said another. ‘This will be the benchmark against which sustainability will be assessed’.

CURRENT ECONOMIC CLIMATE

And in the wake of a global credit crunch and recession, it’s hard to find the right balance between short-term expectations of customers and investors, and the actions needed to assure long-term continuity and success. While a quarter of respondents said there had been no change in focus, 28% are scaling down sustainability projects and a further 8% feel they will get no approvals for new projects. Management accountants instinctively see long-term benefits – but are aware of short-term priorities. Said one: ‘We should be proactive in tackling this issue – in the long-term it should lead to a lower cost base which is beneficial to all businesses. But in the current economic climate, the sole focus of my company is to stay in business.’

LACK OF EXTERNAL PRESSURE

Perceived high costs and need to focus on short-term returns means that without commercial pressure to address climate change, it’s hard to justify. ‘Most of my clients place little importance on climate change initiatives – their only concern is the bottom line cost to themselves. I’d find it hard to generate business and be competitive if I placed too much importance on this issue,’ said one survey respondent.

• FOR THE FINANCE TEAM

LACK OF TIME

The main reason (given by 42% of respondents) for finance teams not giving more than ad hoc support to climate change initiatives is that they do not have sufficient time to get involved. ‘We have no spare resource availability, even if we were contacted,’ said one finance professional. Another added: ‘This is often seen as an add on to an already full role rather than being part of someone’s job profile.’

LACK OF SPECIALIST KNOWLEDGE OR SKILLS

The second most populated reason (38% cited it) was that finance does not have the specialist knowledge and skills to support decision making around climate change. For example, while just 18% of sustainability

specialists didn't know how carbon pricing might affect decision making, it is higher among finance respondents (nearly half).

SHORT-TERMISM

Among sustainability professionals, there was a sense that finance people are too bound up with budgets and targets to adapt to long term sustainability planning. 'One of the reasons finance are not so involved is they are trained to think short-term. Climate change is a long-term issue and mitigating it, and adapting to it, is a marathon not a sprint they're [finance] just not accustomed to the big picture, the long-term thinking that embedding sustainability really requires,' said the Head of Group Sustainability for one FT 500 company. Although most accountants might argue with that hypothesis, 37% of respondents broadly agree.

NO FIT WITH ROLE OF FINANCE

A third of respondents felt that involvement with climate change initiatives does not fit with the finance role. 'We can't set a budget for environmental protection,' said one respondent. 'That is not on my boss's agenda.' Of course, there is a more nuanced way of approaching this barrier, articulated by another respondent: 'There is a place for the finance function in assisting with measurement and reporting – but I would not want the finance function to lead this initiative as it will be seen by the rest of the company as purely cost driven. Communicating the relevant messages on climate change in an effective way, both internally and externally, is a job for the communications and marketing specialists in our organizations.'

TEAMWORK AND COMMUNICATION

In many cases, however, there had simply been no attempt to even establish a role for finance: 31% of respondents felt that the corporate responsibility/climate change team had simply not consulted with the finance team. The majority of this group also felt that there is insufficient communication between different teams. Unsurprisingly, finance respondents are more likely to think the reason they're not involved is that the 'corporate responsibility team has not consulted with the finance team'. Whatever the reasons, there is clearly a need for the two teams to collaborate better to drive the climate change agenda, combining their skill sets to achieve clear and commercially viable sustainability goals.

LACK OF INTEREST (BUT ON WHOSE PART?)

It seems there are those who remain to be convinced of the potential opportunities around climate change initiatives: 17% of respondents (24% among those in sustainability roles) feel that the finance team is just not interested in the climate change agenda. 'The finance department, being led by the management, have to stand on the side of the corporation's interests and pay more attention to its overall strategy [than to environmental sustainability],' said one respondents.

THE MANAGEMENT ACCOUNTANT'S ROLE

At the moment, finance has a formal role in developing, implementing, monitoring and/or reporting on climate change in around a third of organisations. The survey showed that management accountants are typically employed in fairly traditional roles around climate change. For example, the most common formal role is in whole life costing. In the more cutting edge areas such as carbon footprint calculations, tracking climate change KPIs – where there's perhaps less well understood metrics, the finance teams appear less likely to be involved. Finance teams are most likely to be brought into discussions around the business case for climate change initiatives and in 44% of organisations, that's on an ad hoc basis. One reading of this data is that management accountants are needed to help sustainability experts build a more convincing case for their projects when it comes to attracting funding or top level support.

In Barclays, for example, there is a finance representative on the climate change team – but finance is not integrated into relevant decision making across the group. That's fairly typical of the kind of ad hoc role management accountants play in many organisations. Qualitative evidence from the in-depth interviews also suggests that where an organization has a strong culture of business partnering, finance is much more likely to be embedded. CIMA's contention is that management accountants have the skills and tools to make a crucial contribution in many more organisations and across many additional activities. Without the data they own, the analysis they can provide and the discipline they bring to planning, climate change initiatives will struggle to gain either credibility within the organisation or rig our to deliver tangible, sustainable results. Our survey shows this view is widely held: 80% of respondents said finance should be involved. Two comments from sustainability specialists interviewed for the CIMA survey sum up the problem. 'They do provide that great benefit of impartial validation,' said one. But, added another, while '...we have a whole slew of examples where finance would be involved simply as part of their normal involvement in the capital investment

programme... there is not yet any kind of global mandate for finance to help with the environmental costs and assets.'

CONCLUSION

Organisations in all sectors and of every size face crucial questions about adapting to climate change and its associated risks and regulations. The adoption of climate change as a strategic imperative will soon become critical to their overall long-term viability. Our survey has shown that sustainability specialists want and expect to get help from finance. But can management accountants afford to wait until their sustainability colleagues think it's time to start engaging? Many people seem to be confused or unclear about what their organisation is doing around climate change and the true level of involvement of different parties. A structured business planning team with strong finance representation would create more clarity throughout the system – addressing the uncertainty reflected throughout the research we carried out.

If climate change initiatives became an integrated part of the business plan, they can be accounted for in the finance department's agendas. Integration and strategic clarity would also help overcome poor communication between different teams, which currently hampers reliable and robust climate change decision making. With environmental issues becoming far more measurable and with increasing regulation and legislation inevitable it is time that communication and inter departmental relationships are improved. Finance professionals need to become more knowledgeable about the risks and opportunities that climate change presents, and act as agents for change in raising the profile of the climate change agenda in their organisations. Climate change is a long-term issue, with a need for long-term solutions. Without strategic intent, organisations can at best expect to chase regulation, and at worst, be lagging behind their competitors and find themselves with an unsustainable business model.

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**MANAGEMENT EDUCATION AT A CROSS ROADS
(FOTURE OF MBA “A WAKE-UP CALL”)****Dr. C. K. Gupta**General Manager – HR, Indian Steel Corporation Limited, Gujarat

ABSTRACT

Once again, CSR-GHRDC has come up with some comprehensive and holistic results of B-School Survey 2012—the 7th consecutive survey conducted during the last seven years. An overall picture of the results not only reflects the rating and ranking of B-Schools but also presents a critical analysis and an overview of the current status, attitude, climate and conditions of B-Schools and management education in India. Looking at the overall results of the survey across the board. We had a mixed reaction of positive and negative feelings. While on one side, it has been noted that few top B-Schools have done extremely well despite recession and other constraints, but at the same time on the other side, many B-schools have performed much below the minimum expected levels- fulfillment of which is mandatory to be in the race of excellence.

As mentioned in the methodology, though ranking of the institutes number wise was unavoidable, the categories/cluster to which an institute belongs to is more significant and relevant to judge the merit of the institute than merely by numbers by which they are ranked by. The results of the survey should therefore be read keeping this in mind.

INTRODUCTION

As we all know that management education is at a crossroads, so it is high time to look at the reality and remind the management education providers through a “wake-up Call”. In this context, we have noted that presently only 12 percent of the AICTE –recognized institutions can be defined as “quality” education providers. This is a matter of great concern and we all must find out, “WHY SO”?

There is a need not only for redefining or management concept but also to apply and implement need based quality of delivery in management education. Over the last one decade, GHRDC during the course of the survey had the privilege of knowing and understanding over hundreds of B-Schools in India and could not therefore confidently share its view. It is believed that in the present scenario of deteriorating value of management education and B-Schools, it is a matter of great concern. It is high time that all concerned must act together not only to check the deteriorating quality of management education but also to look at the means and ways to improve the education system and to initiate the process to match with the global standards which we believe cannot be ignored any more.

In this context, the B-School Survey was conducted with all sense of responsibility, dedication and commitment. The survey results should be read not just to know the rating and ranking of B-Schools but also to know, assess and evaluate overall situation existing in the management education and institutes.

RANKING AND ACCREDITATIONS

Of late, it is encouraging to note that many, particularly top B-Schools have initiated the process and are going for international accreditations which perhaps will enforce the institutes to establish and practice global standards and hopefully will lead to improving the quality of management education in India. Those B-schools which are not able to sustain the standard required may not survive in the long run.

However, the accreditation and ranking of B-Schools must go hand-in-hand for establishing their credibility. While ranking gives a picture of overall status of the B-Schools at a particular point of time In relation to other B- Schools, accreditation indicates its internal capabilities to meet and excel benchmark quality standards. In other words, accreditation focuses on the quality assurance of B-Schools, while ranking attempts to look at the school in relative terms within the peer group and from the point of view of stakeholders’ interests, particularly the recruiters and the students at a point of time. Obviously, it is an accepted fact that one is not a substitute for the other.

Except for a few, most of the institutes which had participated last year, have participated this year too. However, 17 new institutes have participated this year. Amongst those dropped, the two top institutes IIM-C and MDI despite several reminders.

IIM-A had participated in survey from 2006 to 2010, but thereafter they did not participate for reasons which are unknown. Similarly IIM-C participated in 2010 to 2011, but this year they did not participate for reasons again not known. In the absence of factual data provided by these institutes, we have not included them in the

list of rating and ranking, so they are excluded from our rankings. However, all other top institutes including XLRI, two IIMs and others have continued their participation this year too.

Each year is a new year in the history of management education and it brings with it a new scenario interestingly, this year too, the survey results that emerged have a new story to tell.

The winner is XLRI, Jamshedpur, Jharkhand... the institute, which was aspiring to be on the top for quite some time, being one of the premiere institutes has finally done extremely well to be "Supreme".

The other top-premiere institutes following the queue and maintaining to be in the group of "Super Excellence" are IIM- Kozhikode, IIM-Indore, SVKM's Nar see Monjee institute of Management- Mumbai, Jamanalal Bajaj Institute of Management Studies- Mumbai, Indian Institute of Foreign Trade – New Delhi, Xavier Institute of Management –Bhubaneswar, Shailesh J. Mehta School of Management –Mumbai, I M I – New Delhi, ICFAI Business School – Hyderabad, Symbiosis Centre for Management & Human Resource Development – Pune, I M T – Ghaziabad, K. J. Somaiya Institute of Management Studies- Mumbai.

Others, who have jumped into the group of "Super Excellence" from "Emerging Super Excellence" are T.A. Pia Management Institute –Manipal, Goa- Institute of Management Goa, Institute of Management, Nirma University, Ahmadabad, Institute of Public Enterprises –Hyderabad and Pin L.N. Welingkar Institute of Management Development & Research- Mumbai.

Jagan Institute of Management Studies –Rohini, I B S – Pune, Institute of Management Studies – Ghaziabad, I B S – Gurgaon, Kohinoor Business School & Centre for Management Research- Khndala, P G S Institute of Management – Coimbatore have gone up from the group of "Excellence" to "Emerging Super Excellence". Similarly, few other institutes have moved from the group of "Emerging Excellence" to the group of "Excellence".

Amongst the new entrants, the three institutes : Symbiosis Institute of Business Management- Pune, College of Management & Economic Studies – Dehradun (UPES) and Jaipuria Institute of Management- Lucknow have done well and are amongst the B-schools of "Emerging Super Excellence" and "Excellence"

The results show that while on the top, most of the institutes have done extremely well at the same time contrary to that, the Schools at the bottom of the list have to go a long way to fall in the category of "Excellence" or "Super excellence". Most of the institutes which had participated last year and before have generally improved their rankings and in some cases they have gone upwards in their higher cluster group.

FACULTY, RESEARCH, PUBLICATIONS, CONFERENCES, SEMINARS & MDP

One of the key factors, which have contributed to place the institutes in the category of "Super Excellence" or "Emerging Super Excellence" was mainly due to their excellent performance in the field of publications, research, combination of high quality of faculty, high percentage of Ph.D. qualified faculty, MDP, consultancy and of course their placement and entrepreneurship records.

While most of the institutes have already established or have excellent physical infrastructure and in few cases have even academic infrastructure, however many of them lack competence and quality of faculty and their output to be in the race of Excellence.

We have critically looked at the data related to composition and quality of faculty, percentage of faculty representing academia and industry, faculties having Ph.D. degree, their output towards research and publications, their competence to conduct MDP and other training programmes.

We have noted that only two institutes have 100 % Ph.D. qualified faculty. 5 % of the institutes have presence of around 75 % and above of Ph.D. faculty 13 % of the institutes have more than 50n % - 75 % of the faculty with Ph. D. and remaining have less % of Ph. D. faculty ranging from 5 %to 20 % and so on.

Out of 154 participating B-Schools, only about 66 % institutes have contributed towards publications, research, writing books and papers, organized conferences and seminars both at the national and international level. The remaining have hardly contributed anything in this field despite the fact that contributes to be the key factor in evaluating intellectual competence of an institute.

About 6 % of the participating institutes have contributed more than 50 papers I conference proceedings (national) and 2 % institutes have contributed more than 50 % papers in international conference proceedings. Rest have written and presented very minimal papers as compared to the size of the faculty in the institute. Around 22 % of the institutes did not organize any conferences either national or international 41 % of the institutes have poor records and have not written and presented cases.

Another indicator used in evaluating the competence of faculties is their competence to conduct Management Development Programme (MDP), Executive Programme and other training activities. It is found that around 30 % of the participating institutes have not conducted a single programme and have not generated any revenue through MDP. However 5 % institutes have generated Rs. 1-3 crores, 2 % institutes have generated Rs. 3-6 crores and another 3 % have earned more than 6 crores through MDP. It should be noted that IMI-New Delhi has been the highest achiever having earned Rs. 9 crores through MDP programme this year. It is believed that Management Institutes should be a place of happening and events and MDP is one such activity which brings the atmosphere of industrial environment where prospective managers grow.

As we know that the quality of faculty is one of the key ingredients for a B-Schools to be in the race of “Super Excellence” and “Emerging Super Excellence”, due consideration is given to it. Lack of good faculty continues to remain an issue and a challenge for education providers to fulfill the need. This is basically due to the compromise being done on the quality of faculty to merely fill in numbers to comply with the recommendation of regularity bodies. Attracting and retaining good faculty is still an issue. Obviously, all this finally impacts the academic inputs to students and the institution in every respect. The need of the hour for every B-School is a constant effort towards faculty Development.

In this process, international exposure of faculties also may in turn enhance the quality and effectiveness of their delivery and output. Many B-Schools have also set up exchange programme for faculties as a value addition to the faculty Development Mission.

A balanced combination in academic and industry background experience of faculty is important in the survey it was observed that only 74 % of the institutes have more than 50 % faculty with industry experience.

Another differentiating factor was “Student Faculty Ratio”. We have noted that 34 % of the B-Schools are having faculty student ratio as 1 : 4 to 8 while the other institutes have a ratio of 1 : 9 and above . it was noted that 44 % of the B-Schools have Ph.D. programme which adds value to the institute and might be helpful in improving the number of Ph.D. qualified faculties.

ADMISSION / QUALITY OF INTAKE

Admission this year has been a matter of great concern. Quality and number of take of students in many institutes have not been encouraging. The number of B-Schools in the market at present outweighs the demand for the management graduates; and also in the pursuit of fulfilling revenue based target, the quality of students being admitted is being compromised upon.

Another feature noted was that many institutes , barring a few, are admitting students through more than one channel of entrance tests, hence not standardizing the quality of intake through one single channel of entrance test.

It has been noted that around 20 % of the B-Schools could not fill in all seats against the approved number of seats. About 20 % of the institutes did not get applications even in the ratio of 1: 2 and therefore had no preference for choice in admitting students matching with the standard. This year the percentage of students admitted through CAT is 19 % which is less by 4 % in comparison to the last year's figure, while the intake through MAT has increased by 2 % as compared to the last year. Similarly, intake through other exams and CET has also changed in the last year. Please see the table given below:

YEAR	CAT	MAT	CET	ANY OTHER
2011	23%	35%	6%	36%
2012	19%	37%	9%	35%

Students with engineering background still maintain a higher percentage of students being admitted in most of the top B-Schools. Engineering graduates have continued to show their interest to go for management course (MBA) even after obtaining engineering degree.

PLACEMENTS & ENTREPRENEURSHIP

Placement is yet important factor and yardstick to assess the quality of students produced by any management institute suited to the corporate world. The end objective of any B-School is to ultimately make its students ‘highly employable’ and therefore placements represent a reflection of the quality of education and skills provided by the institutes. It is one of the most sought after parameters of the recruiters , students and their parents.

The service industry, consultancy, finance, banking and marketing sector remain to be the leading job providers and are offering career options to most of the B-Schools graduates. There has been an increase in the highest average domestic CTC figure by 4.3 % this year (Rs. 16.5 lakhs per annum). However, we have observed that the increase in CTC package has not been consistent with the escalating cost of living.

A few of the institutions have shown improved number of entrepreneurs and international placements in comparison to the last year's figure. However, other institutions in the big belly have not had a significant improvement in this area.

This year, we could see that more and more institutions are tying up with entrepreneurial platform such encouragement to students in the area of entrepreneurship. On an average, around 4 % of the students had opted out for entrepreneurship during 2011-12.

NETWORKING

The focus to develop strong networking with the national/ international institutes, industry, corporate world, public professional bodies, universities, etc. is unavoidable for any B-School as it helps the institute to gain insight from the outer world in terms of the changing trends and requirements of the industry.

The interface that a B-School has, in terms of quality of the companies visiting the campus, the quality of projects, guest lectures, visiting faculty, etc. gives an idea of the kind of rapport the institute has built up for itself in the industry. It was seen during our validation visits and the data received from the institutes that a common realization is sweeping across a good number of MOUs with foreign universities are taking place. This in turn has given a good push to the areas of student and faculty exchange programmes with networking and knowledge sharing as the main aim.

CONCLUSION

During the last decade, the field of management education has witnessed unprecedented change and is continuing to do so. While MBA as a sector has made a rapid stride in India, there has also been an unfortunate scenario of mushrooming profit-based low-quality institutes which has led to the closing of several of the Schools now and more so in the future. With this change in motion, management education in India is truly at a crossroads situation. In our zeal to expand management education and enlarge B-Schools in our country, the greatest casualty has been research & development and lack of high-quality faculty. All these factors are having an ultimate impact and questioning the career scope of this professional course in the country. On top of this, overemphasis on placement has undermined development of entrepreneurship among MBAs. In a country like India, we need a band of job creators, not only job seekers; this is indeed a great challenge – which the B-Schools need to address urgently

CRITICAL ANALYSIS OF THE FOUNDATIONS OF THE THEORY OF NEGATIVE NUMBERS

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ABSTRACT

Critical analysis of the foundations of the theory of negative numbers is proposed. The unity of formal logic and of rational dialectics is methodological basis of the analysis. It is shown that the foundations of the theory of negative numbers contradict practice and contain formal-logical errors. The main results are as follows: a) the concept "number sign" is inadmissible one because it represents a formal-logical error; b) all the numbers are neutral ones because the number "zero" is a neutral one; c) signs "plus" and "minus" are only symbols of mathematical operations. The obtained results are the sufficient reason for the following statement. The existence of logical errors in the theory of negative numbers determines the essence of the theory: the theory is a false one.

Keywords: Mathematics, number theory, mathematical physics, physics, geometry, engineering, formal logic, philosophy of science

INTRODUCTION

Recently, the progress of science, engineering, and technology has led to appearance of a new problem – the problem of rationalization of the fundamental sciences. Rationalization of sciences is impossible without rationalization of thinking and critical analysis of the foundations of sciences within the framework of the correct methodological basis: the unity of formal logic and of rational dialectics. Critical analysis of the sciences within the framework of the correct methodological basis shows [1-21] that the foundations of theoretical physics and of mathematics (for example, classical geometry, the Pythagorean theorem, differential and integral calculus, vector calculus, trigonometry) contain logical errors.

As is well known, the theory of negative numbers is an important part of mathematics [22-26] and of mathematical formalism of physics [27]. This theory is widely and successfully used in the natural sciences. The main result of this theory is the following statement: negative numbers and the concept "negative sign of number" have scientific and practical meaning (for example, $1 - 2 = 0 - 1 = -1$). However, it does not mean that the problem of validity of the theory is now completely solved, or that the foundations of the theory are not in need of formal-logical and dialectical analysis. In my view, the theory of negative numbers cannot be considered as scientific truth if there is no formal-logical and dialectical substantiation of it in science.

Understanding of the essence of the theory of negative numbers is impossible without critical analysis of the foundations of this theory. And a complete understanding of the foundations of this theory is possible only within the framework of the correct methodological basis: the unity of formal logic and of rational dialectics. However, the formal-logical analysis of this theory is absent in science. The purpose of the present work is to propose critical analysis of the foundations of the theory of negative numbers within the framework of the correct methodological basis.

1. GEOMETRICAL ANALYSIS OF THE CONCEPT "NEGATIVE NUMBER"

1. As is known, if the Cartesian coordinate system XOY on a plane is given, then the coordinate lines (scales) X and Y divide the plane into four quarters (I, II, III, IV), and the point of intersection of coordinate lines – point O – determines the origin of coordinates (i.e., the number "zero"). The origin of coordinates – the number "zero" – is on the coordinate scales and divides each scale into two parts: the scale of positive numbers and the scale of negative numbers. In this case, the number "zero" belongs to both the scale of positive numbers and the scale of negative numbers. The following formal-logical contradiction arises: the number "zero" is both the positive number and the negative number.

Standard mathematics asserts that: (a) zero belongs to the positive and negative scales; (b) zero is neither a positive number nor a negative number; (c) zero has no sign; zero is not characterized by a sign: zero is a "neutral number". In this case, the formal-logical contradiction is conserved.

The contradiction between the qualitative determinacy of the positive number, the qualitative determinacy of the negative number, and the qualitative determinacy of the neutral number has the form of the law of identity:

$$\begin{aligned}(\text{positive number}) &= (\text{negative number}); \\(\text{positive number}) &= (\text{neutral number}); \\(\text{negative number}) &= (\text{neutral number}).\end{aligned}$$

Then the following questions arise: How does one can eliminate this contradiction? Are negative numbers admissible ones in science and practice? Are there negative and positive numbers in science and practice? The answer to these questions is as follows. The contradiction is eliminated if and only if the law of absence of contradictions,

$$\begin{aligned}(\text{positive number}) &\neq (\text{negative number}), \\(\text{positive number}) &\neq (\text{neutral number}), \\(\text{negative number}) &\neq (\text{neutral number}),\end{aligned}$$

is not violated. The only correct assertion follows from the law of absence of contradictions: if there exists a neutral number (i.e. the number “zero”) on the numerical scale, then all the numbers on the numeric scale are neutral ones. Thus, neither positive numbers nor negative numbers do not exist on the numerical scale (i.e., they are not admissible numbers).

2. Let the material geometrical figure “square with identical sides a meter” be in the quarter I of the coordinate system XOY (in which all the numbers on scales have the dimension “meter”) (Figure 1).

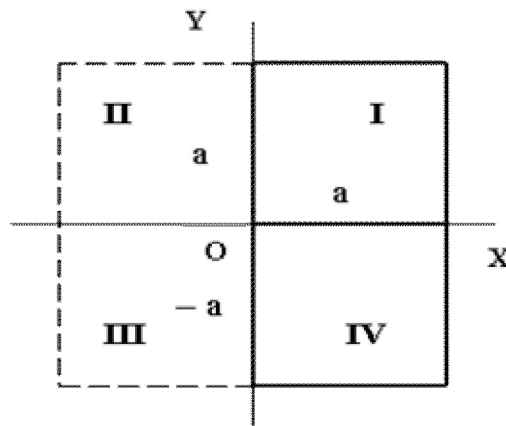


Figure 1. The position of the material geometrical figure “square with identical sides a meter” in the quarters I and IV of the coordinate system XOY .

If the figure “square with identical sides a meter” is situated in the quarters II and IV, then the sides “ a meter” and “ $-a$ meter” are not identical ones: $a \neq -a$. In other words, the geometrical figure “square with identical sides a meter” turns into the geometrical figure “square with non-identical sides a meter and $-a$ meter” in the quarters II and IV of the coordinate system XOY . In this case, the correct mathematical relationship $a \neq -a$ is expressed by the formal-logical law of absence of contradictions:

$$\begin{aligned}(\text{square with identical sides } a \text{ meter}) &\neq \\(\text{square with non-identical sides } a \text{ meter and } -a \text{ meter}).\end{aligned}$$

And the incorrect mathematical relationship $a = -a$ is expressed by the formal-logical law of identity:

$$\begin{aligned}(\text{square with identical sides } a \text{ meter}) &= \\(\text{square with non-identical sides } a \text{ meter and } -a \text{ meter}).\end{aligned}$$

3. The material geometrical figure “square with identical sides a meter” has the area $S = a \times a = a^2$. The calculation of the area of this geometrical figure in the quarters I and IV of the coordinate system XOY leads to appearance of the concept “imaginary unit”. Really, if $S_I \neq S_{IV}$, then

$$S_I = a \times a = a^2; \sqrt{S_I} = a;$$

$$S_{IV} = -a \times a = -a^2;$$

$$\sqrt{S_{IV}} = a\sqrt{-1} = ai; \quad i \equiv \sqrt{-1},$$

where S_I , S_{IV} and $\sqrt{S_I}$, $\sqrt{S_{IV}}$ are areas and sides of the figure in the quarters I and IV, respectively; i is imaginary unit. In this case, the following logical error appears:

$$\sqrt{S_{IV}} = a\sqrt{-1} = ai,$$

because

$$\sqrt{S_{IV}} \neq a, \quad \sqrt{S_{IV}} \neq -a.$$

In other words, these relationships signify that S_{IV} represents the area of the square whose sides are equal to $\sqrt{S_{IV}} = a\sqrt{-1} = ai$. But $\sqrt{S_{IV}} = ai$ contradicts the condition that the sides of this square are equal to a and $-a$ in the expression $S_{IV} = -a \times a = -a^2$. Consequently, the concepts “negative number” and “imaginary unit” represent a formal-logical error in the case of $S_I \neq S_{IV}$.

Also, a logical error appears if $S_I \equiv S_{IV}$. Really, if $S_I \equiv S_{IV}$, then $1 \equiv -1$, $1 \equiv \sqrt{-1}$. In order to eliminate the logical error $1 \equiv -1$, one should introduce the concept of modulus of number: $|1| = |-1| \equiv 1$. (According to the standard mathematics, modulus of number is a unsigned number. The algebraic quantity of the number always has a sign: plus or minus). The use of the modulus sign signifies the movement of the geometric figure from the quarters II, III, and IV into the quarter I of the coordinate system XOY . In this case, the geometrical figure represents the “square with identical sides a meter” in the quarter I.

Thus, the geometrical analysis leads to the conclusion that the concepts “negative number” and “imaginary unit” represent a formal-logical error in all cases.

2. LOGICAL ANALYSIS OF THE CONCEPT “NUMBER SIGN”

1. As is well known, practice is a criterion of truth. From practical point of view, operations such as

$$\begin{aligned} \$1 - \$2 &= \$0 - \$1 = -\$1, \\ 1 \text{ kilogram} - 2 \text{ kilograms} &= \\ 0 \text{ kilogram} - 1 \text{ kilogram} &= -1 \text{ kilogram}, \\ 1 \text{ meter} - 2 \text{ meters} &= \\ 0 \text{ meter} - 1 \text{ meter} &= -1 \text{ meter}, \\ 1 \text{ second} - 2 \text{ seconds} &= \\ 0 \text{ second} - 1 \text{ second} &= -1 \text{ second}, \end{aligned}$$

and the results of these operations are meaningless ones, wrong in essence. Interpretation of these operations does not represent a mathematical explanation, has no mathematical meaning. Really, the standard interpretation of negative numbers is that the quantity $-a$ is interpreted as modulus $|-a|$, and then one add an explanation which is not related to mathematics. In other words, the interpretation of negative numbers signifies a change of qualitative determinacy (meaning) of these numbers.

Since $a \neq -a$, $|a| = |-a|$ (where a is some number), positive and negative numbers have identical quantitative determinacy (i.e., $|a| = |-a|$) but non-identical qualitative determinacy (i.e., $a \neq -a$). Non-identity of qualitative determinacy is expressed by the formal-logical law of absence of contradiction:

$$\begin{aligned}(positive\ number) &\neq (negative\ number); \\(positive\ number) &\neq (unsigned\ number); \\(negative\ number) &\neq (unsigned\ number).\end{aligned}$$

The following logical statements are true:

(a) positive numbers have identical quality (quantitative determinacy), and therefore they satisfy the formal-logical law of identity:

$$(positive\ number) = (positive\ numbers).$$

(If the number “zero” was a positive number, then the number “zero” would have to obey this law);

(b) negative numbers have identical quality (quantitative determinacy), and therefore they satisfy the formal-logical law of identity:

$$(negative\ numbers) = (negative\ numbers).$$

(If the number “zero” was a negative number, then the number “zero” would have to obey this law);

(c) the number “zero” is the unique (special, particular) number, and it satisfies the formal-logical law of identity:

$$(number\ “zero”\ not\ having\ a\ sign) = (number\ “zero\ not\ having\ a\ sign).$$

(d) the number “zero” satisfies the formal-logical law of absence of contradiction:

$$(unsigned\ number) \neq (signed\ number).$$

But the equations of a type such as

$$1\ kilogram - 2\ kilograms =$$

$$0\ kilogram - 1\ kilogram = -1\ kilogram$$

represent violation of the formal-logic law of absence of contradiction. Really, violation of the formal-logic law of absence contradiction is that the left-hand side and the right-hand side of such mathematical equations belong to different qualitative determinacy. In other words, the left-hand side contains positive numbers and neutral number “zero”, and the right-hand side contains negative numbers:

$$(positive\ numbers\ and\ unsigned\ number\ “zero”) = (negative\ numbers).$$

This signifies that the mathematical equations containing positive and negative numbers and zero are inadmissible ones in science and practice. It follows that all the numbers are neutral numbers: the numbers have no signs because the number “zero” have no sign. If the number “zero” had a sign, then there would be both the positive and negative numbers.

2. From practical point of view, the number (figure) is a symbol designating some amount or absence of amount. Numbers can have dimensions (i.e., qualitative determinacy), but they can have no dimensions. The number “zero” is a symbol designating absence of amount. Mathematically, the essence of number “zero” is manifested in the following statements.

(a) The definition of zero is as follows:

$$a \equiv a, \quad a - a \equiv 0, \quad a = a + 0,$$

where a is a dimensional or dimensionless number. The definition of zero satisfies the formal-logical law of identity:

$$(number\ not\ having\ a\ sign) = (number\ not\ having\ a\ sign).$$

(b) The admissible operations on zero are as follows:

$$\frac{a - a}{a} = \frac{0}{a}, \quad \frac{0}{a} = 0; \quad \frac{a(a - a)}{a} = a \cdot 0, \quad a \cdot 0 = 0.$$

(c) The inadmissible operation on zero is as follows:

$$\frac{a-a}{0} = \frac{a}{0} - \frac{a}{0} = \frac{0}{0},$$

because the number “zero” does not designate some amount, i.e. the number “zero” designates absence of amount.

(d) Zero is a special (particular) number. Zero is not a part of any number a , zero is not divided into parts, zero is not composed of parts: $a = a + 0$, $0/a = 0$; $a/0$ is not a part of a ; $0/0$ is not a part of 0 . Zero is neither integer number nor fractional number; zero has no sign.

Therefore, firstly, the addition operation on zero and the subtraction operation on zero do not change amount: $0 \pm 0 = 0$; secondly, the multiplication operation on zero (i.e., $a \times 0 = 0$) and the division operation on zero by some number (i.e., $0/a = 0$) do not lead to change of zero; thirdly, the operations $0 - a$ and $a/0$ are inadmissible ones.

This signifies that zero is the beginning of amount counting out (i.e., the beginning of amount measuring). By definition, the concept “beginning of amount counting out” has the single sense: it is the designation of absence of amount. Therefore, the subtraction of numbers from zero (i.e., $0 - a$) and division of numbers by zero (i.e., $a/0$) are inadmissible operations. The appearance of negative numbers in standard mathematics is stipulated by the following logical error: the assumption that the number “zero” is composed of two parts (i.e., zero is divided into two parts): a and $-a$, i.e.

$$0 - a = -a, \quad a + (-a) = 0.$$

This assumption contradicts the definition of zero and the formal-logical law of absence of contradiction.

Thus, the formal-logical analysis of the concept “number sign” leads to the following conclusion: all the numbers are neutral ones; numbers have no signs; the concepts “positive number” and “negative number” represent a formal logical error.

3. DIALECTICAL ANALYSIS OF THE CONCEPT “SYMBOLS OF MATHEMATICAL OPERATIONS”

1. Movement is change in general. Movement is a change of the qualitative and quantitative determinacy of the object. If the qualitative determinacy of the object is not changed, then the movement of the object represents the process of transition of some states of the object into the other states of the object. The process of change is characterized by a direction. If one of the directions can be called a positive direction, then the opposite direction can be called a negative direction.

2. From practical point of view, mathematics is a science of calculations. In mathematics, the quantitative determinacy of the object (i.e., the state of the object) is characterized by a number, and a change in the quantitative determinacy of the object (i.e., the process of transition of some states into other states on condition that the qualitative determinacy of the object is not changed) is described by means of symbols of operations on quantities (numbers). The concepts “quantitative determinacy of the object (i.e., the state)” and “change of the quantitative determinacy of the object (i.e., process)” are not identical ones. Therefore, the identification of the concepts “state; number” and “change of state; mathematical operation” represents a formal-logical error (i.e., violation of the law of absence of contradiction). Mathematical operations are carried out by people. Therefore, mathematical formalism contains only quantities (numbers) and symbols of operations on quantities (numbers), but mathematical formalism do not contain movement (action).

3. The basic mathematical (quantitative) operations on quantities and numbers are as follows: addition operation (designated by the symbol “+”), subtraction operation (designated by the symbol “-”), multiplication operation (designated by the symbol “×”), division operation (designated by the symbol “:” or “/”). The quantitative relationship between quantities, symbols of operations on quantities, and result of operations is called mathematical equation. It is designated by the symbol “=”.

4. The addition operations and multiplication operations are actions which lead to an increase in the numerical value of the result of operations; subtraction operations and division operations are actions which lead to a decrease in the numerical value of the result of operations. Operations of increase of the numerical value (i.e., increase of amount) and operations of decrease of the numerical value (i.e., decrease of amount) are mutually opposite operations. If the direction of the operation of increase of amount may be called positive direction, then the direction of the operation of decrease of amount should be called negative direction. If some operation is called direct one, then the operation of inversion of direct operation is called inverse operation. For example, if the operations $a \times b$, $b \times a$, $a + b$, $b + a$ are called direct ones, then the operations $a : b$ (or a/b), $b : a$ (or b/a), $a - b$, $b - a$ are called inverse ones. Direct and inverse operations are called mutually opposite operations. In this connection, the following problem arises: How does one can express symbolically the inversion of the direction of operation?

5. The solution to this problem is as follows.

a) The symbols of mathematical operations have practical meaning and can be practically used only in combination with numbers and the designations of the numbers in letters: for example,

$$\begin{aligned} a + b &= c, \\ a - b &= d, \quad a > b, \\ b - a &= h, \quad b > a, \\ a \times b &= b \times a = k, \\ a/b &= l, \quad b/a = 1/l, \end{aligned}$$

where the letters designate numbers. In other words, the symbol of the operation relates two quantities (numbers). Therefore, the symbol of the operation of inversion of direction should contain a letter (number) and the symbol of the mathematical operation.

b) The definition of operational form of operations and correspondence between the standard form of operations (left-hand side of relationships) and the operational form of operations (right-hand side of relationships) are as follows:

$$\begin{aligned} a + b &\equiv \langle a+ \rangle b, \quad b + a \equiv \langle b+ \rangle a; \\ a - b &\equiv \langle a- \rangle b, \quad b - a \equiv \langle b- \rangle a; \\ a \times b &\equiv \langle a \times \rangle b, \quad b \times a \equiv \langle b \times \rangle a; \\ a/b &\equiv \langle /b \rangle a, \quad b/a \equiv \langle /a \rangle b; \\ (a/b) \times (b/a) &\equiv \langle /b \rangle a \times \langle /a \rangle b \equiv 1; \\ -1 &\equiv \langle -1 \times \rangle, \quad -a \equiv \langle -1 \times \rangle a, \quad -b \equiv \langle -1 \times \rangle b; \\ (-a) \times (-a) &\equiv \langle -1 \times \rangle \langle -1 \times \rangle a^2 \equiv a^2; \\ (-b) \times (-b) &\equiv \langle -1 \times \rangle \langle -1 \times \rangle b^2 \equiv b^2; \\ \langle -1 \times \rangle \langle -1 \times \rangle &\equiv \langle 1 \times \rangle, \quad \langle -1 \times \rangle \langle 1 \times \rangle \equiv \langle -1 \times \rangle; \\ b - a &\equiv \langle -1 \times \rangle (a - b), \quad a - b \equiv \langle -1 \times \rangle (b - a), \end{aligned}$$

where expression in angle brackets $\langle \rangle$ designates an operator, $\langle -1 \times \rangle$ is the operator of the inversion of direction of operation. Multiplication of operators represents successive fulfilment of operations: for example, the expression $\langle -1 \times \rangle \langle -1 \times \rangle \equiv \langle 1 \times \rangle$ represents the inversion of the operation of inversion.

c) The establishing of correspondence between the standard form of the operations and the operational form of the operations is a necessary condition for understanding of the qualitative distinction between a number sign and a symbol of operation. If the understanding is achieved, it is possible to use standard mathematical designation. However, it is not allowed to ascribe sign “plus” or “minus” to quantities (numbers).

Thus, the dialectical analysis of the concepts “mathematical operation” and “symbol of mathematical operations” leads to the conclusion that the symbol of the mathematical operation can not be ascribed to a number. Number is not characterized by a symbol of mathematical operation, and, therefore, it has no sign. The concept “number sign” or the identification of the concepts “number sign” and “symbol of mathematical operation” represents a formal logical error.

4. DISCUSSION

1. As is well known, the concept of negative numbers appeared in ancient mathematics in the 7th century, and finally formed in the 19th century. The great mathematicians of antiquity were wise men because they understood that practice is criterion of truth. Therefore, they called negative numbers by “false”, “dummy”, “absurd”, and “imaginary” numbers. “By the beginning of the 19th century Caspar Wessel (1745-1818) and Jean Argand (1768-1822) had produced different mathematical representations of 'imaginary' numbers, and around the same time Augustus De Morgan (1806-1871), George Peacock (1791-1858), William Hamilton (1805-1865), and others began to work on the 'logic' of arithmetic and algebra and a clearer definition of negative numbers, imaginary quantities, and the nature of the operations on them began to emerge. Negative numbers and imaginaries are now built into the mathematical models of the physical world of science, engineering and the commercial world. There are many applications of negative numbers today in banking, commodity markets, electrical engineering, and anywhere we use a frame of reference as in coordinate geometry, or relativity theory” (Encyclopedia). However, the concept “methodological basis of science” is not contained in mathematics until now.

2. The standard theory of negative numbers, first worded in the article “*Theory of Conjugate Functions, or Algebraic Couples; with a Preliminary and Elementary Essay on Algebra as the Science of Pure Time*” by William Rowan Hamilton, legalized the existence of negative numbers in mathematics and put an end to criticism of negative numbers. The scientists called positive and negative numbers, and number 0 by rational numbers and were satisfied that need for serious thinking about the true sense of negative numbers and of zero fell off. The stage of interpretation of negative numbers in science was begun. For example, the interpretation of some well-known negative numbers is as follows:

a) Number $-273,15^{\circ} C$ is the absolute zero of temperature, i.e. zero degrees Kelvin. Interpretation of this negative number is as follows: number $-273,15$ represents the modulus $|-273,15|$; sign “minus” signifies that number $|-273,15|$ is below zero; concepts “negative” and “below” are identical ones; the term “below” has no mathematical meaning.

b) Number $-1,602176565 \times 10^{-19} Cl$ is the electron charge. Interpretation of this negative number is as follows: number $-1,602176565 \times 10^{-19}$ represents the modulus $|-602176565 \times 10^{-19}|$; number $|-602176565 \times 10^{-19}|$ is quantity of charge (i.e., quantitative determinacy); sign “minus” signifies qualitative determinacy of the electron; concepts “minus sign” and “electron” are identical ones; the term “electron” has no mathematical meaning. Also, the term “proton” has no mathematical meaning if one identifies the concepts “plus sign” and “proton charge”.

c) Number $-13,7 \text{ milliard years}$ is the beginning of formation of the Universe. Interpretation of this negative number is as follows: number $-13,7$ represents the modulus $|-13,7|$; number $|-13,7|$ is

quantitative determinacy; “minus sign” signifies qualitative determinacy of number $-13,7$; concepts “minus sign” and “beginning” are identical ones; the term “beginning” has no mathematical meaning.

Thus, qualitative determinacy of negative numbers is expressed by concepts which have no mathematical meaning:

$$(\text{mathematical concept}) = (\text{non-mathematical concept}).$$

Therefore, the interpretation of negative numbers represents a formal-logical error.

3. There is no logical definition of the concept “negative number” in science and practice. And definition such as “negative number represents the number which is not a positive number” is inadmissible one in formal logic because such definition represents “contradictory (negative) definition”. The correct definition should be “confirmatory (positive) definition”.

Positive and negative numbers and the number “zero” have different qualitative determinacy (even if these numbers have the same dimension). This signifies that the scale of positive numbers and the scale of negative numbers cannot have common point O (i.e., the number 0) in the Cartesian coordinate system XOY . Therefore, the existence of the coordinate system XOY represents a formal-logical error.

From a practical point of view, all the numbers (having dimension or not) are always a result of measurement (or comparison). Negative numbers do not represent a measuring result or a consequence of the existence of positive numbers. This signifies that the set of negative numbers is not a supplement (expansion, extension) of the set of positive integers because positive and negative numbers have different qualitative determinacy. (In other words, if the existence of negative numbers would be cause of the existence of positive numbers, then one could be built negative numbers on the basis of positive numbers). Consequently, the existence of negative numbers is not consistent with practice and is not confirmed by practice.

Negative numbers are inadmissible ones: they should exist neither in science nor in practice. All the numbers obtained in measurements and having the same dimension are characterized by identical qualitative determinacy. Number “zero” is a neutral number. Consequently, all the numbers represent neutral numbers (i.e., the numbers which have no sign “plus” or “minus”), and the concept “number sign” is inadmissible one. Sign “plus” and “minus” are only symbols of mathematical operations.

4. The theory of negative numbers is not unique erroneous theory in mathematics. As shown in the works [6-28], differential and integral calculus, the Pythagorean theorem, vector calculus, and trigonometry are erroneous theories too. Therefore, today mathematics stands in front of the dilemma: either to recognize the existence of formal-logical errors or to continue movement on the wrong track.

CONCLUSION

Thus, the results of the critical analysis of the theory of negative numbers within the framework of correct methodological basis – the unity of formal logic and of rational dialectics – are as follows:

- 1) Negative numbers are inadmissible ones in science because they represent a formal-logical error;
- 2) The concept “number sign” is inadmissible one because it represents a formal-logical error;
- 3) All the numbers are neutral ones because the number “zero” is a neutral one;
- 4) Signs “plus” and “minus” are only symbols of mathematical operations;
- 5) The operational form of mathematical operations furnishes the clue to understanding of the operation of inversion of operation.

The obtained results are the sufficient reason for the following statement: the essence of the theory of negative numbers is that the theory is a false one.

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EFFICACY OF COMPLEX TREATMENT OF PEPTIC ULCER DISEASE IN CHILDREN**Krishna Taneja and L.Y. Khlunovs'ka**

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ABSTRACT

Peptic ulcer disease remains a pressing problem in modern pediatric gastroenterology because of its vast prevalence, numerous etiologic factors and low efficiency of existing medical schemes. The efficacy of standard therapy for peptic ulcers and complex treatment with the addition of melatonin were applied on children with peptic ulcers. It was found that the clinical symptoms disappeared in shorter period of time accompanied with normalization of endoscopic picture in children receiving combined treatment.

Keywords: Peptic ulcer disease, Children, Helicobacter pylori, Melatonin, Treatment.

INTRODUCTION

Peptic ulcer disease (PUD) is characterized by an ulcer in the mucous membrane of the stomach and/or duodenum, which is based on the inflammatory process caused by a decline in its protective properties and increased aggressiveness of gastric contents due to the persistence of *Helicobacter pylori* (*H. pylori*) infection [5], as well as the influence of many other internal and external factors [2].

Nowadays PUD is considered as a multifactorial genetically determined recurrent chronic disease characterized by the formation of ulcer in the stomach and/or duodenum against the background of inflammatory changes of the mucous membrane with involvement in the pathological process of other organs and systems, development of complications, threatening the life of the patient [2].

The structure of gastroenterological diseases prevail lesions of the upper gastrointestinal tract. Over the last 5 years the prevalence of peptic ulcer increased twice [5]. In the overall structure of digestive diseases at the rate of ulcer disease falls to 16 %. Prevalence of ulcer PUD among children of Ukraine is 0,4-4,3 % [3].

The microorganism *H. pylori* plays an important role in the pathogenesis of ulcer disease [6]. In children, stomach ulcer is associated with this organism in 68-70 % of cases, duodenal ulcer – in 88-98 % [3].

The existence of the diffuse neuroendocrine system increases the potential factors which can influence the course of gastroduodenal diseases [4,7]. Biologically active polypeptides synthesized by cells of APUD-system, regulate motor and secretory functions of the digestive tract. Cells of APUD-system of the gastrointestinal tract are able to synthesize melatonin, which has a range of vital functions [9, 10]. Detection of local synthesis of melatonin by cells of the digestive tract allows to study its role in mechanisms of regulation of morphological and functional state of the gastroduodenal area and use it in treatment of PUD[1, 4, 8].

THE AIM OF STUDY

To improve the efficacy of existing regimens of PUD in children by adding melatonin medication to standard treatment.

SUBJECT AND METHOD

The study involved 84 children with PUD aged 12-18 years (mean age $14,2 \pm 2,1$ years). All patients underwent a complete clinical, laboratory and instrumental examination. Diagnosis was placed using an esophagogastroduodenofibroscope (EGDFS). Acid-producing function of stomach was assessed by intragastric pH-metry.

Infection of the gastroduodenal mucosa by *H. pylori* was verified by endoscopic signs and corroborated by detection of antibodies to *H. pylori* in serum by ELISA test. Special attention was paid to the detailed anamnesis of patients and their complaints for later installation of major clinical syndrome of the disease.

Melatonin secretion was determined by the quantitative determination of its metabolite – 6-sulfatoxymelatonin (6-SOMT). Level of 6-SOMT was evaluated in the morning urine by ELISA test.

On the basis that all examined patients were infected by *H. pylori*, they were divided into 2 subgroups. Patients of the I subgroup (40 children) received a protocol therapy (sedatives, cytoprotectors, prokinetics, probiotics and anti-*H. pylori* therapy – proton pump inhibitor (esomeprazole 40 mg/day), flemoxyn soljutab (20 mg/kg, 2 times/day), furazolidone (10 mg/kg, 2 times/day), colloidal bismuth subcitrate (De-nol 0,12 g 3 times/day) for 7 days), patients of the II subgroup (44 children) received a complex therapy that included medications of standard treatment with the addition of melatonin (3 mg 1 time a day in 30 minutes before bedtime).

RESULTS

Patients of both subgroups had many and varied complaints before treatment. All children suffered from pain. In most cases, pain had aching nature (84,5 %), regardless of disease duration, it was localized in epigastric and pyloroduodenal region (64,3 %).

More often pain arose on an empty stomach and after 1-1,5 hours after eating (45,2 %). Increasing of pain was provoked by errors in diet. 41,7 % of children marked the appearance of pain after eating spicy foods, fried and fatty foods.

Dyspeptic symptoms were observed in a third part of children, recorded more frequently in patients with long course of PUD.

The most common complaints, regardless of disease duration were belching (76,2 %), heartburn (69,1 %), nausea (61,9 %) and decreased appetite (84,5 %).

Children frequently complained of quick mood changes (63,1 %), sweaty hands (38,1 %), fatigue (76,2 %), drowsiness and headache (66,7 %).

According to the results physical examination, majority of the patients (64,3 %) were found the prevalence of parasympathetic influence which manifested by tendency to decrease of blood pressure, bradycardia, anxiety, insomnia and pain in various localizations (cefalgia, cardialgia, myalgia), gastrointestinal complaints. Some patients were characterized by complaints on hyperhidrosis, hypersalivation, the tendency to orthostatic hypotension and syncope, somnolence and decreased physical activity.

After treatment, children of the II subgroup recorded a faster rate of regression for the main clinical symptoms, such as pain and heartburn, which disappeared significantly faster on subgroup II compared to subgroup I.

The dynamics of clinical symptoms in children receiving complex treatment in two weeks is presented in Table 1.

Table 1: The dynamics of clinical symptoms in children of the I and II subgroups

Clinical signs	I, % (n = 40)		II, % (n = 44)	
	Before treatment	After treatment	Before treatment	After treatment
Pain	88,5 ± 9,8	28,5 ± 2,2	85,7±7,5	7,1 ± 1,0*
Heartburn	64,2 ± 4,0	17,8 ± 1,5	67,2±3,4	7,1 ± 1,0*
Nausea	57,6 ± 5,2	21,4 ± 1,3	53,5±4,3	17,8 ± 1,0
Constipation	39,2 ± 4,9	5,8 ± 1,9	35,7±2,7	3,5 ± 1,0
Decreased appetite	85,7 ± 8,3	32,1 ± 2,2	78,6±6,7	21,4 ± 1,0*

Note. * – The difference is significant towards children of the I subgroup, $p < 0,05$.

The acid-producing function of the stomach reduced significantly faster in the children receiving complex treatment (Table 2).

Table 2: The dynamics of acid-producing function of stomach

The dynamics of acid-producing	The frequency (%)			
	I, % (n = 40)		II, % (n = 44)	
	2 weeks	4 weeks	2 weeks	4 weeks
Normalization	35,7 ± 2,9	67,8 ± 3,1	50,0 ± 5,2*	75,0 ± 3,2*
Without dynamics	64,3 ± 5,5	32,2 ± 4,7	50,0 ± 6,8	25,0 ± 4,1

Note. * – The difference is significant towards children of the I subgroup, $p < 0,05$.

Faster normalization of acid-producing and secretory functions of stomach were founded in children of the II subgroup, especially a large proportion (half after 2 weeks of treatment and 80 % after 4 weeks) of children of the II subgroup characterized by a decrease of acidity of gastric contents.

After treatment all patients of the II subgroup observed improvement of health, reduction of asthenic symptoms, emotional instability, irritability and mood improvement.

Control endoscopy after 4 weeks of treatment showed complete endoscopic remission in 70,0 % of patients of I subgroup and in 86,4 % of children of II subgroup.

The average rate of 6-SOMT before treatment in children of the I subgroup was $(43,6 \pm 2,3)$ ng/ml and the II subgroup – $(45,6 \pm 1,6)$ ng/ml.

In the second study of 6-SOMT level in 4 weeks after treatment was founded tends to decrease its level regardless of the therapy. However, in children of the II subgroup who received complex treatment, level 6-SOMT was lower in compare with patients of the I subgroup (Table 3).

Table 3: The dynamics of 6-SOMT

Subgroup	6-SOMT, ng/ml	
	Before treatment	After treatment
I, (n = 40)	$43,6 \pm 2,3$	$42,4 \pm 1,5$
II, (n = 44)	$45,6 \pm 1,6$	$39,3 \pm 1,0^*$

Note. * – The difference is significant towards children of the II subgroup before treatment, $p < 0,05$.

Obtained results may indicate the acceleration of healing ulcers and transition of PUD in remission using complex therapy by adding melatonin to standard therapeutic scheme of PUD in children.

CONCLUSIONS

Using melatonin in treatment of PUD helps to reduce and/or eliminate clinical symptoms of the disease in children due to interruption of the pathogenetic chain of functional and structural changes in gastroduodenal area. Children, who received complex therapy, recovered significantly faster with healing ulcers and normalization of acid-producing function of stomach.

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CORPORATE GOVERNANCE REVISITED-A CRITICAL STUDY

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ABSTRACT

Corporate governance has become a buzzword in corporate financial and regulatory circles all over the world. Corporate scandals competition, Asian financial crisis and various domestic and international efforts have made corporate governance increasingly popular.

In twenty hanging –first century, the role of the corporate sector is changeling recent years corporate governance has witnessed an astounding ascendancy and resurgence at the global level. The concept of Corporate Governance recognizes an organization's commitment to operate in a socially responsible manner. It takes into consideration the social and environmental implications of corporate financial decisions. Corporate Governance has been one of the features that has received extensive attention from scholars. Now a day's an aim of corporate sector is not restricted to earning profit but also to contribute to the society. Indian business houses are doing it since its inception but its reporting is not done on regular basis. The said study is an attempt to examine the worth of Corporate Governance. The said research paper is an attempt to evaluate the communication of Corporate Governance of some reputed organization and comparing their practices with the global image. The said study is following explorative research design. In India Corporate Sustainability and Governance Report is not considered as necessary by the corporate. Not only is this but there is lack of consistency in the Corporate Governance. As in India the verge of adopting convergent International accounting standard for report of financial statement for corporate. Now this study may serve the purpose of transparent reporting of actions of the Corporate Governance. This study aims to address this gap by conducting an exploratory study on how top management perceives and reports of Corporate Governance.

INTRODUCTION

Introduction of new financial statement disclosure format will make financial reporting more transparent, relevant and easy to understand from every stakeholder's viewpoint. The Scenario of Disclosure of Corporate Governance in India is not only fairly transparent, relevant and of course consistent. Reporting of Corporate Governance has not received importance at all. Many organizations in India today discharge their responsibility towards society efficiently and effectively but do not report to its stakeholders or shareholders at all. There is no legal frame work in India for disclosure of Corporate Governance as well as there is no legal framework for the areas in which corporate social responsibility is to discharge. Many organizations adopt various practices of discharging Corporate Governance but not reporting to the world. Reporting of CG should be made to the shareholders and other stakeholders by the organization which may create a positive image in the mind of society and nearby community also. Qualitative reporting standard or guidelines in the financial reporting as well as in the CG is the call of the time. At present there are two trends in the disclosure of CSR. Almost all the organization who are reporting to the stakeholders consider Environmental aspects and Health issues of the Employees and nearby society.

RATIONALE OF STUDY

In the present study disclosure of corporate social responsibility has been examined. Auto sector is in the tremendous growth in the country since last five years. Auto sector is the key sector for the controlling of the carbon emission in the atmosphere. Product development and innovation reduces the carbon emission in auto sector to greater extent. Not only this the sector is using batteries and oil for manufacturing vehicles as well as testing vehicle to the greater extent. Hence it is of utmost important to know how auto companies have made an attempt to protect environment. Community service in the form of driver's training program as well as development of nearby area is also necessary. Attempt has been made to what extent such initiatives are useful to the other stake holders of the company. CSR disclosure in auto sector in India is irregular as well as not satisfactory. It is the need of time to evaluate CSR disclosure from the view point of relevancy, consistency and transparency. The research has considered two companies viz. Tata Motors and Asoka Leyland. Both the organizations have captured more than two third markets for buses and trucks in the country. Tata is also in the passenger vehicle manufacturing. Hence the study reflects the initiatives presented by the market leaders. The reporting aspects of the auto sectors confirm the adoptability of corporate social responsibility by the respective companies. Truck manufacturing is to treated as first hand responsible towards the development of driving skill, guidance for product maintenance and education for traffic rules. Now it is the time to check that how organization has contributed for society and how it has been reported. An attempt is made to know how auto

companies consider their real consumers. The present study may provide frame work for the evaluation of CG disclosure.

LITERATURE REVIEW

Balzarova Michela, Hass Rainer (2009) has examined the CG standards and guidelines in the Agribusiness sector indicating that companies have been increasingly offered guidance on how to get away from single bottom line and realize social environmental responsibility both in and beyond compliance with existing laws. One should consider all the stakeholders (multi stakeholders) in CSR activities which increase the credibility, acceptability and feasibility of initiatives and acceptance of the organizations in the society quickly.

Guthrie, J., and L Parker (1990), using content analysis, examined the annual reports of 150 companies in three countries; the U.S., U.K. and Australia. They found that 98 % of the U.K. companies, 85 % of the U.S. Companies and 56% of the Australian companies had CG disclosures in their annual reports. The disclosures covered six themes: human resources, community involvement, environment, energy and products and others. In terms of the method of disclosure, Guthrie and Parker found that companies in the U.S. and U.K. favored a mixture of monetary and non-monetary quantitative disclosures, while Australian companies used mostly declarative CG disclosures. The study also found that U.K. companies mostly disclosed CG information in the Directors' report. In Australia, however, CG disclosures were made in various sections of the annual report.

Savage, A.A. (1994) examined the CG disclosures practices of 115 companies in South Africa. He found that as many as 50 % of the companies had some CG Disclosures, with human resource disclosures being the most popular. This is closely followed by disclosures on community involvement and environmental performance. The extent of disclosure, however, is low.

Shanker A. N. and Pandya N.M. (2011) have observed that there is vast disparity in terms of reporting style pattern and areas covered for social responsibility disclosure. The length of the text, quality of presentation is different from industry to industry. The significant difference has also been traced out with the content analysis in the themes of CG activities and in their reporting also.

CONCEPT OF CORPORATE GOVERNANCE

In Nineteenth Century profits is the main objective of the business. Now day's managers of 21st century accept the fact that maximum profit is not the only objective of the business unit but the reasonable profit and over all development of employees and other stakeholders of the outside world is equally important. After LPG implementation Indian Corporate has become more and more conscious and active towards discharge of corporate governance. The conservative approach towards the organization has been shifted first from profit to customer satisfaction but by launching and developing variety of improved products through research and development other stake holders are also considered lately by the organizations. At present the organizations in the Indian scenario accept their responsibility towards the society but not to the fullest. Not only this, the reporting aspect is also very poor across the corporate sector. The relevancy transparency and appropriateness in the social reporting discharge is missing as well as and over the period of time its consistency is also not maintained. The governing body of the organization plays an important role in the corporate governance disclosure.

The major gap in the social responsibility discharge is found in terms of the definition of the society. The term society has been interpreted by each organization differently which results into different direction of the social welfare activity. First the welfare activities are made for the employees themselves and later on it has been extended towards the family members. Basic needs of Health, Education, Drinking Water, Self-Employability and Development of Vicinity had been adopted in late nineties by many organizations. Adoption of broad view of the society is also suffering from defect of consistency and other aspects.

Ahmadabad is to be treated as most beneficial city in the country who obtained advantage of the discharge of CG by various business houses and specially a visionary person Kasturbhai Lalbhai. The emphasis on the basic needs like Education, Health and Community development has been considered by them before fifty years. The basic philosophy for the CG is that the organization has created wealth from natural resources and through society. Hence, it is the responsibility of the organization is the responsibility of the organization is to give back to societies who are deprived.

In India, Tata Group is to be treated as pioneer in executing CG. Tata group is executing various social activities since the inception of the organization. In India there is a trend or tradition of disclosing social activities of the organization through the Annual Report only. Since last five years few companies started

reporting separately for the corporate social responsibility. There is lack of attempt of creating positive image in the mind stakeholders about the company and its governance body.

THE CORPORATE GOVERNANCE IN DIFFERENT ORGANIZATION

The bedrock of good corporate governance is conducting the affairs of a Company in such a way to ensure fairness to customers, employees, investors, vendor, government and society at large. It requires quality of leadership, values, transparent, management, vision and goals, respect for law and sense of social responsibility for which there are no rigid standards. The Confederation of Indian Industry's 1998 Code of Desirable Corporate Governance limits claimants in the first instance to shareholders and various types of creditors.

Likewise, the Securities and Exchange Board of India's Kumar Mangalam Birla Committee on Corporate Governance observed that the basic objective of Corporate governance should be "the enhancement of long term Shareholder value while at the same time, protecting the interests of the other stakeholders."

The Confederation of Indian Industry (CII) published India's first comprehensive code on corporate governance (Desirable Corporate Governance: A Code) 1998. This was followed by the recommendations of the Kumar Mangalam Birla Committee on Corporate Governance. This committee was appointed by the Securities and Exchange Board of India (SEBI). The recommendations were accepted by SEBI in December 1999, and are now enshrined in Clause 49 of the Listing Agreement of every Indian Stock Exchange. SEBI also instituted a committee under the chairmanship of N.R. Narayan Murthy Committee which recommended enhancements in corporate governance. SEBI has incorporated the recommendations made by the Narayan Murthy Committee on Corporate Governance in Clause 49 of the listing agreement. The revised Clause 49 has been made effective from January 1, 2006.

In addition, the Department of Company Affairs, Government of India, constituted a nine member committee in 2002 under the chairmanship of Naresh Chandra, former Indian ambassador to the U.S., to examine various corporate governance issues.

The scale of the Rs. 7,000 crore financial fraud by B. Ramalinga Raju, Chairman, Satyam Computer has put a question mark on the role of Management, Regulators, Auditors and Independent Directors. It calls for a critical re-examination of these agencies. For long, companies across the world have appointed luminaries to the boards as independent directors. Their presence would lend a badge of responsibility to the board-room. Satyam was no exception. Its board included noted academics such as Harvard professor Krishna Palepu and ISB dean Ram Mohan Rao. But the manner of its unraveling has triggered an intense soul-searching across corporate India.

It is being questioned: Are these independent directors mere figureheads who just attend board meetings without contributing anything in the functioning of a company? Are they just mere adornments and friends of companies promoters and do precious little? Should a person be on several boards? Is it possible for an independent director on several boards to do justice with his role? Being on too many boards such independent directors may be labeled professional independent directors rather than independent directors who are professionals.

A study done in 2007 by A.T. Kearney AZB & Partners and Hunt Partners showed that only 39% of companies in India followed a formal process for the selection of board directors. The study showed that in 2005-06, less than a third even did not bother to appoint new faces non-executive directors. As much as 90 % of independent directors were selected from personal networks of companies' CEOs or chairpersons.

Satyam's board of directors included former cabinet secretary T.R. Prasad and Vinod Dham who is widely regarded as the father on Intel's Pentium chip. How they could not locate the fraud being perpetrated for years by B. Ramalinga Raju, Chairman damaging their own reputations and driving the company to the brink of collapse.

There are yet another view about the role of independent Directors. Is it possible for independent directors to get into the nitty-gritty of the business? Should they not look at the boarder picture in the company and other stakeholders? While the institutional investors have their investment objectives and promoters have their business objective, the independent directors should work as balancing factor and should take care of interest of all stakeholders.

Directors who fail to direct and CEOs who fail to provide leadership pose the most serious threat for the corporate world today. The case of Enron Corporation and their dealing with Arthur Andersen is nothing but a perfect storm where greed, lax oversight and outright fraud had taken place.

Corporate governance has to take care of social responsibility of business. The gap between the haves and not-haves has to be reduced by finding out ways to involve the have-nots in the business – process. A company cannot thrive unless it stands out as a pillar of prosperity in a sea of poverty.

The concept of accountability should be broadened as found in Germany to include not only the management, but all individuals or institutions involved in the decision –making. To ensure independence of non-executive directors, the professional bodies may develop panel as the financial institutions do, and also to assist them in developing their skills. All efforts should be made to enhance the value adding capability of auditors in general and to make the internal audit effective in particular on priority.

It is the primary goal of a corporation to maximize shareholders value in a legal and ethical way. Shareholders invest their money in a corporation and trust the management to the extent that their money will be utilized properly and they will receive a decent return on their investment. The corporation has to sell its products and services and optimize return on the investment.

If investors lose faith in corporations, they could choke-off access to capital. The loss of trust threatens the ability to create new jobs and reignite the company. It also leaves a taint on the executives who act with integrity. If the governance of the modern corporation is not completely made transparent, it will create a severe crisis of confidence.

The SEBI should begin embracing international accounting standards, it should work, closely with the London-based accounting standards Boards to create one global accounting framework. It should be improved in terms of accounting for off –balance sheet entities, stock –options, intangible assets, and much more.

The SEBI should establish national standards relating to the qualifications and responsibilities of board of directors by refining the definition of what constitutes an independent director and specifying the duties of the audit and compensation committees.

The SEBI should also ensure safety to shareholders money by indemnifying it with proper insurance coverage. If individual's property can be insured against burglary, why not such investments, which mainly come from common men's hard, earned money? Once such investments are safeguarded through proper insurance, there will be more stringent fund governance by all companies and the concerned insurance agency will also be compelled to keep constant vigil to safeguard its interest.

Matters like corruption and politics activities of a company should be brought in the knowledge of all concerned and such activities should be watched with a view to take corrective action in time.

A stable government with enough goodwill in world community is also essential for corporate governance. FIIs park their money in those countries where a stable government exists with a liberal economic policy and continuous reform-process. India has been facing very tough competition from Asian Countries such as Singapore and Thailand in FIIs investments.

A good corporate governance makes the corporation to assume the role of trusteeship with all the attendant checks and balances to create a high performing company.

SUGGESTION

1. As there is no legal framework for the area of CG as well as there is no standard recommended for the CG reporting in Indian organizations have to follow Global Reporting Indicator or convergent such standards as to the requirements of the particular industry.
2. The initial presentation of the report should be made in such a manner so that the reader can easily understand various themes of the CG and areas covered by the organization.
3. CG reporting is to be treated as one of the way of creating positive image in the mind of the stake holders and society.
4. The central government should determine various areas of CG initiative for different industry differently as well as the reporting pattern for various industries has to be convergent to the Indian environment.
5. Allocation of fund from the profit for the various CG facilities and its utilization is required to be reported which gives crystal clear information.
6. Future plans and priorities in the areas of CG are to be discussed by the leaders of the organizations with the shareholders.

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7. CG reporting should be made more effective by showing evidently aspects clearly in the report as well as the no. of beneficiaries in the society.

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**THE ANALYSIS OF TEACHER DEVELOPMENT PRACTICE AGAINST THE EDUCATIONAL
LEGAL FRAMEWORK IN CAMBODIA**

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ABSTRACT

This study was conducted to philosophically analyze teacher development practice in Cambodia when evaluated against the educational framework which consists of the Education Law (2007), the Education Policy, the Teacher Policy (Ministry of Education, Youth and Sport, 2013), the Education Strategic Plan (ESP) (MoEYS, ESP: 2014-2018, 2009-2013 & 2006-2010) and the Teacher Development Master Plan of 2010-2014, to find out whether the important qualities, characteristics and tools described in these documents have been effectively utilized to train teachers to become qualified Global Teachers who will be able to produce qualified people whom Ben-Peretz (2009) referred to as global citizens (Ben-Peretz, 2009). The Global Teachers are well-trained teachers who meet eight qualities suggested in this study. The qualitative method of analysis was adopted and the data were collected from the principle documents mentioned above as well as other relevant sources to analyse current teacher development practice in Cambodia. Some main challenges are pinpointed, conclusions are withdrawn and some recommendations are made to amend the Education Law, to enhance Education Policy and to develop the Teacher Development Policy so that Cambodian teachers may be better trained to meet global teacher qualities.

Keywords: Analysis, Educational Legal Framework, Global Teacher

1. INTRODUCTION**Background**

Cambodian education system was completely destroyed during the Khmer Rouge or Pol Pot Regime (1975-1979). During the cold war period (1945-1991) (MoEYS, 2010), Cambodia had suffered a great deal from the civil war fought by different Khmer extreme activist groups including the Khmer Rouge. The education system, healthcare services, and all other public services had been eliminated (Jan, 2009). Nearly all schools, hospitals, government working offices and buildings were either closed or destroyed. All school materials including course books and other educational documents had been either lost or damaged. The whole education system was closed and around eighty per cent of teaching staff were killed (MoEYS, 2010). Many other identified former intellectuals, soldiers and policemen were either killed or tortured during the regime (Berkvens, 2009). Cambodia has survived and rebuilt its educational system since the fall of the Khmer Rouge Regime in 1979. In particular, teacher training system of all levels has gradually developed and improved since then. The 'Rectangular Strategy' has been the economic policy agenda of the Royal Government of Cambodia (RGC) since July 2004. Capacity Building and Human Resource Development is one of the four angles of the 'Growth' rectangle. Regarding capacity building and human resource development, enhancing the quality of education is prioritised (RGC, 2013).

To put the above strategy in place, the RGC has developed and implemented a number of national policies including the Education for All National Plan 2003-2015, Educational Policy formulated in Education Strategic Plan 2006-2010, ESP 2009-2013 and ESP 2014-2018, Education Law (approved in 2007), Teacher Policy (2013) and many other policies. Ministry of Education, Youth and Sport (MoEYS), with great technical and financial support from international agencies, has developed various policies such as policy for Life Skills, Early Childhood Policy, Youth Policy, Early Childhood Education Policy, Teacher Policy, and other major documents such as Education Strategic Plan (ESP) 2006-2010, ESP 2009-2013, ESP 2014-2018, Education Sector Support Programme (ESSP) 2006-2010, which have been used as potential tools for education development and improvement.

In order to build capacity of human resource with quality, MoEYS has developed Teacher Development Master Plan (TDMP) for 2010-2014. This Teacher Development Master Plan which prioritises strategies and programmes to be implemented, serves as a crucial instrument for teacher development, and serves as a framework for improving partnership between MoEYS and other educational development agencies and partners (MoEYS, 2010).

To improve quality and sufficiency of teacher training in Cambodia, MoEYS has gradually upgraded a teacher training system for all school levels. For example, for Lower Secondary School teacher training programme, it

has upgraded from a training formula of “7 + 3” (candidates who finished a lower secondary school of grade 7 had to receive three-year training of teaching pedagogy) to a training formula of “12 + 2” (candidates who finished the upper secondary school of grade 12 have to receive two-year training of teaching pedagogy). For an Upper Secondary school, a formula of “12 + 4” (candidates who finish the upper secondary school of grade 12 have to receive four-year training of teaching pedagogy) was implemented earlier, and finally “a bachelor’s degree + 1” (candidates who held the Bachelor’s degree have to receive one-year training of teaching pedagogy) has been practiced up to present.

CURRENT CAMBODIAN CONTEXT

Cambodia for the last decade has prepared itself toward its greater development. In particular, in an education sector, the RGC has formulated Education Law and other education-related policies in the current Cambodian context where firstly, physical peace has been maintained since 1993; and the population keeps growing remarkably. According to the World Bank, in 1985 the Cambodian population was about 8 million, in 1990 nearly 10 million, in 2000 over 12 million, in 2013 over 14 million and in 2014 over 15 million (worldpopulationreview.com); Cambodia has joined WTO and ASEAN integration which requires global citizens and teachers who could have access to employment regionally; Cambodian GDP keeps growing over 6.50% in average from 2011 to 2014 (Cambodia Economic Statistic and Indicators, Economy Watch, 2011, 2012, 2013 & 2014); more and more school and university students have graduated; and huge demands of qualified graduates for the competitive workforces are required.

CAMBODIAN EDUCATIONAL LEGAL FRAMEWORK

The followings are parts of the National Constitution, the Education Law, the Education Policy and the Teacher Policy which are related to teacher professional development in Cambodia.

THE CAMBODIAN NATIONAL CONSTITUTION

As far as teacher professional development is concerned, the Cambodian National Constitution, article 65 states, “The State shall protect and promote citizens’ rights to quality education at all levels and shall take all measures, step by step, to make quality education available to all citizens.....” (Constitution of the Kingdom of Cambodia, 2004, ch. vi, art. 65).

The Cambodian National Constitution, article 66 states:

The State shall establish a comprehensive and standardized educational system throughout the country which shall guarantee the principles of freedom to operate educational institutions and equal access to education in order to ensure that all citizens have an equal opportunity to earn a living (Constitution of the Kingdom of Cambodia, 2004, ch. vi, art. 66).

The Cambodian National Constitution, article 67 states, “The State shall adopt an educational programme and the principles of modern pedagogy which encompass technology and foreign languages....” (Constitution of the Kingdom of Cambodia, 2004, ch. vi, art. 67).

THE EDUCATION LAW, THE EDUCATION POLICY, AND THE TEACHER POLICY

Regarding the education policy, principles, plans and strategies, the education law in article 27 states:

The Ministry in charge of education shall set up a master plan for developing the education sector in compliance with the policy of the Supreme National Council of Education, and be responsible for developing, reviewing and modifying education policies, principles, plans and strategies in accordance with the national policies and strategic development plans (Education Law, 2007, ch. 6).

Regarding requirement of pedagogical training, the Education Law in article 20 states:

The state shall train educational personnel prior to and/or in service. Educational personnel shall undergo pedagogical training recognised by the Ministry in charge of Education, except professors and staff working in higher educational establishments. The Ministry in charge of Education shall determine the fundamental programmes for educational personnel training, and physical and professional criteria for the recruitment of public and private educational personnel (Education Law, 2007, ch. 4).

As far as the education quality and effectiveness are concerned, the Education Law in article 21 states:

The state shall promote the quality of education to satisfy the basic education and professional needs for the careers of the learners to better improve their capacity and to enable the learners to efficiently participate in the development of the country. The state shall pay attention to equip appropriate and modern technique of teaching

and learning to ensure its quality and efficiency. National Education Standards, National Training Standards and/or National Capacity Standards shall be set by the Ministry in charge of Education in line with the policies of the Supreme National Council of Education (Education Law, 2007, ch. 5).

Due to the assessment mechanism to ensure the quality education, the Education Law in article 22 states:

Educational institutions shall fulfill the National Education Standards, National Training Standards and/or National Capacity Standards to improve the quality of education. Either public or private educational institutions shall establish internal assessment mechanisms to monitor and assess the quality of education themselves and recommend measures for continuing to undertake monitoring and assessment. The internal assessment mechanisms shall be widely open for public participation. The Ministry in charge of Education shall establish external assessment of mechanisms for the implementation or the fulfillment of the requirements of the National Education Standards for educational institutions. The Ministry in charge of Education and the concerned ministries and institutions shall establish a monitoring system on implementation or the fulfillment of the requirement of the capacity standard of the educational establishments in compliance with the policy of the Supreme National Council of Education to evaluate the education quality. The Ministry in charge of Education shall issue the guidelines on procedures for the processes of the monitoring and assessment mechanisms (Education Law, 2007, ch. 5).

These Education Law statements could be seen and used as the supreme legal education framework under which MoEYS has formulated three main education policy priorities, related to teacher development in ESP 2006-2010 and ESP 2009-2013, which include:

- 1) Enhance the equitable access to education service;
- 2) Enhance the quality and efficiency of education services; and
- 3) Promote the institutional development and capacity building for decentralisation (MoEYS, 2005, p.1; MoEYS, 2010, p. 2).

The educational policy has been redefined its priorities in the ESP 2014-2018 as follows:

Policy 1: Ensuring equitable access for all to education services

Policy 2: Enhancing the quality and relevance of learning

Policy 3: Ensuring effective leadership and management of education staff at all levels (MoEYS, 2014, p. 13).

The Teacher Policy “aims to develop qualified, competent, and responsible teachers for their own professional conduct, and to provide necessary conditions for fulfilling their efficient, effective teaching,” (MoEYS, 2013, p.2). One of the strategies written in the Teacher Policy is to attract qualified candidates to choose a teaching career (MoEYS, 2013). However, this has not been realised yet so far. In the strategy of development of the teacher training institutions, the Teacher Policy plans to transform the Provincial Teacher Training Centers to be Teacher Development Centers which will not just play a role as teacher training centers but also the centers that will conduct on-going teacher development activities (MoEYS, 2013).

In responding to the implementation of the above Education Law and Education Policy, MoEYS and its concerned department(s) have worked hard under very limited financial budget and human resources to enhance teacher training education up to this level. Nevertheless, it is still a very long way for Cambodia to move forward toward the new goals set. The next stage this article wishes to describe a current teacher training situation in Cambodia.

2. METHODS

Qualitative method of analysis is applied in this study. The literature of this study is withdrawn from secondary data collected from various relevant sources, personal experiences and observations as the common ground to support the analysis of Teacher Development Policy within the current Education Law (2007), Education Policy and Teacher Development Master Plan 2010-2014. The Education Law, Education Strategic Plan 2014-2018, Education Policy and Teacher Development Master Plan 2010-2014 are the documents that this study critically examined at and analyzed. Due to Taylor, Rizvi, Lingard and Henry (1997), there is no certain approach in analyzing any policy. This analysis is conducted to find whether the implementation of teacher development strategies and plans written in those legal documents mentioned above are able to train new teachers in Cambodia to become qualified global teachers.

3. STUDY FRAMEWORK

A qualified Global Teacher is operationally defined as the teacher who meets the following qualities:

- is highly competent with higher academic education degrees;
- has adequate knowledge of cross-cultures (Sandra and Leigh, n.d.) and different beliefs of different peoples;
- has global generic competencies which include self-confidence, effective inter-personal and communication skills, creative skills, effective critical thinking and problem solving skills;
- has adequate knowledge about the developments of the world (Russo and Osborne, n.d.) and about human rights including UN convention on child rights (Cathy, 2005), woman rights and gender;
- has broad knowledge of technology and information technology, and is able to use information technology to improve their teaching competences and to professionally develop their teaching career further;
- is proficient in a foreign or second language (Russo and Osborne, n.d), such as English;
- has adequate knowledge of democracy;
- is a life-long learner.

The above Global Teacher qualities are used as the parameter for this analysis.

To examine whether the teacher development implementation of the Education Law, the Education Policy, the Teacher Policy and Teacher Development Master Plan 2010-2014 and Teacher Development Master Plan 2014-2018 is able to provide teacher education which makes new teachers achieve those above Global Teacher qualities, the analysis examines the following areas:

- Cambodian Educational Legal Framework
- Current teacher training situation in Cambodia
- Current social, cultural, political, economic, environmental and global issues
- Global Teacher's needs
- Whether the Education Law, the Education Policy, Teacher Development Master Plan 2010-2014, and the Teacher Policy are able to solve Cambodian current social, cultural, political, economic and environmental issues affected by the globalisation
- Whether the Education Law, the Education Policy, Teacher Policy and the Teacher Development Master Plan 2010-2014 respond to real needs of teachers at the globalisation era
- Challenges to be addressed to prepare new teachers and young learners to become global teachers and citizens

After the thorough discussion and analysis, the paper will conclude with recommendations for improving Education Law and the Education Policy and developing the Teacher Development Policy.

4. CURRENT TEACHER TRAINING SITUATION IN CAMBODIA

Teacher Training System

In responding to 'Improving the quality and efficiency of education services' policy, MoEYS has established and formulate teacher training programmes as follows:

According to MoEYS (2010), teacher training has been established in four different types of institutions:

- The Pre-school Teacher Training Centre located in Phnom Penh (PSTTC) trains pre-school teachers
- 18 Provincial Teacher Training Centres (PTTCs) train primary school teachers
- 6 Regional Teacher Training Centres (RTTCs) train lower-secondary school teachers
- The National Institute of Education (NIE) trains upper-secondary school teachers

Due to the serious shortage of teachers and limited qualified school graduates in the past decades, MoEYS has used the following formulas of teacher training to train teachers at different levels.

- 12 + 2 (for students who live in better economic areas and finished grade 12, receive 2-year pedagogical training) and 9 + 2 (for those who live in remote and disadvantaged areas and provinces and finish schooling at grade 9, receive 2-year pedagogical training) to become pre-school and primary school teachers
- 12 + 2 (for those who successfully completed grade 12, receive 2-year pedagogical training) to become lower-secondary school teachers
- Bachelor + 1 to become upper-secondary school teachers

SUPPLY AND DEMAND OF TEACHERS

In 2010-2011, there were 84,437 teachers (44.55% female) in a total of 10,455 schools. In 2011-2012, there were 86,404 teachers (45.48% female) in a total of 11,046 schools throughout the country. That is, the teaching staff increased 1967 from the school year 2010-2011 to 2011-2012, while the enrolment decreased 67,027 from the school year 2010-2011 to 2011-2012 (MoEYS, 2011 and MoEYS, 2012).

According to MoEYS (2010), to improve effectiveness and education quality at an upper-secondary education level, NIE is able to supply between 500-900 upper-secondary school teachers with a Bachelor's degree. The six RTTCs each year train 1,500 lower-secondary school teachers, and the 18 PTTCs supply around 2,000 primary school teachers. PSTTC, moreover, trains about 200 pre-school teachers. In addition, MoEYS has established 15 resource centres which play a main role in providing in-service training for building up capacity of education officials, particularly, in the provinces where PTTC and RTTC do not exist. Finally, MoEYS produced a one-month-and-a-half in-service training programmes for teacher capacity development during summer vacations from 2006 till 2010. The purpose of this in-service teacher training programme was to build up competencies of 7,822 pre-school and primary school teachers to become basic education teachers (teachers who can teach from grade 1 to grade 9).

PRE-SERVICE TEACHER TRAINING (PRESET)

According to MoEYS (210), it is believed that all the graduates of any teacher training institution are considered as qualified when they are well-equipped with:

- general knowledge and deep knowledge of all subject areas they are going to teach;
- highly professional skills in teaching and in research for their own professional development;
- highly professional consciousness, good morale and behaviours toward others who share the same profession;
- an ability to communicate with schools and communities;
- an ability to maintain good relations with schools and communities for both community and national development;
- a spirit of participation in the local community development, especially in educating children to become capable individuals with good morale and behaviour (MoEYS, 2010).

QUALITY OF TEACHER TRAINERS

Due to fact that not many teacher trainers are able to make extra income from their private teaching to their own teacher trainees to support their family, while the salary is still very limited, all public teacher training institutions are unlikely to attract qualified teachers or teacher trainers to work for them. As a result, only the least qualified teachers or those who are not accepted to work in normal public schools come to work in the teacher training institutions. Teacher trainers have not gone through a proper trainer training programme provided by MoEYS. However, on-the-job-training in the form of technical meetings and demonstration classes (MoEYS, 2010), and some short in-service teacher training courses are offered on a non-regular basis to build up their training competence. Teacher training curricula are being upgraded, but the teacher trainers have not been well-oriented to use these new teacher training curricula (MoEYS, 2010).

As far as the quality of lecturers of higher education is concerned, some lecturers of some subject areas who have received graduate degrees and above of the subject content areas such as business, environment, engineering, law and so forth, do not have much knowledge of teaching pedagogy and methodologies of how to deliver those subject areas to their students effectively. This may be due to the fact that the Education Law article 20 does not require those lecturers and staff who are working at higher educational institutions to undergo any pedagogical training organised by the ministry in charge of education (Education Law, 2007, art. 20).

MANAGEMENT OF TEACHER TRAINING INSTITUTIONS

To enhance the institutional development and capacity building for decentralisation, Teacher Training Centers have taken some actions as follows:

- Showing and sharing a vision, mission and strategic goals in all the concerned units;
- Developing specific job description to each unit and a clear division of work to staff; and
- Giving opportunities to trainees to develop a common class discipline and to encourage them to practise it (MoEYS, 2010).

FINANCE

To implement the second policy “Enhance quality and efficiency of education services,” and the third policy “Ensuring effective leadership and management of education staff at all levels” (MoEYS, 2014), the RGC has allocated very limited budget of around US\$7,500.00 to each TTC per year for school maintenance and about US\$30 per teacher trainee per year for several training activities in addition to teacher trainers’ salary and other limited school operational budget. In addition, each trainee receives US\$2.5 per month as their monthly scholarship during their training programme (MoEYS, 2010). A critical question is: how can the education quality be enhanced while the overall budget is too limited? No inexpensive training programme can ensure good quality of its education. Lack of funding from the RGC is one main reason that makes TTCs unattractive places for more qualified teacher trainers to work for.

PRESET Monitoring and Evaluation

Due to the Teacher Development Master Plan 2010-2014 (MoEYS, 2010), the purpose of monitoring and evaluation is to improve the quality of teacher training programmes and training curriculum. Every educational authority level has its own monitoring and evaluation mechanisms to supervise teacher training at each TTC level. For example, MoEYS has its own subordinate department whose officials are responsible for monitoring and evaluation of training at all training levels including the national one. At a provincial level, a technical working team, assigned by the provincial office of education (POE), visits, monitors and evaluates the training programmes conducted at PTTCs. While at a training school level, a school management team is responsible for supervision of the training activities.

In theory, training technical committee is assigned at every level to monitor and evaluate teacher training programmes. However, in practice, those members of those committees are neither qualified nor committed to the job they are assigned to do. Thus, how can the training quality be assured when both the supervisors and the training practitioners are not qualified enough for the job and not committed to it?

IN-SERVICE TEACHER TRAINING (INSET)

The Teacher Development Master Plan 2010-2014 suggested three types of INSET run at three training education levels (MoEYS, 2010) as follows:

- On-the-job-training (a school-based INSET which is organized and conducted by a school in the form of technical team meeting or class demonstration);
- A seminar-type INSET, organized by POEs for aiming at upgrading competency of teachers in every province; and
- A workshop-type INSET, organized by MoEYS for aiming at building up capacity of teacher trainers who continually deliver the training they received to other teachers or trainees.

For the last ten years, various training programmes and workshops have been planned, organised and conducted under the Priority Action Plan (PAP) budget which was later called as Programme-based Budget (PB) to train master trainers, trainers, teachers and teacher trainees across the country to upgrade their pedagogical skills and competencies.

INSET Monitoring and Evaluation

Due to the Teacher Development Master Plan 2010-2014, monitoring and evaluation of school and TTCs performance is the responsibility of the technical departments at the national level and concerned units at the sub-national level. Monitoring and evaluation guidelines and regulations are developed by any concerned education department. Educational supervisors and master trainers always monitor those training programmes and workshops conducted at a national, sub-national, regional or provincial level. To measure the effectiveness of those training programs and activities, some follow-up activities are often made by MoEYS educational officials (MoEYS, 2010).

5. ANALYSIS OF CURRENT SOCIAL, CULTURAL, POLITICAL, ECONOMIC, ENVIRONMENTAL AND GLOBAL ISSUES

This section will analyse some major current social, cultural, political, economic, environmental and global issues from both local and global perspectives.

Current Social Issues

Social problems occur when people are not well-educated, and when the country faces poverty. When people are not well-educated, teachers are the ones who would be blamed the most. Due to the researcher’s

observation, many young people living in the remote areas and provinces leave school in an early age because of various reasons such as poverty, insufficient teacher supply, poor teaching quality, teachers' absenteeism, lack of motivation and so forth. When they leave school very early, they cannot receive enough education to enable them to lead their good life and earn a better living for the rest of their life. Without proper education, how can they get rid of poverty? How can they solve daily problems and conflicts they face peacefully? If people are not educated, they cannot critically think about the problems and find ways to either fix or prevent them. Like many other developing countries whose illiteracy rates are high, some common social problems and issues in Cambodia include domestic violence, robbery, theft, murders, gambling, sexual abuses, drug abuses, corruption, and social injustice.

Current Cultural Issues

The awareness of different cultures of different groups of local and international peoples does not appear to be introduced well enough in school programs at most school and teacher training levels. For example, high school and teacher training curricula at national, regional and provincial levels do not include some studies of different cultures and peoples around the region and the globe. This may not make school leavers and new teachers understand those peoples and their cultures well and have bad perceptions of other cultures different from Khmer. Without some common understanding of different cultures and beliefs of different peoples, it would bring to cultural and social unrest of different groups of peoples, and finally would lead to some conflicts and violence between different groups of peoples.

Current Political Issues

Education Law article 34 states very clearly that "Educational establishments and institutions shall respect the principles of neutrality. Political activities and/or propaganda for any political party in educational establishments and institutions shall be completely banned," (Education Law, 2007, art. 34). Fortunately, to be in line with the Cambodian Constitution which allows all Khmer individuals to participate actively not only in the political but also economic, social and cultural life of the nation (Constitution of the Kingdom of Cambodia, 2004, ch. iii, art. 35), the Education Law does not ban the teachers from taking part in any political activity such as public political forum, political debate and political discussion at all. However, in practice, when some teachers support any political party they like, some other people who support other political party or parties painted a black picture of them. Some teachers in Cambodia are pressured to support a particular political party that they do not like. Some schools in Cambodia try to restrict their teachers not to be involved in any political activities such as demonstrations and strikes, public debates and political forums despite the fact that this restriction is against the Cambodian National Constitution. This may cause some conflicts, violence, or discrimination among teachers and people in the same organisation or community, especially during any general election campaign.

Economic Issues

It appears that low pay maybe the only main reason that weakens teachers' motivation and commitment to work. The low pay makes teachers suffer and encourages them to look at other jobs to earn extra income to support themselves. When paying more attention to other jobs, they have no time to spend on their professional development, planning lessons, and to work more effectively. The public have bad perception on teachers, and some people no longer respect the teachers like the way they respected the teachers in the past. A teaching position is not attractive enough to motivate more qualified school graduates to become teachers although many people may acknowledge that they become well-educated or not depending on teachers. It has been noticed that the social status of teachers in Cambodia has declined for the last few decades.

Poor training quality due to low training budget and unqualified teacher trainers would produce less-qualified teachers who will produce less-qualified human resources for the nation. The low salaries of the teachers, teacher trainers and professors would not attract qualified candidates to enter the teaching service. For example, the new public teacher recruitment exams used to be conducted ahead before other public career recruitment ones in the past when the salaries of the teachers were very high. In contrast, the new teacher recruitment exams for the last thirty years have come last compared to other career recruitment exams. This makes it more unlikely that the teaching career in Cambodia can attract qualified candidates.

Current Environmental Issues

Human lives are much threatened by the damage of environment worldwide. Technology and economics have been developed remarkably, while the global warming has become a terrible concern for all nations. According to a report by West (2014), the global warming could impact people's health in different ways such as increasing the spread of infectious diseases like malaria and dengue fever, creating opportunities for seriously fatal malnutrition and diarrhea, and increasing more natural disasters such as storms and floods. The global

warming has not only contributed to hundred thousands of deaths and a huge number of diseases and illnesses which cost billions of dollars so far but also threatens human's future health severely (West, 2014). Local and global environment has been significantly harmful because of the wastes produced by industrial factories and nuclear energy in the developed nations, and deforestations in the developing countries.

Current Global Issues

Globalisation has enlarged itself faster than the enhancement of education curricula and programmes in Cambodia. High school education and teacher training curricula have not taken the global issues into account yet so far, while the global contexts and changes have impact Khmer people's living a great deal. The way people run business, trading, access to information, dealing with financial matters, employment, education, and democracy development have much been influenced by the globalisation and global changes. Some globalisation theorists view, "Globalisation has brought better health, as well as an active global civil society fighting for more democracy and greater social justice," (as cited in Olssen, Codd and O'Neill, 2004, p.6). This is more likely true due to the fact that the most developed democratic countries are more powerful in terms of economy, military, technology and finance which can give positive influences to the developing undemocratic countries. Through their financial aids and loans, free trading agreements through WTO and other influential international agencies, those most developed nations usually require some political conditions to be met when agreements are made between them and the developing nations.

6. THE ANALYSIS OF GLOBAL TEACHER'S NEEDS

According to the Teacher Development Master Plan 2010-2014, all the graduates of any teacher training institution in Cambodia are considered as qualified when they are well-equipped with the following qualities:

- general knowledge and deep knowledge of all subject areas they are going to teach;
- highly professional skills in teaching and in research for their own professional development;
- highly professional consciousness, good morale and behaviours toward others who share the same profession;
- an ability to communicate with schools and communities;
- an ability to maintain good relations with schools and communities for both community and national development;
- a spirit of participation in the local community development, especially in educating children to become capable individuals with good morale and behaviour (MoEYS, 2010, p. 5).

Based on the operational definition of the Global Teacher qualities mentioned in the above study framework, all the above teacher standards set by MoEYS do not match the defined qualities of the global teacher. Only two teacher standards: an ability to communicate with schools and communities, and an ability to maintain good relations with schools and communities for both community and national development are very similar to one of the Global Teacher qualities: a new teacher has effective communication skills. The other two teacher standards set by MoEYS: general knowledge and deep knowledge of all subject areas they are going to teach, and highly professional skills in teaching and in research for their own professional development, also look similar to another Global Teacher quality which is written as a new teacher is highly competent with higher academic degrees. But based on reality, only the new teachers graduated from National Institute (NIE) receive a BA's degree although the rest of the teacher graduates from RTTCs, PTTCs and PSTTC are supposed to have highly professional skills in teaching and in the subject matters. Many teacher graduates in Cambodia are unlikely to have highly professional skills in research due to poor training quality and limited research initiatives at all teacher training institution levels at present.

To respond to global changes and contexts, teacher education programmes shall be established in a more comprehensive way in which different factors such as social, cultural, political, economic, and global factors shall be taken into account. Those teacher education curricula are designed to ensure that the new teachers shall earn higher academic degrees, be better equipped with broad knowledge of the subject matters and with greater teaching competencies; shall have better understanding of cross-cultures, different religions of different groups of peoples; shall have more effective global generic skills which include self-confidence, inter-personal and communication skills, and creative skills; shall become more effective critical thinkers and problem solvers; shall have adequate knowledge about the developments of the world (Russo and Osborne, n.d.) and about human rights including UN convention on child rights (Cathy, 2005), woman rights and gender; shall have broader knowledge of technology and be able to use information technology for improving their teaching

profession; shall use a foreign or second language effectively (Russo and Osborne, n.d.); shall have good knowledge of democracy; and shall be life-long learners.

In the next stage, this paper will analyze the Global Teacher's needs based on the eight defined Global Teacher qualities in more details.

- **A Global Teacher is Highly Competent with Higher Academic Degrees**

The fact is in many developed countries, such as the United States, England, Switzerland, Norway, Netherlands, Germany, Australia, Singapore, and so forth, new teachers who graduate with a Bachelor's degree, a Master's degree and sometimes a Doctoral degree are recruited to teach at any school level. That means new teachers become more qualified; they spend longer period on training and researching. In addition, in-service training is conducted during their working contract to support teachers and make them develop their teaching career further. Some countries set teacher standards for teachers and provide recognition certificates or teaching license for them.

However, according to the ESP 2014-2018, MoEYS plans to upgrade pre-school and primary school teacher training system from a current formula of "9 + 2" to a formula of "12 + 2" while the pre-service teacher training for lower secondary school teachers will stay with the same formula of "12 + 2" and the pre-service teacher training programme for the upper secondary school teachers will stay with the same formula of "Bachelor's degree + 1" (MoEYS, ESP 2014-2018, 2014). In the ESP 2014-2018, MoEYS also plans to upgrade teacher training programmes from the year 2020 onward. The 2020 plan will upgrade the teacher training programmes for the pre-school, primary school, and lower secondary school teachers with a formula of "12 + 4 or Bachelor's degree + 1" and the pre-school teacher training programme with a formula of "Bachelor's degree + 1" and "Master's degree + 1" (MoEYS, ESP 2014-2018).

Based on the new training reform mentioned above, in terms of teacher training, Cambodia is still far behind some countries in the region and other nations around the globe. Regarding the improvement of the quality of higher education, lecturers and teaching staff of all subject areas shall be undergo the pedagogical training programme. Knowing the subject matters well does not mean that they are able to deliver the content of those subjects effectively. They need to learn how to deliver the content effectively, too.

- **A Global Teacher Has Global Generic Competencies**

Generic competencies or skills such as self-confidence, inter-personal and communication skills, critical thinking and problem solving skills, creativity, flexibility and computer skills play a crucial role in the new teacher education programmes to prepare new teachers to become the global ones who can move around the globe to teach, and who can teach students to become global citizens. So far many Cambodian high school and university graduates have very limited generic skills and other life skills. According the study conducted by UNDP (2011), most Cambodian employees have lack of soft skills which are defined by the World Bank as "thinking skills, both critical and creative, and behavioral skills, including perseverance, self-discipline and teamwork," (as cited in UNDP, 2011, p. 50). Thus, soft skills which refer to generic skills here still remain a great challenge not only for Cambodian school and university graduates but also for most of Cambodian teachers.

- **A Global Teacher Has Adequate Knowledge of Cross-cultures and Different Beliefs of Different Peoples**

Awareness of different cultures of different peoples around the globe has to be integrated in the teacher education programs, as a lot of problems happen at a workplace, especially at private educational institutions, where different people of different cultures, different skin colors and beliefs are working. Teacher training programmes have also to prepare new teachers to be able to teach students of different cultures, beliefs, religions and ethnic groups to enable them to adapt themselves to those, and to have better perception of those people of differences. The classroom setting would become complex and diversified, as different students who come from different ethnic groups, of different ages, from different family backgrounds, and nationalities, bring different cultures, beliefs and ideas to the classroom. If this cultural aspect is not taken into account in the future teacher development policy and in teacher training programmes, different social and cultural problems may occur inside the classroom as well in society.

- **A Global Teacher Has Adequate Knowledge about Developments of the World and Human Rights Including UN Convention on Child Rights, Woman Rights and Gender**

To be a Global Teacher, she or he needs to know a great deal about the developments of the world in various areas such as some histories, economics, politics, cultures, environment, science and technology. This is similar

to one of the five characteristics of a Globally Competent Student that Russo and Osborne (n.d.) claimed. One of the five characteristics that they raised is that a globally competent student should have “a diverse and knowledgeable worldview” (p. 1). The globally competent student should critically think and see what has happened around the world from different viewpoints (Russo and Osborne, n.d.). Moreover, in order to value and respect every individual, human rights, child’s rights, woman’s rights and other UN conventions play a very important role in education, especially, in teacher training programmes. The newly-trained teachers need to have adequate knowledge of universal human rights, woman’s rights, and child’s rights so that they can respect and promote the common rights of all humans, women and children locally and internationally. The teachers should know well that every child on earth has his or her basic rights to education. No child is allowed to stay outside school. The teachers also need to understand rights and responsibilities of those individuals in a global context and the interrelationship between the global and the local contexts. By understanding the rights of those groups, the teachers may be able to avoid any form of abuses of those rights when practising their teaching responsibilities and tasks.

- **A Global Teacher Has Broader Knowledge of Technology and Information Technology**

Technology and information technology (IT) play a crucial role in globalisation and internationalisation. Without technology and IT, globalisation may not exist, and individual nations would not be greatly influenced by global changes of different factors such social, cultural, political, economic and environmental ones. Without technology and IT, banking industry could not be operated internationally and nationally with ease. As far as education is concerned, technology and IT help teachers to have access to various electronic sources of information to improve their teaching skills through searching the internet, and to communicate with other people around the globe. They are also able to have access to different e-library and e-books to develop their teaching skills, do self-study and to facilitate their life-long learning. Without high technology and IT, developments of the world would not be able to move to this level of advancement.

Regarding policies of education toward technology, Ben-Peretz (2009) views that policies of education should take technological revolution into account and find ways to make it relevant to support the better world we live in. Within the field of technology education, Ben-Peretz refers to what others (Cary, 1998, as cited in Boyd-Barrett, 2000, p.513) viewed as media education which wishes to improve children’s critical thinking and understanding of the media such as television, film, radio, photography, popular music, printed materials and computer software for their better decision (Ben-Peretz, 2009). If the technology education is essential for normal school curricula for children and students at schools, why cannot it be sufficiently integrated in teacher training curricula in Cambodia?

- **A Global Teacher is Proficient in a Foreign or Second Language**

In addition to the technology and IT, language, particularly English, plays a key role in globalisation, communication and developments of individuals, the nation and the world. According to Russo and Osborne (n.d.), who wrote an article entitled “The Global Competent Student,” acknowledged that a foreign language opened the door to a better awareness of the cultures and peoples who use that language. They believed that a person who had a certain foreign language competency level could learn basic cross-cultural communication skills through some learning about other countries, peoples and cultures. The Global Teachers need to have knowledge of historical, technological, economic, cultural, scientific, educational and environmental developments of the world by using English as a tool to have access to the information of those.

Due to the Education Law article 24, foreign languages which are international ones must be taught as subjects at only fundamental educational programmes of general education, but not in other programmes such as teacher training programmes. It states “Foreign languages, which are international languages, shall be specifically determined as subjects for the fundamental educational programmes of general education in accordance with the learners’ needs.” (Education Law, 2007, article 24). Foreign language like English has been introduced at both lower and upper secondary school levels. However, they have not been taught and learned well due to a lack of foreign language teachers and textbooks, especially, at rural and remote areas in Cambodia.

An international language such as English must be taught in any education programme in order to respond to the global changes and contexts. If the teacher knows the subject matter very well but cannot use a language to communicate with the staff and students of other countries, she or he cannot teach their own subject using their own mother tongue, which is not understood by others. For example, the teacher who uses English very well can teach in any school that uses English as the medium of instruction.

Thus, if a teacher is able to use English and IT very well, she or he is able to improve their knowledge of the developments of the world, and to upgrade their professional development as well as their teaching competencies more easily within their own available time.

- **A Global Teacher Has Adequate Knowledge of Democracy**

Democracy is life of people on earth, and it needs to be taken into account in education. It is said that in order to promote democracy, people should be well-educated. In a democratic world, democracy is practiced in every sector including education. To make one nation become entirely democratic, concept and practice of democracy should be introduced from a kindergarten education level up to a higher education in any democratic country's education system. Due to complexities and diversities of any society, education plays a crucial role in helping its people to deal with those peacefully in perfect harmony. To enable education to address those complexities and diversities of people of their society, democracy would be introduced and practiced in education. Regarding democracy in education, John (2007) points out that:

A society which makes provision for participation in its good of all its members on equal terms and which secures flexible readjustment of its institutions through interaction of the different forms of associated life is in so far democratic. Such a society must have a type of education which gives individuals a personal interest in social relationships and control, and the habits of mind which secure social changes without introducing disorder. (p. 84)

Everyone including an individual student within any educational institution has their own rights to say things they like and things they do not like about the services, school curricula, school development and school policy. They are also able to give some recommendations for the better change and development of the institution. By practicing the democracy among all the people within the institution, it would make it a better place for better education.

- **A Global Teacher is a Life-long Learner**

Learning has no end. To upgrade one's knowledge and competencies, she or he needs to keep learning, as various developments of the world have been built on all the time from one generation to another. Technology, science, economics, education, social interaction and cultures, politics, and environment have developed and changed very fast to meet real demands and unfinished ambitions of people around the globe. The Global Teacher in the modern world needs to learn these developments of the world. In addition, there are too many things that every individual may find hard to learn. However, if she or he continues learning something related to their own profession, she or he will be able to know more and become more competent. Russo and Osborne (n.d.) raised a similar point regarding life-long learning which they refer to as carrying global competencies throughout life, one of the five characteristics of a Globally Competent Student. They viewed that the globally competent student continued to upgrade their competencies through the established framework, which they referred to the five characteristics of the Globally Competent Student, throughout their whole life. They believed that what competencies the students have personally gained would make them become globally competent citizens who would be more beneficial for the public good at both a local and global level (Russo and Osborne, n.d.). One thing that some people would want to become a teacher is due to the fact that the teacher keeps learning throughout her or his life. It is similar to the situation of the Globally Competent Student. When the teacher builds better knowledge and competencies throughout her or his life, she or he will contribute the knowledge and skills for more locally and globally competent citizens for their better global village.

In short, MoEYS has upgraded teacher training systems to enhance the quality of education in Cambodia. Some progress has been made with teacher training and educational legal framework. However, based on the Global Teacher qualities defined earlier, the teacher standards of new teachers set by MoEYS do not meet those yet.

7. ARE THE EDUCATION LAW, EDUCATION POLICY, THE TEACHER POLICY AND TEACHER DEVELOPMENT MASTER PLAN-2010-2014 ABLE TO SOLVE CAMBODIAN CURRENT SOCIAL, CULTURAL, POLITICAL, ECONOMIC AND ENVIRONMENTAL ISSUES AFFECTED BY THE GLOBALIZATION?

Education Law and Education Policy are initiated to give direction of education and to solve various complex problems and issues that people of a nation have faced in their daily life. Some scholars also view that "Policies are response to change, an attempt to guide or manage change," (Connell et al., 2008, p. 2). This section wishes to analyze and discuss the current Education Law and other education-related policies to find out whether these law and policies are able to address current social, economic, cultural, political problems and issues Cambodia is facing.

Responding to Current Social Issues

There were many social problems and issues that the Education Law, Education Policy and Teacher Development Master Plan 2010-2014 have not addressed yet. Because of poverty, many young people leave school at an early age for a labor market, and this would cause a lot of social problems and issues in a long run. More sufficient teacher supply, new better qualified teachers, better living conditions of teachers, more effective teacher professional development programmes should be taken into a more serious consideration. The teachers' salaries in Cambodia are still very limited compared to a rapid increase of inflation every year. Teaching and learning quality has not been improved much due to a lack of teaching resources, educational budget, inadequate teaching compensation, and a poor monitoring and evaluation system in the education sector. This would be true that the poor education delivery would definitely produce the poor quality of life of the people and the community who receive it either directly or indirectly. As a result, many different forms of violence including murders, robberies, rapes and accidents are reported through local media every day.

Responding to Current Economic Issues

The Education Law and Education Policy only state more about effectiveness and efficiency of teacher education, but fail to mention sufficiency and adequacy of teachers' salaries and quality life of teachers. In spite of the fact that teachers' low motivation and commitment to work may be caused by some other factors, such as poor working condition, lack of incentives, no opportunity for professional growth and development, many people may see that low pay could be a potential cause to demotivate teachers to work hard. Although the Teacher Policy (MoEYS, 2013) is willing to improve teacher training quality, teacher's living and working conditions, and to raise the social status of teachers in Cambodia, it will take Cambodia a long time from now on. According to the real situations of weak political will, low commitment, limited educational budget these days, it is unlikely to realise the current Teacher Policy.

Responding to Current Cultural Issues

The Education Law, Education Policy, and the Teacher Policy do not state an integration of different cultures, beliefs and even religions of different groups of peoples into the teacher education programmes. Due to the globalisation concepts, learners should be taught to understand other peoples' different cultures so that they are able to work and live together peacefully with harmony. According to Olssen, Codd and O'Neill (2004), people of most nations have been aware of cultural differences through international education, mass media, the growth of people migration, tourism, global economics, and politically and diplomatically international connection from one nation to another worldwide. To train the Cambodian teachers to prepare their students for global citizens, teachers should be trained to understand different cultures and beliefs of different peoples to enable them to cope with different peoples of different cultures.

Due to the globalization, people move around from place to place to work or run their own business. When they move, their children also move, too. Those children must attend schools in which there are children from different racial, economic and cultural backgrounds. For example, some private schools in the Phnom Penh capital accept different children of various nationalities and cultures to study. They do not just accept the Khmer children. It even becomes more cosmopolitan for other countries, such as Singapore, Malaysia, America, Australia and England. Children of different nationalities and family backgrounds enroll in the same schools. In order to teach and deal with those different children, teachers should be well-trained on how to deal with those from different cultural, social and economic backgrounds.

Responding to Current Political Issues

Due to the fact that the Kingdom of Cambodia adopts liberal multi-party democracy (Constitution of the Kingdom of Cambodia, 2004, ch. i, art. 1 and ch. iv, art. 51), the concept of democracy shall be widely introduced at all general education levels and all teacher training programmes. All the citizens of the democratic nations have their rights to learn what democracy is and how it is practised by their own government, as well as administrative bodies under the government, and by all the people so that their rights are not violated. Human rights are known as the basic foundation of democracy. If children, students and people do not understand what it is and how every individual's rights are used and protected by the constitution, it is unlikely that the whole country is democratic. In Cambodia, both theories and practice of the democracy have not been learned broadly by most of the Cambodian people from school, the media and other means. That might be the main reason that the rights of individuals are not respected well by anyone who has higher authority. Human rights which are the basic rights of every individual, especially of vulnerable and disadvantaged people in Cambodia, have been restricted and sometimes taken away although they are protected by the National Constitution of the Kingdom of Cambodia. However, when all the teachers and younger generations learn about the democracy, human rights and the constitution, all the people including the leaders will be able to live together with greater harmony and

better kindness to one another. As a result, the country will be developed much faster and the genuine peace could be sustainable in a long run.

Responding to Current Global Issues

The Education Law, Education Policy, the Teacher Policy and the Teacher Development Master Plan 2010-2014 do not emphasise concern about globalisation and global changes. Olssen, Codd and O'Neill (2004) have considered the 'new' ways in which the individual country is influenced by the developed world through these three interrelated factors such as economy, culture and politics. Due to economic globalisation and the advancement of technology, a new trend of education in the 21st century is globalisation of education. Due to the common European Union, integration of ASEAN economy in 2015, the WTO, and better diplomatic relationships between different nations around the globe, the international trading and great demand of workforces have become one among other global issues. According to Ben-Peretz (2009), Hartley raises three potential influences that global issues may impact teacher education. Those include economic globalisation, the demand for a new knowledge base, and the decrease of social and cultural differences (as cited in Ben-Peretz, 2009).

8. DO EDUCATION LAW, EDUCATION POLICY, THE TEACHER POLICY AND THE TEACHER DEVELOPMENT MASTER PLAN 2010-2014 RESPOND TO REAL NEEDS OF TEACHERS AT THE GLOBALISATION ERA?

The Education Law and other education-related policies are supposed to be set up for solving current issues, to respond to social changes, and for future development of the nation. They look at different perspectives of different factors that may have great impact on education development and advancement of the nation. However, The Education Law, the Education Policy, the Teacher Policy and Teacher Development Master Plan 2010-2014 do not state great emphasis on any concern regarding global changes. This contrasts to what Ben-Peretz (2009) points out here 'New policies in education are expected to deal with some globally shared issues,' (p.73). Cambodian graduates will not be able to address some globally shared issues if the global influential factors are not taken into account when the policies are made.

In fact, the Education Law in article 27 allows MoEYS to be responsible for developing, reviewing and modifying any education-related policies, principles, plans and strategies. The article 27 states:

The Ministry in charge of education shall set up a master plan for developing the education sector in compliance with the policy of the Supreme National Council of Education, and be responsible for developing, reviewing and modifying education policies, principles, plans and strategies in accordance with the national policies and strategic development plans (Education Law, 2007, ch. 6).

This Education Law looks clear enough. Nevertheless, MoEYS has been unlikely to sufficiently interpret the law into more reliable, realistic and holistic education policy, the Teacher Policy and the future Teacher Development Policy, which could solve current issues, respond to the global context and changes, and respond to the real needs of learners, particularly new Khmer teachers, in the 21st century in which globalisation has a huge impact on all local factors such as society, cultures, politics, education, economy and employment.

As far as Teacher Development Master Plan 2010-2014 is concerned, the four prioritised strategies which are determined are unlikely to enable new teachers to achieve those common global teacher qualities mentioned early on. Here are the following prioritised strategies written in the Teacher Development Master Plan 2010-2014 (MoEYS, 2010):

- Strategy 1: Enhancing equitable access to education service through teacher development**
- Strategy 1.1: Improving the effectiveness of teacher deployment
- Strategy 1.2: Ensuring provisions of teachers in remote and disadvantaged areas
- Strategy 1.3: Improving the living and working conditions of teacher trainers and teacher trainees
- Strategy 2: Improving quality and efficiency of education service**
- Strategy 2.1: Upgrading quality of teacher training through improvement of training curriculum and pedagogy
- Strategy 2.2: Strengthening the in-service training system
- Strategy 2.3: Constructing and renovating TTC facilities
- Strategy 3: Promoting institutional development and capacity building for decentralisation**
- Strategy 3.1: Strengthening management, administration and leadership skills

Strategy 4: Addressing cross-cutting issues

Strategy 4.1: Promoting participation of women in teacher development programs
(MoEYS, 2010, p.12)

In the Teacher Development Master Plan 2010-2014, information and communication technology is included in the support program 2.1.3 which states, 'Promoting the use of Information and Communication Technology (ICT) in teaching and learning,' (MoEYS, 2010, p. 16). In the above strategy 2.1, it mentions about the upgrading quality of teacher training, but it is to what extent the upgrading of the training quality and what content the new teacher education programs cover are not clear.

In the Teacher Policy (MoEYS, 2013), nine main strategies are suggested:

- Strategy 1: Producing official letters, sub-decrees and mechanisms
- Strategy 2: Attracting qualified candidates to enter the teaching career
- Strategy 3: Developing teacher training standards
- Strategy 4: Upgrading teacher training institutions
- Strategy 5: Strengthening teacher's administration
- Strategy 6: Developing teacher competencies during employment
- Strategy 7: Compensating and retaining teachers
- Strategy 8: Improving effectiveness of school leadership
- Strategy 9: Improving teacher's monitoring and evaluation system

Due to the limited educational budget and inadequate qualified teacher trainers and university lecturers that Cambodia is facing, it seems unlikely to implement the above strategies set in the Teacher Policy approved in 2013. They could not be succeeded unless greater effort and commitment from the Royal Government of the Kingdom of Cambodia could be more highly considered and a longer period of time would be needed.

9. CHALLENGES TO BE ADDRESSED TO PREPARE NEW TEACHERS AND YOUNG LEARNERS TO BECOME QUALIFIED GLOBAL TEACHERS AND CITIZENS

Although some progresses regarding teacher training systems have been made, there are many issues and challenges that still need to be addressed. Those remaining challenges facing the Education Law, the Education Policy, the Teacher Policy and Teacher Development Master Plan 2010-2014 are as follows:

- The Education Law states clear measure for monitoring and evaluation of the education policy and their implementation done by the National Supreme Council of Education and MoEYS. However, it does not mention any measure of the Education Law itself (see the Education Law article, 5, 9, 22 and 27 for further details).
- The newly designed teacher training programmes will not be able to prepare the new teachers to become the global teachers who can educate the next Khmer generations to become global citizens, as the Education Law, Education Policy, the Teacher Policy and Teacher Development Master Plan 2010-2014 do not put a great emphasis on any concern regarding global changes, second or foreign languages, cultural awareness, and other global generic competencies such as critical thinking and problem-solving skills, self-confidence, creative skills, and effective interpersonal and communication skills.
- The Education Law and Education Policy only state more about effectiveness and efficiency of teacher education, but fail to mention about sufficiency and adequacy of teachers' salary and quality of life of the teachers.
- Although the Education Law states very clearly about neutrality of the education sector and bans all political activities and propagandas in any educational institution, Cambodian teachers have their own full rights, which are protected by the National Constitution, to support and participate in any particular political activity and party they wish outside their educational institution they work for. Like other normal Cambodians, the teachers and civil servants are allowed to be involved in any political, religious or social activity that is non-violent and does not harm social stability and security. Thus, the proper monitoring and evaluation of the practice of the National Constitution towards the teachers shall require greater attention.
- Regarding political globalization, Education Policy, the Teacher Policy and Teacher Development Master Plan 2010-2014 do not include awareness of global politics, especially the understanding of concepts and different roles of these important organisations such WTO, World Bank, Asia Development Bank (ADB), International Monetary Fund (IMF), European Union (EU), ASEAN, and so forth at any level of teacher training programmes.

- As far as the globalisation is concerned, the Education Law, Education Policy, the Teacher Policy and Teacher Development Master Plan 2010-2014 put a great emphasis on a local context, issues and demands rather than on the global ones. As a result, the qualifications, teaching competencies and knowledge of new teachers are still limited.
- Despite the fact that the concept of democracy is mentioned in different articles of the Education Law related to teacher's rights, parent's rights and children's rights, teacher training programmes have not included democratic concept and its practice to enable new teachers to understand the concept of democracy and to apply it in their teaching and daily life, as the democracy is not considered only as political but also as social interactions and relationships of every individual in the society.
- Education Law and Education Policy are unlikely to assure annual adequate national budget for the effectiveness and sufficiency of education as a whole and of teacher training programmes, in particular.
- The existing Provincial Teacher Training Centers (PTTCs), Regional Teacher Training Centers (RTTCs), Pre-school Teacher Training Center (PSTTC) are unable to train teachers to become highly competent with degree programmes due to the lack of competent teacher trainers who have received higher education degrees and limited annual training budget.
- Article 20 of the Education Law is still not strong enough to support the enhancement of education quality at the higher education level, as it does not require teaching staff and lecturers who have received graduate and post graduate degrees of the subject content to receive any pedagogical training on how to teach their subject matters. It is an only assumption that those who have adequate knowledge of the subject matters could teach those subjects with high quality.
- The teacher standards set by MoEYS are still insufficient compared to the global teacher qualities defined and discussed in this paper. RGC and MoEYS need to review the Education Law, Education Policy, the Teacher Policy and Teacher Development Policy to make sure any teacher training programme is able to train new teachers to meet the defined global teacher qualities.
- Soft skills, which refer to global generic skills in this paper, still remain a great challenge not only for Cambodian school and university graduates but also for most of Cambodian teachers.

10. CONCLUSION

Both RGC and MoEYS have invested quite a great deal on an education sector under limited resources. Some significant progresses have been made with education. Educational infrastructure, such as schools, libraries and training centres, has been constructed. Private universities and schools have been open to absorb high school graduates for their further higher education. More and more Cambodian graduates and post-graduates, who have been trained overseas, come back to support education services in Cambodia. Teacher training systems and programmes have been developed and upgraded. In addition, a lot of legal educational documents have been developed to support and promote education services.

However, according to the above findings, it is still a long way for Cambodian education to catch up the education in the region and the world. The Education Law, Education Policy and the Teacher Development Master Plan 2010-2014 put more emphasis on local context, issues and demands rather than the global context, issues and changes. Teacher training programmes offered by those teacher training institutions across the country have not included some studies on any global factors and globalisation as a whole. As a result, those teacher training programmes cannot ensure that the new teachers would achieve those Global Teacher qualities which include receiving higher academic degrees with broad knowledge of the subject matters and with greater teaching competencies; better understanding of cross-cultures, different religions of different groups of peoples; having more effective global generic skills which include self-confidence, inter-personal and communication skills, and creative skills; becoming more effective critical thinkers and problem solvers; having knowledge about the developments of the world and human rights including UN convention on child's rights, woman's rights and gender; having broader knowledge of technology and being able to use information technology for improving their teaching profession; using foreign or second language effectively; and having good knowledge of democracy.

If the new teachers are still unqualified to meet those Global Teacher qualities, they will not be able to deliver education in the global context, and will not be able to teach next Khmer generations to become global citizens who could be employed outside Cambodia. In other words, if the newly-trained teachers are not qualified as

professionals in the field of education, they could not move around the regions or elsewhere outside to get a teaching position.

Obviously, the Education Law can be amended, and Education Policy, the Teacher Policy, and Teacher Development Master Plan can also be reviewed and modified, and the Teacher Development Policy could be developed (Education Law, article 27) to serve the real needs of people and solve their current problems and issues they are facing. They should not be treated as rigid and permanent documents. The policies and law cannot just be made without any follow-up, monitoring and evaluation, as the society always changes according to some changes and advancement of technology, global demands, environment, culture, and politics affected by the globalization. RGC and MoEYS have developed various types of laws and education-related policies so far. In order to monitor and evaluate the enforcement of those education law and policies, proper mechanisms for monitoring and evaluation of enforcement and implementation of them are necessary.

11. RECOMMENDATIONS FOR DEVELOPING QUALIFIED GLOBAL TEACHERS IN CAMBODIA

For better solution to these global issues and to respond to the global changes, each nation, particularly Cambodia, should provide a kind of education which makes their citizens become qualified global citizens (Ben-Peretz, 2009). In other words, the educated citizens should become more creative, critical thinkers (Ben-Peretz, 2009), critical problems solvers, have better communication skills, should be aware of different cultures and beliefs of different peoples within the region and around the globe so that they are able to respond to the requirements of the global economy, to be part of the new information age, and be actively involved in promoting equity and social justice (Ben-Peretz, 2009). The Education Law, Education Policy, the Teacher Policy and the future Teacher Development Policy should emphasise what Townsend and Bates point out regarding the establishment of education system as ‘an all-inclusive education system based on global ideas while maintaining local cultures and traditions’ (as cited in Ben-Peretz, 2009, p. 66). Otherwise, Cambodia can never catch up education standards of other countries within the region and the globe.

In responding to the globalisation, the global changes, ASEAN economy integration in the near future, the Education Law, the Education Policy, the Teacher Policy, the Teacher Development Master Plan should move beyond a local context, local issues and local demands by upgrading higher professional competencies of teachers and expanding teacher preparation period through the integration of global and regional contexts, issues, changes and demands.

In order to prepare Cambodian teachers to become globally qualified, the above challenges should be addressed through the following recommendations:

- Some articles of the *Education Law, the Education Policy, the Teacher Policy, the Teacher Development Master Plan* should be reviewed and modified to ensure that these education legal documents put greater emphasis not only on the local context and demands but also on regional and global demands, the challenges, the global trends in education and the context of globalization. The revised versions of those educational legal documents should focus on upgrading higher competencies of new teachers and extending teacher preparation periods and degrees to enable those new teachers to be the Global Teachers who can deliver better education quality to prepare the next Khmer generations to become global citizens who are able to address current issues and deal with global changes.
- The *revised Education Law* should ensure sufficiency and adequacy of teacher’s salary, compensations and quality of life of the teachers. It should also ensure the adequate annual national budget for education so that it is able to assure effectiveness and sufficiency of education and of teacher training programmes in particular.
- *Article 20 of the Education Law* should be amended to encourage all kinds of teachers and university lecturers to have certain pedagogical training before they can teach at any school level in order to ensure high quality of education delivery.
- In regard to *educational quality and effectiveness*, to respond to the Education Law in article 21, the education policy for addressing global impacts and changes should be formulated.
- Any educational institution which does not obey the *Education Law article 34*, which mentions about political interference from any agency or party, should be seriously punished by the Law.
- *Concept of democracy and its practice* at any education level and programme should be included in the *Education Policy* to make it in line with the national constitution.

- *PTTCs, RTTCs and PSTTC* should be upgraded to either teacher training colleges or teacher education universities which are able to deliver degree programmes so that they are able to train new teachers to become qualified global teachers who are able to produce global citizens in a long run.
- *Teacher education programmes*, at any level, should consider the great impacts of local and global teaching contexts, and some globalised influences, and should plan well for responding to these impacts.
- The *MoEYS think tank*, which consists of qualified local scholars with some technical support from international consultants, should be established to ensure that new education policy is effectively and sufficiently interpreted and developed from the Education Law.
- The *National Supreme Council of Education* should play a more effective role in monitoring and evaluating all education policies, including the teacher development policy, and their implementation, as mentioned in the Education Law.
- To be certain that the *Education Law* and *its implementation* are effective, the Law itself should formulate any measure and mechanisms for its monitoring and evaluation so that it could be reviewed and modified.

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SUPPLY CHAIN MANAGEMENT FOR DEVELOPING LEADERSHIP AND EMPLOYEE MOTIVATION BY USING KNOWLEDGE MANAGEMENT STRATEGIES

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ABSTRACT

In a dynamic global market, a business's supply chain can be source of risk or opportunity. Over the past few years, we have begun to see executives who have "cut their chops" in SCM. In ancient Greek fable about the tortoise and the hare, the speedy and over-confident hare fell asleep on the job, while the "slow and steady" turtle won the race. That may have been true in Aesop's time, but in today's demanding business environment "slow and steady" won't get you out of the starting gate, let alone win any race. To remain in competition, a company must seek new solution for important SCM issues like leadership, employee motivation. In an organization SCM occurs on every stage. Now it's essential to understand how it would come into picture for employee motivation and leadership. These days the organizations are facing a leadership crunch because of the employee. They don't want to own the responsibility and every company wants multitasking employees so this is the main reason for employee motivation. They don't want to get into leadership as it is a challenging job. The HR department is facing a problem in maintaining the leadership in the organization. Therefore here comes the role of creating and then maintaining a SCM for succession planning and how to evolve the skills and spirit of leadership in the employees. So specific KM strategies and constructs are identified as potentially contributing in SCM context. The "Knowledge lens" building approach is applied to impart these perspectives into SCM domains. This paper is a case study on how we practically develop the SCM for a well maintained leadership in our organization using techniques and various motivation theories.

INTRODUCTION

The business world is expanding, facing tough competition, thriving hard to survive and creating strategies to acquire newer markets and consumers. The ideas are innovative...the technology is sophisticated...the infrastructure is state of art... everything is so perfect. If everything is so perfect... then what made major IT giants like IBM and Oracle conduct surveys. These surveys were huge and extensive and were catering to one major issue LEADERSHIP. Yes, with everything being so perfect, we have a major leadership crunch. When I say we, it means us the global business fraternity. After the recession the business did face a huge turmoil, and the major setback was lost leadership. Lost leadership, low motivation levels, loose HR planning...Imagine what would happen if this continues... Well, this is what we are here to discuss.

SUPPLY CHAIN MANAGEMENT

Supply chain become more global and involves more players. It is increasingly important to manage new risk and leverage new opportunities. SCM offers the opportunity to capture the synergy of intra- and intercompany integration and management. In that sense, SCM deals with total business process excellence and represents a new way of managing the business and relationships with other members of the supply chain. It has often been claimed that in the modern world the competition is no longer between single companies but between supply chains. The challenge for firms today is namely not just to take up a supply chain management initiative but to implement it successfully. There are numerous definitions of the supply chain and supply chain management:

"The supply chain encompasses all of those activities associated With moving goods from the raw-materials stage through to the end user."

On the other hand, there are certain functions which some of us might feel logically belong to Supply Chain Management which companies feel are the proper domain of other departments. Most difficult to bring under the umbrella of Supply Chain Management are:

- ☐ Third party invoice payment/audit
- ☐ Sales forecasting
- ☐ Master production planning

Today Supply Chain Management includes services such as:

- Operational Analysis and Design Materials Handling
- Distribution Strategy
- Operational Improvements, Distribution Management
- Computer Systems
- Warehouse Design Project Management
- Operational Commissioning

LEADERSHIP

Leadership remains the major problem for people since olden days. It is very important yet it could not be defined properly for the satisfaction of everyone. It is called the heart of managerial process. People work in an organization need guidance and definite direction to accomplish the organizational goals. Thus leadership becomes the focus of organizational behavior as it means power and authority. It provides direction, guidance and confidence to the people working under him. Leaders activate the people to work and influence their behavior. The leader attracts other people and instigates to follow him and gave them vision for future. Thus:

“Leadership is a process of influencing people to direct their efforts towards the attainment of some particular goals”.

Here we can say leaders’ works as a DNA in SCM. So for this we develop supply chain leaders with some qualities like:-

- Being Tenacious
- High Self Confidence
- Striving for Continuous Improvement
- Attention to Detail while focusing on the “Big Picture”
- A willingness and ability to lead.



Therefore next key hire into your supply chain management function should be made with this in mind. Similarly how you develop talent in this area should reflect this reality. That’s not to say that every person you hire has to be a super strategist. But if someone within your SCM organization displays potential in this area, they should be nurtured. If a company – makes a decision tomorrow that you want your supply chain to be second to none in your industry and you go to market your search for an executive to accomplish this, what you are really asking for is someone to affect a change that will reverberate and resonate throughout your entire corporate structure. It is axiomatic in today’s business environment that **“leaders grow other leaders”**.

“Leaders must be close enough to relate to others but far enough ahead to motivate them.”

MOTIVATION

Organizational efficiency of any organization depends upon MOTIVATION. It’s most important factor as it deals with behavior of the employee. Performance depends upon behavior which is a mixture of the Ability and Motivation. Motivation bridges the gap between the ability to work and willingness to work. For ex- a person has the capacity to do the work but if he is not willing to do it the capacity becomes useless. The psychology of every individual is different from others and hence it is really difficult to ascertain in practice what devices and incentives will motivate a person towards desired goals.



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Motivation arises through unfulfilled need, want and desire. so the whole process starts with unfulfilled need and ends With goal or need fulfilment. For the achievement of goal We need a performance. And give their

best through the satisfaction by the organization. . Motivation can be considered the state of having encouragement to do something.

Motivation is dynamic and situational. The motives, behaviour and goal all are dynamic in nature. What drives a person today may not drive him tomorrow. His needs, behaviour, expectations remain changing. So it's dynamic. Same as it's based on situation if the organizational environment change so its effects employee motivation. It's a continuous process in nature because human wants unlimited. It's said that 'even' God cannot satisfy all human wants. With the satisfaction of one want another want probably of the higher order is created. All wants cannot be satisfied at the same time. It's basically a psychological need of every individual.

Motivation plays a very important role because the utilization of physical and financial resources depends on the ability and willingness of person to work.

Motivation = Ability x willingness

“Try not to become a man of success but a man of value”.

Knowledge is a much sought after word in today's world, rather it has always been. For centuries, the philosophers, the scientists, the psychologists, the academicians have all been searching the real meaning of knowledge. We would say, their quest was for a path.. a road map that would lead the awareness, the intellect, the information, the facts into a complete re-acquiring and re-discovering of what is known, which would not just be beneficial to self, but to the entire community. Knowledge was not to be left bounded into books and in great minds. It was... it is for everyone to understand and reuse it to the best of his intellect. Knowledge as defined by dictionaries is a fact or state of knowing with the perception of fact or truth having clear and certain mental apprehension. It is awareness of fact and circumstances.

Management a process of dealing with or controlling things is management. It is a process of reaching organizational goals by working with and through people and other organizational resources with the best of the abilities. Some people have even have defined management as a trickery, a deceit to achieve the goals and objectives determined by an organization.

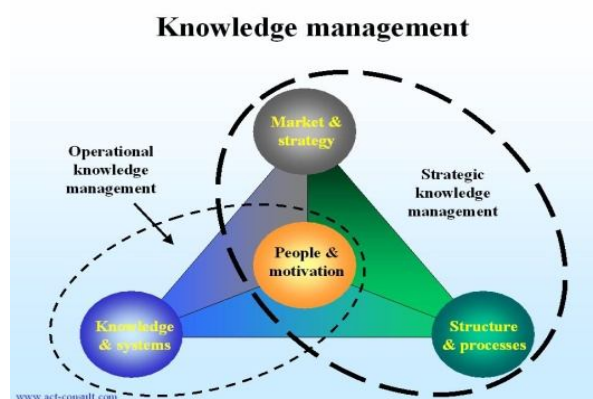
Hence, now if we have to club these two words together and give it a fair definition, it would turn up as fresh new practice with lots of historical data for reference.

Knowledge x Management = Knowledge Management

Knowledge Management can be defined as:

“A road map, awareness, a researching technique with facts and detailed analysis of situation utilizing the resources available to the optimal for achieving the organizational goals and objectives”.

Knowledge management is a practice which is happening in many organizations. Some think it as a major contributor in the achievements and there are many for whom this practice is more of an expenditure, perhaps still a taboo. Knowledge Management (KM), is not expenditure rather if utilized properly and in the right manner this process, this practice can curtail many unnecessary expenditure of an organization thereby giving it a process which is completely loss proof.



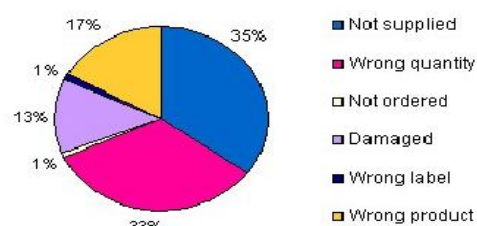
Knowledge Management (KM), is not expenditure rather if utilized properly and in the right manner this process, this practice can curtail many unnecessary expenditure of an organization thereby giving it a process which is completely loss proof.

KM is a new developing business model and like any other business model it needs to be strategized and implemented. It is an interdisciplinary model which deals with every level of the organization. KM is the process of capturing and utilizing an organization's collective expertise anywhere in the business- on paper, documents or in people's heads. It's about doing right things and not doing the things right.

The background: We have a training organization which deals into training institutions, corporate, spiritual training session etc. The organization has an office in Jhansi, Uttar Pradesh. The purpose behind starting our

operations in a place like UP was solely that we found the students were very intelligent, all they were missing was the spark, the style, the command over the language, the new age mannerism, the jargons, the internet lingo etc. We started training them. And we did hire trainers from the local area. Hiring of these locals was a well thought strategic decision. The mix of locals and people from out station was giving the organization a mix culture affect, it was more educating as the locals were more aware of the actual requirement of the trainees. This helped us developing more effective modules. Every person who is working in an organization belongs to same culture or religion not necessary or not possible. So they have to accept the work culture of the organization. The main purpose is to help expatriates in understanding the complex socio-cultural aspects of work culture and management practices and improving their effectiveness which helps in developing leadership quality in employees by motivating them. Each one of us on this earth has it the ability to lead and inspire. Begin with one small step. That's one step makes a difference. than you are able to do the thing your own self and independently. Don't let others stand in your way. Walk your own path. Some may laugh, so what. Other will follow. Don't ever give up. And your performance becomes better than others. and then it becomes habit of doing a good job. We are what we do repeatedly.

The Problem: Business was flourishing but the atmosphere which was once congenial and friendly became complacent and we could feel that sense of doubt, sense of apprehension as in what lies next for us as trainers amongst most of them. Though no one came to the management to discuss and share this feeling, yet there was lot of hush-hush on the appraisal, on the promotion part from the employee's side. The performance started declining. Many of them were now looking for a switch, giving interviews, bunking office routine, not participating in discussions, there were no news plans coming in during reviews.



This happened for almost three long months, the entire team which was once the motivated, enthusiastic bunch of outgoing youngsters now looked like dejected, de-motivated and apprehensive group of people. This was an alarm for the management. The problem was spreading like an epidemic in the entire organization slowly affecting everyone. We could see and feel the need of vaccine that would help us in eradicating this epidemic before it become fatal for the organization. This paper explores wicked problems and suggests how supply chains/networks might manage them. A framework for managing wicked problems is developed using the concepts of knowledge, innovation, entrepreneurship, and leadership. Once the framework is laid out and justified, it will be applied to the wicked problem of sustainability, including several emerging empirical structures being used to manage it. Future economic value is more likely to demand delivery of more and more complex attributes that will take businesses increasingly into the realm of wicked problems.

Plan of action: The problem is not de motivation but loss of leadership. The background problem talks about how the epidemic of being a non leader started to flow in the veins of the employees of the training organization. The organizations know the fact that a good employee can make a success of a weak business plan, but an incompetent worker can ruin even the best plan. This is why developing an effective leadership by using a consistent motivational talent management program at all levels across the organization can return significant business value. The organizations do face a problem in employee retention. The employee looks for these in a job; good compensation plan, more challenging work, more responsibility, an opportunity to use his talent and skills in the best possible way. The most essential plan of action that an organization needs to work on is collaborating the individual goals of the employees with those of the organization.

In view of the importance of Supply Chain Management to commercial success, making the right decision about which system is best is vital. Before deciding how to develop new service Supply Chain Management. To help organisations make the best decisions. "The integrated planning process helps to find solutions that best match clients' requirements and the technical demands of the problem", states Dr Joachim Miebach, Chairman of the Miebach Supply Chain Management Group. "The only way to manage the growing complexity in Supply Chain Management chains is through the integration of strategy, engineering and IT systems and methods." The main feature of Miebachs integrated approach is the simultaneous consideration of strategy, engineering and IT at every step to arrive at an optimum Supply Chain Management solution, the problem".

Our KM Strategy: We thought of inducing the feeling of Leadership in our employees. We are trainers, and we really needed to think out of the box. This gave us a way and we started a program, a program which was all levels of the organization, incorporating every employee. We named it "*Finding the Leader in you*".

This program was a mandatory program and there was no excuses taken by management for not participating. Besides this we connected it to heavy compensation benefits. Thereby, using Herzberg's Hygiene theory of Motivation. The other important theory that we were using for the program was Alderfer's ERG theory. It was very important for the employees to understand the need for Existence, Relatedness and Growth. ERG theory gave an edge to our program as it commemorated all the basis of an employee working for an organization. It gave a way to their needs for recognition, also for the kind of work he/she wishes to do, something which is in coherence with the qualification, interest and skills and finally off course was Growth.

Finding the Leader in You

- Stage 1. Starting to Communicate
- Stage 2: Motivating Subordinates
- Stage 3: expressing genuine interests in people
- Stage 4: Empathizing and Respecting the Dignity of others
- Stage 5: Listening to Gain
- Stage 6: Handling Mistakes, Complaints and Criticism
- Stage 7: Setting individual, team goals
- Stage 8: Focus and Discipline for achieving Balance
- Stage 9: Learning not to worry and creating a positive mental attitude
- Stage 10: Infusing Enthusiasm.

Stage 1. Starting to Communicate: "Talking leads to resolving", "Express thyself and don't keep grudge", we have all seen these quotes at every nook and corner. We started initiating communication between all levels of the organization. We wanted a free exchange of ideas and for that it was important to induce the freedom of communication within the organization. For this, every Friday of the second and fourth week was tagged as "Open Forum" day. The employees from all the levels were supposed to gather, as well as the management representatives and this was a place where they could talk and express. The points were noted and the actions started to happen. Herzberg's theory of motivating was the basis of this forum. The employee should feel satisfied by the Hygiene Factors. The biggest mistake managers used to make – besides thinking that all the wisdom flowed from them – was failing to understand that communication is Two way job. We need to share the ideas, but most importantly we need to listen and understand others. The mantra here was "**Be open to other people; above, below and beside**". Week by week, the issues which were once more negative, turned towards more positive result. The open forum, which once looked like a battle place, was now a party place, where the employees from all levels were congenial and happy. Open Forum is now the most important practice, as the trainers, content developers, business developers, cleaning staff, security, technicians, management, human resource people, all gather, share, discuss and solve issues like one big family. **Communication is the Basis of trusting relationships.**

Stage 2: Motivating Subordinates: Paul Fireman, Chairman of Reebok International quoted " *You need to build on enrolment, you can't dictate them, take time to enrol people in your thinking, your vision, your dream, your fantasy, whatever it is you're doing, enrol them. It takes time. It takes effort. It takes continual reinforcement. But don't dictate. You enrol*" For us, a training org, motivation is the very basis of personality. If our trainer is not motivated, he will never be able to motivate others. We started building up on Paul Fireman's formula of enrolling employees. We understood that give someone a real sense of purpose, the feeling that he/she is working for a valuable, mutually important goal. That's where true motivation comes from. It is very essential to show your subordinates that you trust, respect and care about them.

Include People was the mantra. We started arranging for Luncheons, mostly one on one basis, where the CEO or the Director, would take one of the employee chosen randomly for a nice luncheon and share time, exchanging of ideas, thoughts, understanding the other side's story. These luncheons proved to be one of the best practices. People were not only excited, but were also working on devising new plans and procedure for completing their tasks. There was now an ease in the atmosphere, the friendly gesture of smiling saying hello, personalized gifts and cards on birthdays, festivals and anniversaries, perks based on employee's requirement like if he wishes for cash reward, handing him cash, if he wishes a certain electronic good, giving him that, if he wishes for a trip, arranging for one. The work of the HR department was increasing, and we collected 10 from the team, made them "**Include People Initiators (IPIs)**." These IPIs were responsible for the various motivational exercises, practices, campaigns that we did. In a couple of months we got what we seek "Motivation can never be forced, people have to want to do a good job."

Stage3: Expressing genuine interests in people: Regardless of the physical or financial assets an organization may have, it's the people who make it successful. They are an organization's key asset, and getting to know them should be as high a priority as learning the technical aspects of one's job. The key is to be genuine. Don't get a reputation for only being interested when you want something, getting to know others should always be mutually beneficial. Getting to know others should be mutually beneficial, right? Well, isn't this what I did here? I asked about him and his job because I genuinely wanted to know about it. When you ask your boss, or your co-workers about their lives and what interests them, are sincere, and mean what you say. Nobody likes a fake. Nobody likes talking to people who only talk about themselves. See what I'm getting at here? Mean what you say because you may just end up getting the job of a lifetime or sporting event tickets. Prove to yourself and others that you are genuinely interested in other people. If you're not sincere, people will see right through you. Good things can happen to you if you live your life by this principle.

Stage 4: Empathizing and Respecting the Dignity of others: We now designed 7 steps of empathy. To make them feel more closely to the organization because the closer they are, more dedicated they will be.

1. Recognition
2. Empowerment
3. Supportive feedback
4. Lets Partner
5. We Know What You Expect
6. Consideration
7. Trust

1. Do You Know Him (recognizing): If my boss knows me I feel good. If he thanks me for a duty that I perform diligently I feel good. As an employee I feel good if my superior recognizes my efforts and thanks me for my work. I feel more in sync with the organization when my ideas are shared when my innovation...be it a small one is appreciated. Yes, for any employee recognition from the superiors, subordinates, and colleagues is like an energy, which keeps him going. Thanking employees and acknowledging their contributions on a daily basis is the best practice. We made this a culture.

2. Let me Handel it : when we hire someone we do it coz we have analyzed that this individual knows his job well. but then slowly, we give them instructions and want them to follow these instructions word by word, in due course, the person becomes habitual to our instructions kit and stops utilizing his ideas, his techniques and his style of working. See, what we as management have done. We have destroyed a potential by our nagging. If we would have empowered this employee, he would have not just shown his best to us, but would have also invented new methods of doing a particular job. Providing employees with the tools, resources, training, and information they need to be successful and then empower them to get the job done in the best possible manner that he wishes to.

3.Supportive feedback: Every one of us like someone appreciating us, praising us, applauding us for our work, similarly we feel dejected, sad, depressed when our work goes under criticism. It's true that not always can one be excellent. There are times when even the best face heavy criticism. One small exercise that we made into practice was; when a good work is done, we would appreciate the individual in our open forum and when it's not that good, a one on one interaction would take place, where he/ she would be told about the problems and be given corrective feedback. One more thing that we introduced was a 2 day check. The superior was supposed to take a report, check things by himself and if he feels there is some corrective measures are required, discuss it. Positive and corrective feedback is also liked and taken in a proper scenes.

4. Lets Partner: One is energy, two is synergy. A simple concept, on which we are working. We as Management thought of even better way of fostering leadership and motivation in our people. We took refuge in the age old yet very effective concept; Partners. Everyone works with Partners. Everyone likes a Partner. And what happens when this Partner is either a Superior or a subordinate. Yes, this was something which we had never practiced. Demolishing barriers and giving them a fresh new person to work with. People were reluctant in the beginning, but , slowly they understood that partnering with various levels in an organization is not just helping them understand things better, it is also making them aware of what is happening in various levels of the organization.

5. We Know What You Expect : Everyone deals with juggling priorities. When faced with competing priorities, employees often struggle to know which goals are most important, and to focus their time and efforts effectively. So why not have managers assign a weight to each goal and competency on the employees'

performance appraisal forms. The weighting helps employees clearly understand the corporate value of each. Prioritizing and decision making are easier in this context. So we ensured that now the “reporting” process be in place whereby managers can regularly check in on the status of employee goals, and report that status up to the management chain. Reminding every employee that someone cares about their work and is monitoring their progress. Employee Performance Begins with Leadership. So here we develop three components which helps the employee to set their goals. We induced PCC syndrome [Performance, Criteria and Condition]

The PCC Syndrome

- a. Performance: Perform the way you wish to accomplish a certain task.
 - b. Criteria: Set your own criteria for given task. It should off course be in lieu with the organization’s pattern.
 - c. Condition: This condition here meant, the physical condition in which the task is being completed as well the working conditions and the Human Resource condition.
- 6. We are Considering:** It is very important that the Management demonstrates thoughtfulness, empathy and kindness to the employees coz it helps in building up a great rapport.
- 7. We are Trusting:** We induced the feeling of trust in the employees. We gave them the accountability and let them perform the way they wished to.

Stage 5: Listening to Gain: There are two very good reasons to listen to other people. We learn things that way and people to respond to those who listen to them. Good listening is where effective communication begins. Most successful leaders are the ones who have learned the value of listening. For leaders in our organization to grow, to develop and most importantly to have this Supply Chain intact it was important that they learn to listen. The training programs to inculcate the habit of Active Listening were designed and imparted to the employees at all levels. It was also checked in various time frames that whether the people are actually taking initiatives to listen or are just blabbering.

Small exercises were conducted randomly at the floor to check the active listening skills of the employees. There was a compensation variable and an appraisal attached to the active listening exercises. The focus and the improvement was gradual. Some faced major problems in listening, there were many who had problem comprehending the information and then there was a huge chunk always ready to add in their own version and flavours to the information. The practice of Active Listening was slowly growing in the organization and we were happy people.

Stage 6: Handling Mistakes, Complaints and Criticism : Criticism, is one element, where most of us fail in handling them. Its often taken very personally and instead of resolving the issue, we take it as an offense to our egos. Nothing stings the ego like being told that one has made a wrong decision or has failed in supervising a said project properly or mostly commonly quoted “ the performance was below expectation’. Mistakes get made, arguments arise, complaints both legitimate and exaggerated get lodged day after day. So how do we handle the knowledge that nobody’s perfect yet criticism is hard to swallow. Now after all that we have done for developing our Supply Chain for Leadership, this was the toughest step. More ego, more problem was involved. As our first step here we started to spread the word “Mistakes Happen, Admit them”, this was like a mantra for a constant repetition. We made up slogans, boards, messages, stories for everybody to read that mistakes are common, everybody does it, the beauty is in accepting the mistake made by you. We again made a pattern for inducing the effective handling of complaints, criticism.

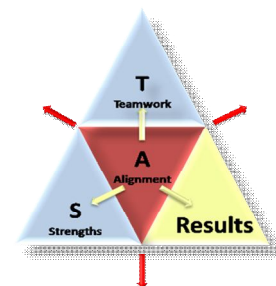
- a. Admit your mistakes before anyone else points it. Laugh about them if you can
- b. Never seek to minimize the impact they’ve had. *A leader has to be responsible and accountable for his/her own mistakes.*
- c. Develop an environment of positive criticism. Criticism or blame spreading almost causes people to duck or hide. People who have been on the receiving end of harsh criticism are far less likely to take risks, to be creative
- d. Think twice before you criticize or assign blame.
- e. Avoid Blame Game and owe the responsibility like a team. Blaming someone rarely improves the situation.

After all of this, there was a small practice that we implemented. This way was to institutionalize a kinder and a gentler approach to criticism. The practice was “ If you find someone whom you don’t like and you think does not do his work the way he should do it, do not say anything, just write it down on a piece of paper and keep it with you. Once you discover three good things about him/her then only you have the right to criticize him.

Always begin with positive things that the employee has accomplished, then in the middle of the discussion talk about the areas of improvement and development, slowly come to the point where discuss about what went wrong, and then close the discussion by stating how important is this employee for the organization. Never shout, argue or use a whistle. For everyone, we just said one small rule to follow “Be quick to admit your mistakes and slow to criticize, above all be constructive.’

Stage 7: Setting individual, team goals: We all have our own goals and priorities. . As a business manager, your goal is to make your business thrive and ensure that your team stays happy and productive. For employees, goals often centre around individual careers and needs. Personal goals affect how an employee performs. While they can serve as motivation to be more productive and more successful, they can also cause conflicts between staff or between work and home. Businesses are most successful when employees’ personal goals are aligned with corporate goals. This can be difficult to do at times, but it is possible. Goals should be set in a collaborative manner, not dictated or imposed by the team leader. When people participate in creating their own plans and setting their own goals, their buy-in is enhanced, their attitudes are improved, and they will work harder to achieve the desired outcomes. Manipulation and coercion do not mix well with employees achieving their goals. Most of the time, personal goals should still be work-related, such as achieving a sales volume, working a number of hours, organizing a specific project, or improving specific skills. Finding common ground between these personal goals and your organizational priorities can be hugely productive. The easiest way to do this is to simply ask employees what *they* think the team can do to help them reach their personal goals. Make sure you follow up by clarifying how their own goals are contributing to the overall team objective. When team members help each other to grow personally they also help the team grow as a whole. Don’t suffocate your team by focusing only on corporate objectives. Of course, don’t neglect the business by focusing only on personal ambitions, either. Prioritizing and finding the balance between personal goals and team objectives shouldn’t be a battle. Both are important. Once the goals are set, reviewing them daily is critical and should become a ritual. Ask your employees to review their goals and visualize how they will feel upon achieving the completed goal each morning, and then repeat the process each evening. This aligns the conscious and subconscious mind and inculcates the positive thoughts of attaining the goal. Use the checklist below to assess the effectiveness of your team goals. Ensure that the team goals and the objectives of each individual are:

- Aligned
- Understood
- Accountabilities and responsibilities are clearly allocated
- Create performance indicators and a process to monitor delivery
- Identify dependencies
- Identify risks
- Full team commitment



Stage 8: Focus and Discipline for achieving Balance : One of the biggest problems people face is the lack of discipline and don’t focus - they have goals or habits they want to achieve, but lack that discipline needed to stick with it. Self-discipline does not mean being harsh toward yourself, or living a limited, restrictive lifestyle. -discipline is the master key to riches.” Jim Rollins said, “Discipline weighs ounces, but regret weighs tons.” Self discipline gives you the power to stick to your decisions and follow them through, without changing your mind, and is therefore, one of the important requirements for achieving goals. The possession of this skill enables you to persevere with your decisions and plans until you accomplish them. It also manifests as inner strength, helping you to overcome addictions, procrastination and laziness, and to follow through with whatever you do. Lack of self discipline leads to failure, loss, health and relationships' problems, obesity, and to other problems. Most people acknowledge the importance and benefits of self discipline, but very few take real steps to develop and strengthen it.

Self discipline is one of the important ingredients of success. So we can manage it by several ways:-

1. Take the employee into a private room to talk instead of blowing whistle
2. Explain the negative effects and consequences of the employee's undesirable behaviour
3. Have the employee write down a clear plan of action on how they are going to do to improve the situation

4. Ask the employee if there is anything you can do to support the improvement that needs to be made

5. Provide a written version of the conversation you just had with the employee

Stage 9: Learning not to worry and creating a positive mental attitude: In today's world we are expecting more uncertain and troubling times even before. People have their own personal issues to deal with. This negative storm can cause someone to feel stuck, lost and full of anxiety. It is the fear of the unknown that builds up in our mind and takes over like a dark cloud. This dark cloud follows us and rains on us, making us negative in our personal and professional lives. As humans, we sometimes focus on the negatives and stay under that negative cloud that we created. We must understand that we can walk from under this cloud at anytime, and we have the power to make our days sunny and bright.

***"There is little difference in people but that little difference makes big difference. The little difference is attitude. The big difference is whether it is positive or negative."** – W. Clement Stone*

We need positive thinking mental attitude the most because of the nature of our calling. We are constantly tackling business challenges and societal problems all in a bid to make the world a better place. Practicing positive thinking allows us as to focus on our strengths and accomplishments, which increases happiness and motivation. There are many ways in which an individual might demonstrate enthusiasm in the workplace. For example, in a job interview, he or she might smile, sit up straight, make eye contact, and discuss training and work experiences in an upbeat manner. Once hired into a position, an enthusiastic employee will typically show up on time, show interest in his or her job, and demonstrate a willingness to listen, learn, and try new things. So here we trying to get off attitude by giving them a solution "which is known as **"CREATING A NEW YOU"**. By using this technique we develop positive attitude in employees. The following exercise like

Believe It or Not: Your Attitude and Enthusiasm Just Might Get You the Job helps you to explore your inner strengths.

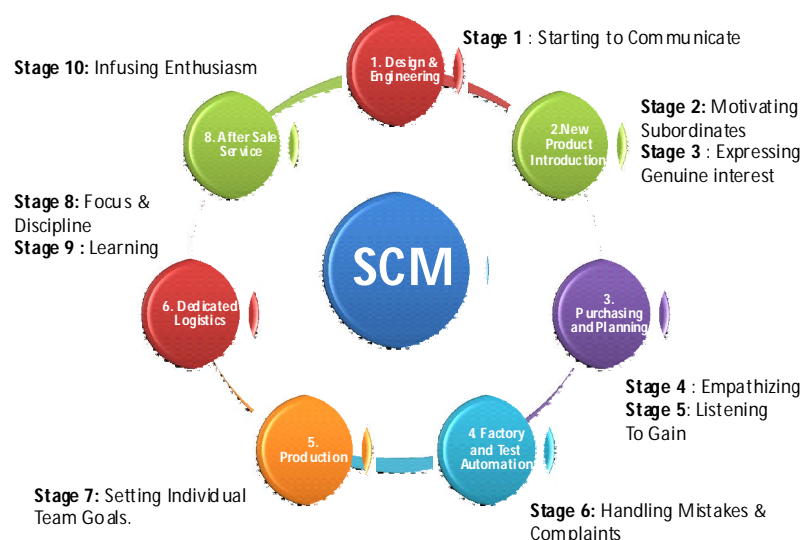
Life is Full of Hard Knocks :

Discuss with participants different ways people might deal with failure. Pinpoint how people might deal with failure differently in different environments, such as at home, or at work. Be certain to wrap up the activity in a positive way, focusing on the fact that without making mistakes, we would never succeed. Ask, "What do each of the people we discussed today have in common?"

Stage 10: Infusing Enthusiasm: We were sure, with all the 9 Stages planned for the organization, would definitely infuse our teams with enthusiasm. This lack of spirit, lack of enthusiasm was one of the major reasons for us to design the entire plan. The compensation benefits, the recognition for talent, the platform to voice were all a part of permeating enthusiasm into the team.

CONCLUSION

Supply Chain is not just for a product it is something that can be used for a lot of different aspects of an organization as well. For us, using the supply chain methodology was to make a come back of the team of trainers who were somehow losing it. As the supply chain, we made this an on going process, treating every employee as a product, checking the quality, rectifying the error and then eventually marketing it to end user.



A GEO-ECONOMIC ANALYSIS ON THE FAST GROWING BRICK INDUSTRY AND THE AGRARIAN ECONOMY –A CASE STUDY OF JORHAT DISTRICT, ASSAM

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Bricks are becoming the predominant building material both in urban and rural areas of h. High prices and increasing scarcity of alternatives buildings materials, such as stones, iron sheets, wood, thatch, and straw are the major causes for enhancing the demand for bricks. The 1997 supreme court's verdict particularly for the state of Assam on the stoppage of tree felling in the forest areas has also been working as a catalyst for the fast increasing demand for bricks in the state. To meet the increasing demand, the brickfields are mushrooming all over the state with heavy concentration on the outskirts of urban areas. With the increasing demand for the bricks, more and more paddy fields are converted to bricks fields, thus putting tremendous pressure on the already scarce agricultural land for the region as a whole. Jorhat district is a part of the Brahmaputra valley of Assam. Agriculture being the mainstay of living, the occupational structure characteristically is dominated by this sector of economy in the district. The predominance of agrarian economy of the district is reflected in its occupational structure of the working population. A contemplation on the status of agrarian economy absolutely would draw a contradiction between the economic condition of the farmers and the required sustainable level. With all these backgrounds, the present study attempt to analyze few parameters of impact of brick industry on the agrarian economy of the region.

INTRODUCTION

Bricks are becoming the predominant building material both in urban and rural areas of Assam. High prices and increasing scarcity of alternatives buildings materials, such as stones, iron sheets, wood, thatch, and straw are the major causes for enhancing the demand for bricks. The 1997 Supreme Court's verdict particularly for the state of Assam on the stoppage of tree felling in the forest areas has also been working as a catalyst for the fast increasing demand for bricks in the state. To meet the increasing demand, the brickfields are mushrooming all over the state with heavy concentration on the outskirts of urban areas. With the increasing demand for the bricks, more and more paddy fields are converted to bricks fields, thus putting tremendous pressure on the already scarce agricultural land for the egion as a whole



Map Shows the location of Jorhat District in NE India

Jorhat district is a part of the Brahmaputra valley of Assam. Like other parts of the valley the district is composed of fertile alluvial soil with congenial monsoon weather condition suitable mainly for rice cultivation. The district is located within 26°10'-27°55' N latitude and 93°43'-93°35'E longitude with a geographical area of 291470 hectare and a population of 9.99 lakhs as per 2001 census report. The district is predominantly rural in character where 82.85% are comprised of rural of population. Agriculture being the mainstay of living, the occupational structure characteristically is dominated by this sector of economy in the district. The predominance of agrarian economy of the district is reflected in its occupational structure of the working

population. It is found that as high as 69.49% of the total workers in the district are engaged in agriculture as primary activity. Cropping intensity is measurably low with a value of just 48.03 only 1,05 hectares per farm family. A contemplation on the status of agrarian economy absolutely would draw a contradiction between the economic condition of the farmers and the required sustainable level.

Jorhat district having uniform topography at the south bank of the Brahmaputra river experienced a spectacular growth of Brick industry seemingly comparable to the state scenario. With growth o population and economic activities, demand for houses and housing materials has been increasing substantially particularly after seventeenth decade. High demand from bordering mountainous state of Nagaland has also augmented the demand for bricks. Brick being an important building material for modern housing, its demand has increased manifold leading to the fast growth of bricks industry in the region since the basic raw materials used by the brick industry happen to sandy loamy soil, therefore, the industry has growth in the expense of arable land. With all these backgrounds, the present study attempt to analyze few parameters of impact of brick industry on the agrarian economy of the region.

OBJECTIVES

The basic objectives of the study includes-

1. To examine the extent of arable land used by the brick industry including the cropland affected adversely in the surrounding areas.
2. To identify the zone of concentration of brick industry and its impact on agrarian economy.
3. To established the co-relation between the increasing number of brick units and decreasing rice productivity.

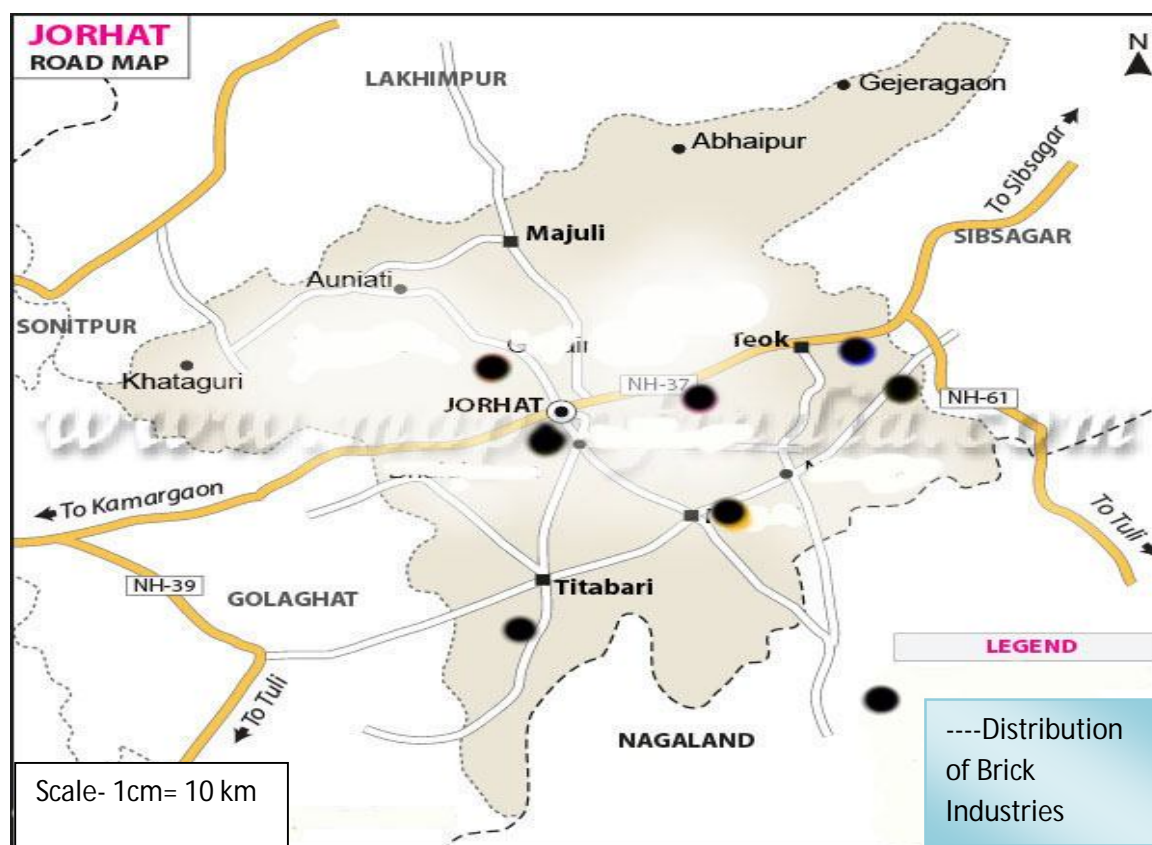
DATABASE AND METHODOLOGY

The study is based on data and information collected from both primary and secondary sources. Data and information pertaining to the brick industry are procured from both the groups of bricks industry- those registered with the department of industry, Assam and those which are not registered or no record in the state industry department. To asses the impact of growing brick industry on the agricultural productivity. Personal visits to different brick fields have also been undertaken for analyzing the problem. The data and information on productivity level are collected from Assam agriculture University, Jorhat. Secondary information, on the other hand, includes government records primarily to analyze the trend of growth of brick industry in the region and to examine industrial policy related aspect and lapses. The distribution of the brick fields are shown in the map while the trend of growth of brick industry is represented graphically in order to understand the problem of the situation. A co-relation analysis is made between the increasing number of brick fields and decreasing trend of rice productivity to assess the impact of brick industry on the agrarian economy of the region.

DISTRIBUTION AND TREND OF GROWTH OF BRICK INDUSTRY

Two distinct zone of brick fields are conspicuous- one extending from Teok to Dergaon along the 37 national highway and the other extending from Nakachari to Titabar in the north south orientation along the foothill zone of Nagaland. Within a total geographical area of 291,470 hectares the study area has experienced a sizable growth of brick industry according to 69 working units and 19 abandoned brick industrial units. Each brick industry requires on average 5.25 hectares of land area for its functioning. Thus the total area coverage accounts 362.25 hectares for the brick industry as a whole in the district.

On the other hand, the abandoned brick industry with an average is coverage of 3.10 hectares has added another 58.90 hectares in to the account of unproductive agricultural land. It is obvious that all the brick field are located in the rice producing land of high to medium productive status in the central flood free zone of the district. Out of the total cropped area of 163838 hectares 62.12 % area are engaged for rice cultivation. The operational brick fields at present are occupying 0.43% of total rice producing area while the abandoned one accounts only 0.06%. in comparison to the total rice producing area, the functional area of brick field including both operational and abandoned units is seemed to negligible which accounts only 0.49%. at many times it is overlooked that by using the arable land the brick fields have not only reducing the arable land but also they brought a sizable amount of land under its adverse effect up to a distance of 0.2 KM in average around the brick field virtually turn into unproductive land and thus the total accounts of affected area unimaginably mounts to a considerable height.



Map shows the distribution of brick industries in Jorhat district

Including these all, the total area affected by the brick industry estimated to be 1038.79 hectares i.e. 1.21% of net rice area. Another estimation made on the productivity of rice in the area occupied by the brick fields reveals that nearly 81% (841.40 hectares) of land in around the brick fields having adverse effect of were earlier highly productive paddy fields producing about 50-60 quintals of rice per hectares, while the remaining 19% of land were earlier fields of medium production producing about 30 quintals of rice per hectares in average. Since all these brick fields are concentrating in the flood free zone of the district the possibility of crop failure due to flood is negative.

Table -1 showing the block wise distribution of brick industry in the district reveals that the two consecutive post independence decade has shown a very steady trend of growth of brick industry where only three fields were in operation for these long periods. In the year 1970, the govt. record shows that the number of brick industrial units increases to seven from three units in 1960. A four time growth rate was recorded in the year 1990 with 30 brick units in the region. Dhekogora and koliapani block was witnessed a faster growth than Baghchung and Titabar block. It is observed that the brick industry has been increased from 30 units from 1990 to 69 in 2004, registering a growth of 39 units within a period of just 14 years. The growth rate stands at 43.40% within a time span of just 45 years which is alarmingly high and a cause of concern for a region of dominant agrarian economy. It is estimated that if this trend continues, nearly 12% of the net cropped area of the region will be brought under the grasp of brick industry in the next fifty years, resulting at least 550-600 small and marginal farmers will be deprived of their agricultural land in the district.

Table-1: Distribution of brick units and cropped land used

Name of the block	Total number of Brick units	Total area under operation (hectares)	Estimated affected cropped land other than operational area (hectares)
Selenghat	4	21.00	32.10
Koliapani	17	89.25	171.32
Chipahikhola	8	42.00	64.14
Dhekorgora	22	115.50	206.01
Titabar	11	57.75	77.99
Baghchung	7	38.75	66.25

Source: Personal investigation 2011

Table- 2 Growth of brick industry in Jorhat district

Year	No of operational brick units	Percentage of growth with 1960 as base year	Percentage of net rice producing area used by brick units
1960	3	-----	0.003
1970	7	4.40	0.05
1980	12	7.55	0.08
1990	30	18.87	0.21
2000	58	36.48	0.31
2005	69	43.40	0.43
2010	76	54.30	0.93
2014	83	59.80	1.06

Source: personal investigation and Director of Agricultural, Assam.

DISCUSSION AND ANALYSIS

The land requirement is a important issue for a region having high man- land ratio in respect to agriculture. Brick fields are constructed on land that would otherwise be used for rice cultivation. Because the returns for land owners are much greater if leased out for brick making, the temptation for a poverty stricken agricultural community is too great to resist. This has caused serious concern and resulted in mushrooming the brick fields all over the region along with the increasing demand for bricks as building materials. The brick industry, undoubtedly, a land consuming and energy intensive activity uses clay, the important raw material for brick from adjoining fields. The field investigation reveals that by straying the burning dust, fragmented brick chips and waste material the brick industry poses a serious problem to the productivity of the crops. The total loss of land in such a way approximately two times higher than the area it actually occupies for operation.

A brick industrial unit remains operative in a particular location (by addition of new land area every year) for 8-10 years. During the entire period of operation the total damages of land increase at a compound rate. Its abandonment converts a productive field of nearly 8.0-9.0 hectares into a marshy, water logged, top soil less and garbage laden waste land area. An investigation made into the productivity of crops ascertained that the productivity particularly of rice is lowest at the close proximity and increases with the increase in distances from the industrial site. (Table-3).

Table-3: Pattern of productivity around a brick unit

Distance of brick unit (Meters)	Area covered (approximate value in hectares)	Spread of waste materials (assuming 100% at the source)	Approximate reduction in productivity (in %)
.00	5.2	100%	100%
100	12.23	30%	50%
200	7.45	15%	30%
300	5.50	5%	10%

Source: personal investigation, 2011

On the basis of this finding a model showing the location of the industry and productivity of crops can be formulated. (Fig-2). The loss of productivity, however is not only due to the discharge of garbage in the field but another affect in the form of air pollution from the burning of several tons of coal and firewood for a period of nearly seven months. Near about 129-150 tons of coal and 2000-3500 cubic meters of firewood is burnt by the brick units which adds a huge quality particularly the oxides of sulphur into the air of the adjacent areas. Along with the dust, ash, particulate matter of waste materials discharged from the brick industry, the oxide of sulphur act as a catalyst in reducing the productivity of crops at large.

While looking into the economic benefit derived from a brick industrial unit during its periods of operation (8-10 years) include production of 80-90 lakhs of bricks, a monetary profit of Rs. 6.0- 7.5lakhs to the owner and provide employment to 100-150 skilled and unskilled workers for 400-550 working days.

It is observed that a total of 30.30 hectares of arable land is affected directly from a single brick unit. The affects area conspicuous in deteriorating soil condition and sizable reduction in crop productivity. The combined effect of both the operational and abandoned brick units of the region has shown a total adverse affect from the stand point of the economic gain in too. It is thus clear that the fall in crop productivity cannot

be compensated by the economic gains derived from the brick industries. Existence of such a condition over a region for a long period would certainly make the agrarian economy and sustainable one.

CONCLUSION

On the basis of the analysis and discussion it can be noted that the growth of brick industry in large number over the last four decades created manifold visible and unseen problems even in a micro areal unit like Jorhat district. Indubitably, it can be said that the unplanned growth of this industry in the district would bring in major socio-economic adverse in the coming period in the form of shortage of arable land, lowering of crop production, depletion of forest resources, deterioration of health and hygienic etc. the problem associated with the growth of brick industry can be shorted out as-

- 1) Growing loss of productive crop land and increasing proportion of waste land.
- 2) Reduction of crop productivity and removal of top soil by the brick fields.
- 3) Consumption of firewood will enhance the depletion of forest resources which is e-contra to the forest conservation policy.
- 4) Large scale air pollution and its ill effect on human habitat.
- 5) Shrinkage of arable land leads to the increase of agricultural workers.

The state government has come out with any legislation to regulate the opinion of brick industry and as a consequence, a haphazard growth particularly in the crop land having available supply of raw material and unskilled Labor has certainly demolished the very base of agrarian economy. Assessment made on the growth trend of brick industry showed that the sil and crop productivity over 39.69 sq.km of the crop areas would be directly affected by the industry by the turn of 2040 A.D. the plight of agrarian economy under such a background will certainly lead to a situation of no return and obviously it is very significant for a region like Jorhat district where agricultural population constitute 78% of the total population.

In order to avoid the adverse effect of growing brick industry the following remedial and protective measures can be suggested-

- 1) Judicious use of permanent waste land (abandoned brick fields) be made mandatory to the owner of brick industry. Such land may be brought under planned utilization like opening of fisheries, turning it into the field of suitable crop etc.
- 2) Elimination of the use of firewood along with the coal for the sake of conservation of forest resources. use of substitute like rice husk, wood powder, L.P.G may be initiated.
- 3) Technology for reducing the sulphur- di- oxide be initiated.
- 4) Planned garbage dumping be introduced.
- 5) Government should come out with proper legislation so that the industry can be confined in the high land with proper crop productivity.
- 6) Technology for treatment of the agricultural unfit soil use by the brick industry be introduced.
- 7) To avoid the increase of agricultural labor, the unskilled labor for brick industry be absorbed from the locality and
- 8) Energy efficient brick kiln be introduced for qualitative eco-friendly brick industry.

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CYBER CRIMES AN EVOLVING CRISIS AND A NEED FOR AN EXCLUSIVE STRATERGY

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ABSTRACT

No doubt internet technology has transformed the way we communicate and transact businesses all around the entire world, coupled with determination to create a new world order of globalization and economic liberalization, all nations of the world have invested in this blueprint with promising prospects of transforming the lives of their citizens by facilitating communication and commerce. Governments of the planet have moved an edge closer to achieving the mainstream responsibility of administration through the concept of E-Governance, corporate institutions are looking onward to expanding their businesses locally and abroad through the E-commerce platform, it is an intriguing breakthrough that will infiltrate every aspect of our life form Governance to the way we associate with each other as human beings in our basic lifeline. With the complex induction of E-technology to essentially all aspects of life, there is a stark reality of a multitude of problems set to arise essentially relating to economic disputes and the upsurge of complex criminal activities involving the computer and the internet this article is a expression of how this dilemma has an effect on our society and steps to confront the quagmire.

INTRODUCTION

Based on above explanation, new trends in jurisprudence to adequately address the challenges have come to pass with the purpose of creating a satisfactory and efficient legal infrastructure to address these problems with the new developments cybercriminals have even shifted focus even to more complicated and complex crimes completely unlike the traditional cybercrimes such as password theft and spamming, they consist of nerve-racking offences such as espionage and cyber terrorism, In a digital age, where online communication has become the norm, internet users and governments face increased risks of becoming the targets of cyber attacks. As cyber criminals continue to develop and advance their techniques, they are also shifting their targets — focusing less on theft of financial information and more on business espionage and accessing government information.¹

I. CYBER LAW MEANING.

Cyber law is a term used to refer to any legislation which brings on its ambit activities related to the use of computers or the internet and seeks to either regulate or enforce the aspects arising out of such activity relating to computer networks and individuals using the electronic media for different purposes.

1.1. WHAT DOES CYBERCRIME MEAN?

Cybercrime is a crime in which a computer is the object of the crime (hacking, phishing, spamming) or is used as a tool to commit an offense (child pornography, hate crimes). Cybercriminals may use computer technology to access personal information, business trade secrets, or use the Internet for exploitive or malicious purposes. Criminals can also use computers for communication and document or data storage. Criminals who perform these illegal activities are often referred to as hackers. Cybercrime may also be referred to as computer crime² cybercrime may also be defined as “ a criminal offense on the Web, a criminal offense regarding the Internet, a violation of law on the Internet, an illegality committed with regard to the Internet, breach of law on the Internet, computer crime, contravention through the Web, corruption regarding Internet, criminal activity on the Internet, disrupting operations through malevolent programs on the Internet, electronic crime, Internet crime, sale of contraband on the Internet, stalking victims on the Internet, theft of identify on the Internet Associated concepts: copyright theft through cybercrime, cyber laws, hacking, privacy³

2. CYBER CRIMES

Cyber crimes can be classified according to the following examples.

2.01 CYBER ESPIONAGE

Cyber espionage refers to the offence that relates to the stealing of secrets stored in digital formats or on computers and IT networks such as websites, The American citizen Snowden shocked the world when he opened a can of worms on United States purported spying on its allies and other nations, of recent there has been an outcry of nations around the world over alleged theft of protected information. Jan 27 (Reuters) - A program used by U.S. and British spies to record computer keystrokes was part of sophisticated hacking operations in more than a dozen countries, security experts said on Tuesday, after former NSA contractor Edward Snowden reportedly leaked the source code for the program.⁴

2.02 FINANCIAL SCAMS

Financial scams have rocked the cyber regime mostly appearing in new and more complex schemes all the time they include fake lottery schemes, fraudulent online dating sites fake online working sites and credit card fraud etc sometime they include well choreographed schemes by fraudsters purportedly seeking personal information in the pretext of government agents and bank employees, they then use this information to siphon money from bank accounts

2.03 THEFT OF INTELLECTUAL PROPERTY

The explosion in intellectual property regime has also ushered in a new era of intellectual property theft that involves piracy of intellectual property such as literary works and musical works patent and copyright infringement. Cyber squatting is an emerging trend where cyber criminals are involved in registering, trafficking in, or using a domain name with intent to profit from the goodwill of a trademark belonging to organization by commercial gain, piracy of software and literary and artistic works has become a lucrative business for cybercriminals and at times private individuals too may benefit by buying cheap pirated software .

2.03 COMPUTER HACKING

In computer networking, *hacking* is any technical effort to manipulate the normal behavior of network connections and connected system Computer,⁵ of the recent past hacking has metamorphosed into a lucrative business for cybercriminals who steal trade secrets from corporate organizations and sell them to competitors, unlike in the past where it was done surreptitiously nowadays hacking enthusiasts have formed cohorts and cartels with 'trademarks' where they openly acknowledge their trade e.g. the famous Black Hat Crackers

2.04 INTERNET PORNOGRAPHY

Internet pornography encourages the moral and social decay in society by exposing internet users' especially young people to extremely contemptible content which causes depravity of mind leading to addiction and sexual crimes such as rape and child pornography in which pedophiles sexually exploit young children "The sexual content that kids are accessing today is far more graphic, violent, brutal, deviant and destructive and has put entire society in danger so also safety threats to public order in India The worrying issue is the severity and gravity of the images are increasing. It is a matter of serious concern that prepubescent children are being raped,"⁶

2.05 VIRUS ATTACKS

computer viruses are programs or codes that contain malware when inserted into another persons computer or hard drive, they replicate themselves and cause harm by running against the wishes of the owner of the computer and mostly may lead to loss and compromise of data, virus attacks have been directed at big organizations and famous individuals and cause serious losses to victims

2.06 CREATING WEBSITES THAT PROMOTE RACIAL/ETHNIC HATRED

Social media has become a fertile ground for breeding racial and ethnic hatred sometimes leading to conflicts of massive confrontations that only come to light when they have flared and caused irreversible damage, the internet is a versatile ground for such criminal activities because its efficient to disseminate information in the a short span of time and reach a wide audience at minimal cost. In these modern times, the Internet has become an indispensable and important means of communication. "Also racists and racist groups have discovered the benefits of the Internet as well. Not surprisingly a strong increase of racist and xenophobic propaganda on the Internet has been reported. Actually, for racist groups the Internet is essential because: They have no access to the regular civilian mass media, Racist groups are often internationally organized, and Internet technology is easy and available at low costs, Repression of racist activities on the Internet for several reasons is not efficient."⁷

2.07 E-MAIL BOMBING

E-mail bombing is a form of cyber crime which involves of sending huge volumes of email to an address in an attempt to devastate the mailbox or overwhelm the server where the email address is hosted in and cause it to crash subsequently leading to loss of dat

2.08 CYBER STALKING

Cyber stalking is a crime in which the criminal continuously harasses an individual by sending them intimidating, threatening and annoying messages and may maintain anonymity, the criminal or stalker targets a specific individual and in some serious cases victims overwhelmed by severe stalking have committed suicide due to being stalked and threatened by there attackers.

“Cyber stalking is the use of the Internet, email or other electronic communications to stalk, and generally refers to a pattern of threatening or malicious behaviors. Cyber stalking may be considered the most dangerous of the three types of Internet harassment, based on a posing credible threat of harm. Sanctions range from misdemeanors to felonies.”⁸ In India's first case of cyber stalking, Manish Kathuria was recently arrested by the New Delhi Police. He was stalking an Indian lady, Ms Ritu Kohli by illegally chatting on the Web site MIRC using her name. He used obscene and obnoxious language, and distributed her residence telephone number, inviting people to chat with her on the phone. As a result of which, Ritu kept getting obscene calls from everywhere, and people promptly talked dirty with her. In a state of shock, she called the Delhi police and reported the matter. For once, the police department did not waste time swinging into action, traced the culprit and slammed a case under Section 509 of the Indian Penal Code for outraging the modesty of Ritu Kohli.⁹

2.09 CYBER TERRORISM

Cyber terrorism can be defined as the politically motivated use of computers and information technology to cause severe disruption or widespread fear.¹⁰ In modern time's terrorist groups and other criminal gangs have successfully used the internet to create an environment of fear and panic throughout the world. Al-Qaeda uses for the Internet range from recruiting members and inciting violence to posting ways to make bio-weapons and forming social-networks for aspiring terrorists, according to Mueller. “The cyber-terrorism threat is real and rapidly expanding,” “Terrorists have shown a clear interest in hacking skills and combining real attacks with cyber attacks.”¹¹ Alshabaab the Somalia-based organization, which is linked to al Qaeda, provided an extraordinary running commentary of the attacks on Twitter – glorifying the militants, taunting the Kenyan security forces, and justifying their actions. When it was shut down, it re-emerged under a different name hours after. When the Kenyan government made calls for negotiation, the account was used to ridicule their suggestion.¹²

2.10 SALAMI ATTACKS

A salami attack is an assault on financial data that involves stealing of money bit by bit in small amounts that's virtually undetectable, the strategy is to steal small amounts of money from many accounts. This technique depends on the fact that most people will not notice or complain about small discrepancies that don't make a vast distinction or unbearable loss; it may involve for instance a bank employee who had a program that could deduct ten cents for all interest payments that exceeded fifty dollars and deposited the amount in his account. Such person would make a huge profit by stealing from ten thousand customers and it would be virtually difficult to detect the same.

2.11 USE OF SPYWARE

Spyware mostly a background program that is attached to other free programs such as applications that are found online as free down loads, they spy on the individuals activity on the internet from his computer and send the information across networks without the knowledge of the user, this may reveal the users location and identity or privacy settings thereby exposing his privacy

3. OVERVIEW OF LEGISLATION RELATING TO CYBER LAWS IN INDIA

The legislative framework to deal with offences relating to the use of or concerned with the abuse of computers or other electronic gadgets is slowly developing in a bid to combat emerging concerns. They include the Information Technology Act 2000 and the I.T. Amendment Act 2008 .other legislations dealing with electronic offences have been discussed in brief too.

3.1). THE INFORMATION TECHNOLOGY ACT

This is an Act to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as "electronic commerce", which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Bankers' Books Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto¹³ Section 66 deals with Computer Related Offences like tampering with Computer Documents and Computer Related Offences section

66 B deals with Punishment for dishonestly receiving stolen computer resource or communication. 66C deals with Punishment for identity theft. Section 66D deals with Punishment for cheating by impersonation by using computer section 66E. deals with Punishment for violation of privacy while sections 67 deals with Punishment for publishing or transmitting obscene material in electronic form 67 Punishment for publishing or transmitting of material containing sexually explicit act. In electronic form section 67 B deals with Punishment for publishing or transmitting of material depicting children in sexually explicit act, etc. in electronic form.

The information technology act is of great significance as it has made it possible to do away with the hindrances that were encountered in the use, collection of digital evidence and the classification and prosecution of offences emanate from the use of the internet and electronic media. The recognition of digital contracts mostly used in e-commerce is a hall mark for trade on the internet an electronic media; it's a milestone in the field of Cyber law in India as a fundamental legal code for cyber related aspects

3.2) THE INDIAN PENAL CODE, 1860:

The Indian penal code is very instrumental and acts as powerful legislation and the most widely used in criminal jurisprudence, serving as the main criminal code of India. Enacted originally in 1860 it has been amended many times since then, it covers almost all substantive aspects of criminal law and is supplemented by other criminal provisions. ITA 2000 has amended the sections dealing with records and documents in the IPC by inserting the word 'electronic' thereby treating the electronic records and documents on a par with physical records

And documents. The Sections dealing with false entry in a record or false document etc (e.g. 192, 204, 463, 464, 464, 468 to 470, 471, 474, 476 etc) have since been amended as electronic record and electronic document thereby bringing within the ambit of IPC, all crimes to an electronic record and electronic documents just like physical acts of forgery or falsification of physical records.

3.3 THE INDIAN EVIDENCE ACT 1872:

This is another legislation amended by the ITA. Prior to the passing Of ITA, all evidences in a court were in the physical form only. With the ITA giving recognition to all electronic records and documents, it was but natural that the evidentiary legislation can be amended in tune with it. In the definitions part of the Act itself, the "all documents including electronic Records" were substituted. Words like 'digital signature', 'electronic form', 'secure electronic record' 'information' as used in the ITA, were all inserted to make them part of the evidentiary mechanism in legislations. Admissibility of electronic records as evidence as enshrined in **Section 65B** of the Act assumes Significance.

3.4.) Trade Marks act 1999

According to the Trade Marks Act, 1999, the 'trade mark' means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colors. The Trade Marks Act, 1999 is the governing Act for Trade Marks in India. The objective of the Act is to register trade marks applied for in the country and to provide for better protection of trade mark for goods and services and also to prevent fraudulent use of the mark.¹³ In India due to the absence of requisite cyber laws to govern cybercrimes including the infringement of intellectual p[roperty right most crimes like cyber squatting are decided under the relevant provision of trademark laws, mostly under The Trademarks act , Section 10 (1) affirms that a trade mark may be limited wholly or in part to any combination of colors and any such limitation shall be taken into consideration by the tribunal having to decide on the distinctive character of the trade mark. This act is an important legislation towards combating of cybercrime involving theft of intellectual property rights such as cyber squatting.

3.5) THE BANKERS' BOOKS EVIDENCE (BBE) ACT 1891

Amendment to this Act has been included as the third schedule in the information Technology Act. Prior to the passing of ITA, any evidence from a bank to be produced in a court, necessitated production of the original ledger or other register for verification at some stage with the copy retained in the court records as exhibits. With the passing of the ITA the definitions part of the BBE Act stood amended as: "'bankers' books' include ledgers, day-books, cash-books, account-books and all other books used in the ordinary business of a bank whether kept in the written form or as printouts of data stored in a floppy, disc, tape or any other form of electro-magnetic data storage device". In short, just like in the Indian Evidence Act, the provisions in Bankers Books Evidence Act make the printout from a computer system or a floppy or disc or a tape as a valid document and evidence, provided, such print-out is accompanied by a certificate stating that it is a true extract from the official records of the bank and that such entries or records are from a computerized system with proper integrity of data¹⁴

3.6).THE RESERVE BANK OF INDIA ACT, 1934.

Section 58 of the Act sub-section (2), after clause (p), a clause relating to the regulation of funds transfer through 15 electronic means between banks (i.e. transactions like RTGS and NEFT and other funds transfers) was Inserted, to facilitate such electronic funds transfer and ensure legal admissibility of documents and records therein.

4. LEGISLATIONS IN OTHER NATIONS

While India has enacted the Information Technology Act 2000 and amended other acts so as to effectively provide a legal framework to regulate cyber transactions and curb cyber crime there still exists some lacunae which makes it difficult to effectively address all aspects of cyber interactions and disputes arising from such, unlike India other nations have enacted several laws to deal with specific cyber related regulations so as to bridge this gap such include

i.) THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT. (U.S.A)

In the US, they have the Health Insurance Portability and Accountability Act which regulates all health and insurance related records, their upkeep and maintenance and the issues of privacy and confidentiality involved in such records.

II.) CHILDREN'S INTERNET PROTECTION ACT (U.S.A).

The children's internet protection act (CIPA) was enacted by congress in 2000 to address concerns about children's access to obscene or harmful content over the internet in libraries and other places where they can access internet, it lays down stipulations on the regulations and measures that have to be adhered to and also defines content which is obscene and which may be harmful to the minors, it also defines other terms such as technology, obscene, child pornography, harmful to minors in order to regulate circulation and access of such content to minors. The object of this act is to protect the young children from online pornography

iii.) THE CHILDREN'S ONLINE PRIVACY PROTECTION ACT. IN THE UK

The Children's Online Privacy Protection Act (COPPA) gives parents control over what information websites can collect from their kids. It puts certain regulations against the collection of information and marketing of services content or products to children under 13 years of age it's a must for all online marketing companies to comply with COPPA's requirements in order to protect the safety and privacy of children.

IV.)THE DATA PROTECTION ACT IN U.K

The Data Protection Act regulates how people's personal information is used by organizations, businesses institutions or by the government; it was enacted by the UK parliament in 1998. Every individual or institution which has access to any living person's data must adhere or follow certain guidelines and regulations on how the data can be used or disseminated, generally, such an organization or individual is expected to use the data for the required purposes only and may misuse for unlawful purpose or without the owners permission is punishable. Some of the guidelines include that, personal data should be processed fairly and lawfully, be obtained only for lawful purposes and not processed in any manner incompatible with those purposes, be adequate, relevant and not excessive, be accurate and current, not be retained for longer than necessary, be processed in accordance with the rights and freedoms of data subjects, be protected against unauthorized or unlawful processing and against accidental loss, destruction or damage among others.

V.)THE PRIVACY AND ELECTRONIC COMMUNICATIONS REGULATIONS 2003 IN THE U.K.

The main aim of the Privacy and Electronic Communications Regulations (PECR) is to ensure the protection of fundamental rights and freedoms and in particular the right to privacy, with regards to the handling of personal information or data in the telecommunications sector, such information is supposed to be processed according to acceptable guidelines which should not infringe or violate the users privacy

5. CHALLENGES FACED BY GOVERNMENTS IN DEALING WITH CYBER CRIMES**5.1. COMPLEXITY IN THE NATURE OF CYBERCRIMES.**

Although governments are actively focused on fighting and preventing cyber criminals from damaging infrastructure, the very nature of cyberspace poses a number of challenges to the fight against the multiple threats posed by cyber criminals. Nations must modernize their procedural law as well as their substantive law. While an adequate framework of cybercrime penal law is an absolute prerequisite for effective action against cybercriminals, such action can be frustrated by antiquated procedural law which, for example, authorizes warrants only for search for and seizure of tangible evidence.¹⁵

5.2. TECHNICALITIES IN THE IMPLEMENTATION OF CYBER LAWS

Implementation of cyber regulations in it is often technical and difficult, sometimes its difficult to identify the crime itself or even the culprit, and it may requires skilled experts and technicians to do the work, of formulating relevant regulatory framework and legislation which can work properly to address the issues related to cyber crimes. Most of the criminals understand the legal infrastructure well and may conceive actions which circumvent their own so as to avoid prosecution. Another problem is that crimes which are done across borders may be difficult to prosecute due to lack of uniform legislation in the different states.

5.3. INTERNET JURISDICTION, A GREATER PROBLEM

It is essentially very difficult to determine political borders and culprits cannot be apprehended easily as the cybercrimes can be executed across borders and at times it's even difficult to locate the real culprits or the jurisdiction which can easily deal with them. In addition to that many countries have independently formulated cyber laws to deal with cyber crimes hence the lack of uniform law poses even greater challenges in dealing with international cyber crimes. "The whole trouble with internet jurisdiction is the presence of multiple parties in various parts of the world, who have only a virtual nexus with each other. Then if one party wants to sue the other where can one sue, traditional requirements generally encompass two areas firstly where the defendant resides or secondly where cause of action arises, for example A in India decides to download an article from a website and pays money for it through a credit card and is then unable to perform the download. He wants to sue the owner of the site but the owner is in Thailand, the site itself is based in a server in Brazil, where does the defendant reside? The transaction occurred in the net, so was it in India or Brazil?"¹⁶ Such are the difficulties created by the jurisdictional problem

5.4. RAPID EVOLUTION IN THE NATURE OF CYBER CRIME AND THE EVOLVING CHALLENGES

Over the past few years, the global cyber crime landscape has changed dramatically, with criminals employing more sophisticated technology and greater knowledge of cyber security. Until recently, malware, spam emails, hacking into corporate sites and other attacks of this nature were mostly the work of computer 'geniuses' showcasing their talent. These attacks, which were rarely malicious, have gradually evolved into cyber crime syndicates siphoning off money through illegal cyber channels. By 2010, however, politically motivated cyber

Crime had penetrated global cyberspace¹⁷ This is set to pose a greater challenge in the future and governments must involve substantial resources in form of skilled manpower and research in technology to further better technology in order to reduce the vulnerability of state agencies and critical installations such as intelligence and security agencies to infiltration or attacks, the thought of having cyber terrorists invade such sensitive information such as classified information related to nuclear weaponry and its control may all together annihilate the entire universe, such is the gravity of the vulnerability to cyber attacks. The use of Internet to spy on political allies and the encouragement of governments, individuals and agencies to carry out such activities is especially a worrying trend that points to the magnitude of the problem. The cyber criminal community and their techniques are continuously evolving, making it more challenging for governments and companies to keep up with ever-changing techniques. Tracking the origin of crime According to Rob Wainwright, Director of Europol, criminal investigations of cyber crimes are complex, as the criminal activity itself is borderless by nature.

5.5 RAPID PROGRESS IN A SUBVERSIVE CYBER CRIME FINANCIAL SYSTEM

Cyber crimes have virtually transformed from crimes of mischief and leisure pursuits to become a profitable industry that make millions of dollars every year, Cyber criminals steal money from overseas accounts and then transfer the money to offshore accounts where the money cannot be traced and then is wired elsewhere to be invested in legal enterprises, hackers hack into company's profiles and steal crucial information that they in turn sell to competitors and earn gigantic profits, it has become virtually impossible to keep corporate secrets and information which is the most important asset safe from criminals since it has to be kept in electronic form either in computers or in hard discs, this acts are known as economic espionage, "in today's world information is the most important asset a business owns. Yet these assets are extremely difficult to preserve in an environment where gigabytes of secret data fit on a small disc"¹⁸

5.6. SCARCITY OF SKILLED CYBER CRIME WORKFORCE TO EXECUTE CYBER SECURITY MEASURES

The task of implementing cyber security measures and to keep an eye on cyber traffic for cyber criminals is an uphill task that requires extremely skilled manpower well conversant with the technology involved in cyber warfare to neutralize potential attacks and circumvent vulnerable networks and exercise due caution before cybercriminals carry out these attacks, some countries are considering enlisting an army to wage the cyber warfare but it is an expensive and technical undertaking and for most poor countries without basic technologies such plans are fallacies so they are open to attacks and remain vulnerable. According to the Cisco 2014 Annual Security Report, it reveals that threats designed to take advantage of users' trust in systems, applications and personal networks have reached startling levels. The report indicates a shortage of more than a million security professionals across the globe in 2014.¹⁹

5.7. LACK OF AWARENESS

The general public and even government departments lack knowledge regarding cyber crimes and the necessary steps to take when a criminal activity takes place, most of the population do not take their cyber security or even their cyber privacy seriously making them most vulnerable to cyber attacks, cyber offences in forms of cyber stalking can go on unnoticed for a long time even subsequently ending disastrously. People only come to know about the existence of such laws and regulations perhaps when they have become victims or made losses in cyber related transactions. To overcome this it's necessary to create awareness among the public on the importance of taking proper measures to avoid becoming victims and the seriousness of cyber crimes.

5.8. LACK OF PROPER PROCEDURE FOR THE COLLECTION, ANALYSIS AND PRESERVATION OF DIGITAL EVIDENCE.

It is difficult to convince judicial bodies including judges and the tribunal when evidence is in a digital format. There is no legal procedure for collecting, analyzing and presenting evidence in the court of law. Hence the defense lawyer can always anticipate an ambiguity. There are certain shortcomings of the Information Technology Act, 2000 with regard to identity theft, spamming, pornography, data protection and internet banking. Judiciary and I.T Act 2000²⁰

CONCLUSION

Cybercrimes pose a threat to our safety as human beings and the complexity of such crimes calls for the formulation and enactment of relevant legislation to deal with such, people must take their privacy seriously and take preventive measures rather than remedial measures, an attitude of respect for other peoples privacy and property is a must for every individual, its also imperative to note that cybercrimes cause economic loss, social problems and even political problems. They should be treated with seriousness just like nay other offences.

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INTERPERSONAL COMMUNICATION: A CASE STUDY

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ABSTRACT

Interpersonal communication issues, many time , arise due to incongruous profiles of the communication partners. The caselet highlights the fact that such issues should not be analyzed at mere surface level otherwise diagnosis will be faulty. There are some clogged channels and we will study through 2 no. of scenarios by diagnosing the problem, communication failure with the possible acts be done. The communication is an important factor to deliver your views and what you want to say. So always try to deliver proper communication in every walk of life.

INTRODUCTION

The modern man faces a dilemma –his basic human needs demand small social groups or units like the family, the intimate circle of friends, the homogeneous club or community etc., where he communicates best. But modern technology and business and Government activities generated by the multifarious demands on the state, are pushing him into organizations which have to utilize the economy of sale. The organizations are growing not only larger, but also more and more complex.

But every man's place of work is a social organization- a fact which should not be lost sight of. He does not merely attend at the work place and go through certain motions which lead to some kind of production and then retreat to a social circle of his own at a fixed hour. He talks, learns, passes on information, even relaxes and likes to feel that he is a member of a larger group. But without an effective system of communication , these human needs are not satisfied , nor are the organizations' s own needs fulfilled if the various parts and units of it and the men who are at work in it, are not able to communicate with each other effectively.

While on the one hand the absence of an effective system of communication may cause misunderstandings, frustrations, and eventual alienation, the presence of such a system contributes greatly to better interpersonal relationship, productivity and organizational efficiency. All these statements will be regarded as truisms today.

However, as one writer puts it , “this frenetic urge for communication” which seems to have seized modern industry, particularly in the USA , may not by itself produce wonderful results. The whole problem of communication has to be understood dispassionately and the various techniques of communication tested in the context of the requirets of each organization rather than accepted in an uncritical manner.

REVIEW OF LITERATURE

The debate on communication process, channels and medium include the communicator and the receiver to understand more effectively the message. As Peter F. Drucker (1960) puts it, “ Our society has become , with in incredibility short fifty years, a society of institutions. It has become a pluralist society in which every major social task has been entrusted to large organizations – form providing economic goods and services to health care , from social security and welfare to education, from search for new knowledge to the portion of the natural environment”- Management, “What follows is an enlarged and revised version of a speech originally published in the author's monograph.” Is described by the Institute Of Port Management, Calcutta, (August ,1971.)

At the micro-level Mr. A.D. Moddie has found a great failure of communication between the four sub-cultures of the politician, the administrator, the businessman and the academic.

Waren G. Bennis (1974) had found that “Decisions are taken whose rationale is hard to find and the subordinates skirt gingerly round these cases being unable to draw the conclusions they would have done under an ‘open system’. Such habits of partial or deliberately throttled communication are often a reflection of the social or cultural milieu’ or a bureaucratic system not yet adjusted to the needs of a democratic organization”.

Sh. G.S. Jabbi has explained that safety weeks were organized (these are still going on) when through posters, demonstrations , film – shows etc., safety lessons were brought home to the worker. Much more effective were the recorded ‘safety songs’ (in Hindi, Bengali and Telgu) composed of words taken from the safety rules and of catchy tunes borrowed from the most popular films (of which these workers are great devotees). So ‘safety gana’ which in the workers’ language soon became ‘shifty gana’ communicated to them the message of mines’ safety rules quite effectively.

The behavioural scientists who have conducted large numbers of studies and investigations (1978) in industrial organizations, different management styles etc. seem to hold that “on the whole an ‘open system’ i.e., one where there is a receptivity to external stimulus, where there is a free flow of communication both with the external environment and within the system, is more effective or functional than a closed organization where communication is restricted.”

Louis A. Allen in his article on “Making Better Use of Committees.” (The Management Record, December , 1955) describes how the President of a Philadelphia Co. employing 10,000 men once found that there were as many as 286 committees functioning in his organization. The Government of India has from time to time to do some spring cleaning of committees. When the late Shri Lal Bahadur Sastri was the Prime Minister of India, he introduced a meeting –less day which was every Wednesday as he felt that the officers spent too much time in committees.

N.N.Chatterjee (1978) had articulated that “the committee or conference procedure has become a common method of communication in large organizations including industrial organizations. As we have been modern management because of the predominance of professionals, is becoming more and more caused by the challenge by the rapidly changing technology etc.”

A communication policy answers all these questions-what, why , when , to whom, and by whom or through what. Wherever industrial relations are chronically bad, a fairly communication system is also to be found.

Communication is better where the management follows a consultative style and best where it is participative. Every organization has its own communication net-work ; the single strand, the two-way system, the cluster , the chain , the circle, the wheel and the all channels system.

OVERVIEW OF THE CASE

A human being communicates best in small, homogenous groups. Large and complex modern institutions , particularly industries , have difficult communication problems. An effective communication system is highly useful. The need for such communication is stressed by the unionization of workers’ competitive business activities, better utilization of human resources etc. In India the communication system in industries is generally faulty. But sometimes, this type of clogged channels acts as a slow poison for an organization.

Same was the situation with Bulls India, one of the leading financial services company of India with its Headquarter in Digicom at California, U.S. Everything was going in line and well. But suddenly some communication problems creep in.

The purpose of the case study is to understand the problem of communication, its failure and what possibly be done to remove and reduce the situations of clogged situations.

OBJECTIVES OF THE STUDY

- To study the diagnosis of communication problem.
- To study why communication fails.
- To study guidelines to avoid such communication related issues.

The case study divided in four phases as mentioned below:

First Phase:

CLOGGED CHANNELS- Scenario 1: once more Angshuman felt distraught at discovering that his boss Malvika had checked on his clients again without involving him in the discussions. Angshuman was the client liaison manager with Bulls India, one of the leading financial services company of India. When he asked Malvika about it she defiantly claimed that it was part of her job to keep tabs on Angshuman work. However, the matter was not all that simple. From the feedback received from Rajesh Roy, his department head. Angshuman knew that often his contribution was going unacknowledged since , worse ,Malvika was usurping credit for several deals which were actually concluded by him. Angshuman wondered if he should call up Manvinder from Hay & Morris, the placement outfit, who had said that he had a good opening for him in a multinational finance powerhouse. He really wanted to quit now.

Scenario 2 : These days the usually exuberant Rocks (Ruckmani, actually) remains subdued. Five months into her new job , post her MBA from FMS, Delhi, she should have been on top of the world having landed with a

dream job with above average salary package and immense potential for the growth. Her earlier boss went all out to make sure that she was sent for an advanced programme in Digicom at California, U.S., the Company headquarters. However, her present boss was a grand master at giving her heebie-jeebies. He refuses to set clear targets for Rucks, but was ever eager to berate her at monthly meetings for failing to perform as per expected standards. When she requests Mrigank, her boss, for clear guidelines, his riposte would be, "I am not supposed to spoon feed you. You should be a self starter and on autopilot." She wonders if he harbours a bias against her age (all of 22 years!), gender, or her MBA degree (his being from Lucknow University). Whatever, but she feels very demotivated. She realizes herself that her productivity is on a low ebb since she is not giving hundred percent to her job.

Both these are real life problems, in search of solution. These were presented in a training workshop by Angshuman and Ruckmani.

Second Phase:

DIAGNOSING THE PROBLEM: But what is the real problem? It is all about communication. Of course even a fresh inductee into the organization understands the criticality of communication between a boss and his/her subordinate. Asking some probing question should help identify a problem.

Am I clearly told what is expected of me, in qualitative and quantitative terms? What exactly does excellence in sales mean? Are targets clarified in aggregate monetary terms or customers volume terms? Am I responsible for generating a lead only or signing an MOU? Does my boss give me regular and constructive feedback on my performance? Does he provide suggestions for improvement along with negative feedback? If faced with a workplace problem, do I feel uninhibited in approaching my boss for advice? If my boss and I are in vehement disagreement over an issue, do I get an opportunity to present my side of the case? Does my boss allow-better still, encourage me to speak to his superiors during occasional meetings among all of us? Am I receiving fair credit for my contributions?

If you get no to any of these questions it indicates a faulty communication scenario.

Third Phase:

WHY COMMUNICATION FAILURE?: But why should the boss shirk frank communication? After all, unless he has been unfairly promoted, he must have earned his position. Yet the fault lines may occur. May be because he subscribes to the 'schools of hard knocks' theory. That is, he genuinely believes that you learn swimming only by plunging into deep waters yourself. He thinks that the survival instincts will force the junior protégé to learn to reach the shore: he does not have to clarify or discuss issues. But then he may be actually insecure about his own position due to perceived superior educational qualification or work abilities of the junior. So he deliberately withholds information. Or, the insecurities may exist about using new technologies at work. Of course, all bosses are not uncommon on the part of some bosses to harbor resentment over salaries and designation of new recruits, especially when the latter are hired from better business schools.

Fourth Phase:

WHAT CAN POSSIBLY BE DONE: One can follow certain guidelines to avoid such communication related issues. First, have positive mental attitude. It helps to start with "I am OK-You are OK" paradigm. Give your superior the benefit of doubt and don't attribute biases to him unless you have been repeatedly observing delinquent behavior on his part or have concrete evidence to support your apprehensions. Second, believe in your work and worth; be confident without being cocky. Else, your communication would betray your hurt ego, and not the real issue on hand. Third, clearly verbalize, even formally through written, oral, and non-verbal language, that you need more inputs from your boss for correcting/improving/delivering results. Emphasize that his guidance is definitely needed and is being actually solicited. Seek this guidance both during one to one talks and group meetings. Ask simple questions: "Could you kindly tell me if it will be O.K. to use my LinkedIn connections for recruiting for the new position that we had talked about?" This should promptly clear the air. Fourth, depending on the time availability, the nature of the issue, and the complexity of conversation determine the suitability of mode of communication ranging from face to face, telephone, e-mail, to even formally documented form. Fifth, actively ask for feedback. Questions like "Would you please take out some time to check the report to see if everything is in order?" or "What do you think I need to do extra to exceed last quarter targets?" automatically open up the talk lines as also would make the boss feel valuable. Sixth, do offer your inputs and suggestions but in an objective, logical and non-confrontational manner. Seventh, probe for biases. Diplomatically ask such questions as. For some time I have been feeling we have slight

misunderstanding about report I submitted to you last fortnight. Is there anything I can do or explain to clear up things? Taking the onus of improving the situation upon yourself, coupled with the 'we' approach –not the you vs. me route– will surely help soothe ruffled feathers. Finally do not hesitate to take credit where due. In case of credit being wrongly usurped, tactfully check with colleagues and department heads, before speaking to your boss. This would prevent simple misunderstanding from snowballing into major issues. Infact you can attempt to preempt further concerns on this count by candidly saying: "I was wondering if we could mention in today's meeting the employee satisfaction survey report that I had done last week. You had said that I was on the right track."

CONCLUSION

The study concluded after providing a generic framework for identifying and proposing solutions. While face communication is the best, written communication is preferable in certain situations. Information sharing with the employees should be done in a planned manner. The superior and manager can improve his communication skills by patient listening by conveying the rationale of tasks set by being willing to be a sympathetic, non-directive counselor. Communication should be clear and non-confusion creating.

Note: The name of the organization and its staff members has been changed to protect their identity and to maintain confidentiality.

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RURAL RETAILING - ITC'S RURAL HYPERMARKET "CHOUPAL SAAGAR"**Dr. Tazyn Rahman**

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ABSTRACT

The Indian rural retailing offers great opportunities to retailers. Two-thirds of countries consumers live in rural areas and almost half of the national income is generated here. Retailing as a whole contributes almost 10% of India's GDP, and employs almost 8% of India's employable population. Indian retail market is occupied 5% by the organized retail sector and is expected to grow at 10 per cent, reflecting increasing disposable incomes, favorable demographics, changing lifestyles, growth of the middle class demanding higher quality shopping environments and stronger brands. The Indian retail market is the fifth largest retail destination in the world. The rural market accounts for half the total market for TV sets, fans, pressure cookers, bicycles, washing soap, blades, tea, soft drink, cigarettes, salt and toothpowder. Realizing the future growth potential of the rural market, ITC come up with innovative marketing strategy to tap the growing rural retail market. Today ITC generated 50% of their revenues from rural India. This paper tries to understand the opportunities of rural retailing in India. It also highlights the challenges faced by the industry.

Key Words: Rural Retailing, ITC, Growth, Opportunities, Choupal

OVERVIEW OF INDIAN RETAIL SECTOR

Retailing is the sunshine sector in India, with its tremendous growth. The India Retail Industry is expected to touch US\$ 833 billion by 2013 and US\$ 1.3 trillion by 2018, with a compound annual growth rate (CAGR) of 10%, which is quite lucrative. Retailing as a whole contributes almost 10% of India's GDP, and employs almost 8% of India's employable population. The retail sector in India can be broadly classified into the organized and the unorganized retail sectors. The unorganized retail sector typically consists of small time family run retail outlets popularly known kirana stores. The organized retail sector typically consists of large retailers with large numbers of outlets, product assortment, customer convenience, and so on.

Indian retail market is occupied 5% by the organized retail sector and is expected to grow at 10 per cent, reflecting a fast-growing middle class, demanding higher quality shopping environments and stronger brands. The Indian retail market is the fifth largest retail destination all across the globe. It has been ranked as the most attractive emerging market for investment in the retail sector in 2009.

INTRODUCTION OF ORGANISED RURAL RETAILING

The rural retail market is vast in size and demand base offers great opportunities to retailers. Two third of countries consumers live in rural areas and almost half of the national income is generated here. India is classified in around 626 districts and approximately 6,38,596 villages (census 2001). 70 % of India's population lives in these villages. Retailers are fast penetrating in rural India. According to the latest report India Retail Sector Analysis (2006 & 07) by RNCOS, the total retail market is primarily focused in rural regions. The rural market is spread over 638596 villages, even though its centre of attention is focused around a core group of 100,000 villages that makes up 50 per cent of the rural population.

According to a study by the Rural Marketing Association of India (RMAI), the rural and small town economy which accounts for 60 per cent of India's income has remained insulated from the economic slowdown. Moreover, rural incomes are on the rise driven largely due to continuous growth in agriculture for four consecutive years. The rural market is seeing a 15 per cent growth rate. A study on buying behaviour of rural consumer indicates that the rural retailers influences 35% of purchase decisions. Therefore product availability can affect decision of brand choice, volumes and market share. India offers a huge, sustainable and growing rural market, which can be tapped effectively through innovative distribution channels. The rural market accounts for half the total market for TV sets, fans, cookers, bicycles, washing soap, tea, salt and toothpowder.

KEY REASONS IN GROWTH OF RURAL RETAILING

The rural bazaar is booming beyond everyone's expectation. This has been primarily attributed to a spurt in the purchasing capacity of farmers. The high incomes combined with low cost of living in the villages have meant more money to spend. Some of the reasons listed below are behind the fast growth of rural retailing :

- **Increase in Rural Income due to Agricultural Prosperity**

Nearly 60 % of the rural income is from agriculture. Due to good monsoons in four consecutive years, the agricultural output increased rapidly.

- **Government and Non-Government Initiative**

There is a large inflow of investment for rural development programme from government and other sources. There is large inflow of foreign remittances in rural area from different sources.

- **Increase in Rural Population**

126 million households live in rural India. Out of this 111 million household will be in the category of middle and high income nearly double the urban i.e., 59% in 2007 as per NCAER report.

- **Changing Lifestyle**

Rural consumer's lifestyle changing rapidly. They use TV instead of Radio, toothpaste instead of Neem stick, gas oven instead of Chulhas, national brands instead of Local brands etc.

- **Competitive and Creative Promotions and Advertising**

Some of the advertisement and sales promotion activities are targeted specially to the rural customers. The advertisement of Agni tea, Cadbury Munch, Coca Cola, Nokia, etc., are some of the example of products targeting to rural customers.

- **Revolution in Packaging**

Lots of innovation in packaging, labeling is done by the corporate to attract the attention of the rural customers. To create convenience for the rural customer the retailer made low price packaging to match the customer's pockets. They made the package and labeling such that it attracts the attention of the rural customers.

- **Woman Education**

Government and NGO's have taken different programme for empowering women, for promoting self-employment among to rural poor. Special emphasis is given to women capacity building by forming the group through financial assistance training, selection of key activities, infrastructure build-up, technology and support. These increase the income level in rural area.

- **Enlarged Media Reach**

Exposure to electronic media like TV and Radio has increased the awareness of the rural consumer. Increase income and education, as well as awareness levels have made villages seek a better quality of life.

MARKETING STRATEGIES ADOPTED BY ITC'S CHOUPAL SAAGAR AND E-CHOUPAL:

Chaupal Saagar is one of the first organised retail forays into the hinterland. It was launched on 15 August 2004 at Sehore near Bhopal by ITC. The rural hypermarket or a rural mall, Choupal Saagar provides multiple services under one roof, like selling produces and buying quality products for farm and household consumption. It has opted for self-service, stocking its merchandise on shelves lining the neat aisles, it stocks a breadth of products that no supermarket can. It offers almost everything - from toothpastes to televisions, hair oils to motorcycles, mixer-grinders to water pumps, shirts to fertilizers. Most of the brands it sells are national such as Marico, LG, Philips, torches from Eveready, shirts from ITC's apparel business, bikes from TVS, and tractors from Eicher.

Facilities

Spread over 5 acres of land most of Choupal Saagar provides following facilities:

- Rural shopping malls will open from 6 am to 9 pm.
- The ITC store sells everything that a rural consumer may like cloths, electronic items , farm consumption products like seeds, fertilizers, pumps, tractors, motorcycles etc.
- Banking and automated teller machines is standard at the malls.
- Insurance products for farmers.
- Entertainment facilities, restaurants, public facilities and parking space also available.
- Fuel pump and cafeteria.
- Parking lot for 100 - 200 tractors.
- There is primary healthcare facility serviced by a private healthcare service provider.
- Information centres, the company create the facility for providing online information on commodity rates and weather.
- Shopping malls have a training facility on modern farm techniques.
- Farmers can come and log on to the Internet and check the pricing and sell their commodities.

The business model of Chaupal Saagar is linked closely with the E-chaupal. E-Chaupal is the backbone of these rural malls. While the first layer (E-Chaupal) provides the farmers necessary information about weather and prices, this hypermarket initiative provide them another platform to sell their produce and purchase necessary farm and household goods under the same roof. Chaupal Saagar is built near Samyojak, so that when farmers come to sell their produce to samyojak and receive cash money then they can shop at Chaupal Saagar. During the peak season, a hub sees traffic of about 200 tractors per day on an average. Till now there are 24 'Choupal Saagars' have commenced operations in the states of Madhya Pradesh, Maharashtra and Uttar Pradesh. ITC is engaged in scaling up the rural retailing initiative to establish a chain of 100 Choupal Saagars in the near future.

ITC's E-Choupal is commercial venture that provide a channel for knowledge and opportunity, bringing global resources and practices to Indian villages as well as higher incomes for farmers, and helping create the conditions for many other enterprises to cater the rural market. E-Choupal is an entirely new channel for procuring the produce of the farmers. Today ITC operate through 6,500 choupals in 10 states (Madhya Pradesh, Haryana, Uttarakhand, Uttar Pradesh, Rajasthan, Karnataka, Maharashtra, Andhra Pradesh, Kerala and Tamil Nadu) covering 40,000 villages and benefited 4 million farmers. It emerged as the gateway of an expanding spectrum of commodities leaving farms – wheat, rice, pulses, soya, maize, spices, coffee, aqua-products. The reverse flow carries FMCG, durables, automobiles and banking services back to villages. In E-Chaupal they started with two channels known as Sanchalak and Sanyojak.

Sanchalak: Sanchalak is the person in whose house the ITC sets up the E- Choupal. E-Choupal consists of a computer; linked to the Internet via phone lines or, increasingly, by a VSAT connection. Each Sanchalak serves an average of 600 farmers in 10 surrounding villages within about a five kilometer radius.

Samyojak: Samyojak is the cooperating commission agent. They look for the logistical support and are responsible for cash disbursement to the local farms for their produce. They basically facilitate the purchase of the products for ITC from farmers. They take care of 40 Choupals and the average distance a farmer has to travel to reach Samyojak to sell his produce is 25-35 kilometers.

Over the next 5 years ITC's vision to create a network of 20,000 e-Choupals, thereby extending coverage to 100,000 villages representing one sixth of rural India.

CHALLENGES IN THE BOOMING RURAL RETAILING

Rural India presents a great opportunity to retailers; there are many challenges which need to be addressed in order to ensure vibrant growth for this sector. The major challenges faced are:

Underdeveloped People :

Underdeveloped people by and large characterize the rural markets. Vast majorities of the rural people are tradition bound, fatalistic and believe in old customs, traditions, habits, taboos and practices. Life in rural areas is still governed by customs and traditions and people do not easily adopt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.

Lack of Proper Communication Facilities:

Nearly fifty percent of the villages in the country do not have proper roads. Communication to these villages therefore becomes a very costly affair. Many rural areas are not connected by rail transport. Roads become unserviceable during the monsoon and interior villages get isolated.

Media for Rural Communication:

Reach of formal media is low in rural households; therefore, the market has to undertake specific sales promotion activities in rural areas like participating in melas or fairs.

Many Languages and Dialects:

The number of languages and dialects vary widely from state to state, region to region. The messages have to be delivered in the local languages and dialects.

Dispersed Market:

Rural areas are scattered and it is next to impossible to ensure the availability of a brand all over the country. Advertising in such a highly heterogeneous market, which is widely spread, is very expensive.

Low Per Capita Income:

Even though about 33-35% of gross domestic product is generated in the rural areas it is shared by 74% of the population. Hence the per capita incomes are low compared to the urban areas.

Low Levels of Literacy:

The literacy level is low in rural areas as compared to urban areas. Print medium becomes ineffective in rural areas.

Demand is governed by good agricultural output:

Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.

CONCLUSION

Thus, looking at the opportunities and challenges, which rural retailing offer to the retailers, it can be said that the future is very promising for those who can understand the dynamics of rural markets and make use of them to their best advantage. ITC's e-Choupal leverages IT to improve farmer's decision making ability to align farm output with market demands and improve productivity. Farmer used to purchase farm and household items from Choupal Saagar. ITC's adopt strategies to enhance their network of 20,000 e-Choupals in near future, their by increasing its revenue earning through retail business.

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FDI IN INDIA IMPACT ON RETAIL SECTOR**Himanshu Talwar¹ and Dr. Vikas Gupta²**Research Scholar¹, Mewar University, Chittorgarh, RajasthanProfessor², Gitarattan International Business School, Delhi**EXECUTIVE SUMMARY**

- *The objective of the research paper is to highlight and bring in to discussion various issues that are being addressed either directly or indirectly in the policy on FDI in India's retail sector and to understand the rationale behind current policy.*
- *Indian market feels positive about widening of FDI policy and the benefits it could bring to the retail industry and wider economy. This paper aims to provide an analysis of the arguments for and against FDI in Indian Retail Sector. It even discusses a balanced and independent review of opinions/ thoughts on FDI in retail policy.*
- *Predominantly qualitative research techniques are applied to prepare this paper. Both, primary and secondary methods have been used to explore issues surrounding FDI in retail. Intension is to gain information on what kind of attitude is shown towards foreign retailers and their impact on Indian economy.*
- *The paper employs a descriptive approach in data collection so as to interpret and analyse market sentiments towards FDI.*
- *The paper also investigates the fact that the analysis conducted has limitations. Limitations such as survey response limitations, inconsistency of data & statistics available on India and FDI/ Retail. However this research being more of an exploratory nature, these did not have much impact on the findings.*
- *The debate on its pros and cons has not yet been settled and is likely to continue.*
- *FDI in retail will bring the benefit of skills transfer, technology, innovation and best practices as well as supply chain, infrastructure and logistics improvements*
- *Reforms in policy is recommended in order to support domestic retailers in the face of competition from FDI*
- *Additionally this paper provides recommendations for ways in which current policy could be improved further to reduce the risks of FDI for India, and subsequently benefit the domestic retailers and related industries as well as the economy as a whole*

Few vital questions that are answered through this research include:

- *What methods of FDI in retail are currently permitted and what is the policy?*
- *What are the key issues concerning FDI policy change in India's retail sector?*
- *What reforms are necessary, if any, to protect the sub- continent's domestic retail sector and national interests?*

Key Facts:

- *India is ranked No.1 out of 30 of the top emerging markets in Annual Global Retail Index*
- *Organized retail in India at present accounts for a mere 6% per cent of the total market as against 20% in China*
- *More than 60% of the Indian population is estimated to comprise of working age group between 15- 60. The large working-age population will no doubt translate to an attractive consumer base*

INTRODUCTION

In the mid 80's to 1990 the Indian economy underwent financial crisis that affected as an increased inflation rate of 12%. Indian industrial production too recorded a negative growth. There was an imperative need for an

economic reform and thus the said crisis brought about a restructuring in the form of competition, entrepreneurship and emergence of world-class infrastructure. Between 1990 and 1999, the Indian economy became more liberalized and resource allocation got influenced by the markets which in turn promoted a competitive economy. Post 1991, the government has been taking a closer look at liberalizing its foreign investment policies. In December 2004, the Investment Commission was established as a part of the Ministry of Finance in an attempt to facilitate and enhance investments in India. The Government promoted Foreign Direct Investment (FDI) in single-brand retailing. Presently it has considered opening up further on joint ventures with domestic players, which is evident with the Wal-Mart joint venture with Bharti.

Definition: Foreign Direct Investment (FDI) can be defined as acquisition or construction of physical capital by a firm from one country, which is the source, in another country, which is the host

PAPER JUSTIFICATION

This paper states that there is a lack of independent research that specifically focuses on the retail sector. This study provides a balanced and independent review of current opinions/ thoughts on FDI in Retail policy. As retailing in India is attracting the attention of many global players, the Indian Government is paying increased attention to the country's retail environment. The paper also provides recommendations for ways in which policy could be further improved to reduce the risks of FDI for India.

RESEARCH METHODOLOGY

Secondary research method has been used to collect data and also in the form of literature review specifically in retail sector. Policy proposals, industry papers, institutional, corporate, academic, and business oriented literature have been referred.

Examples:

Websites: Government of India's Ministry of Finance and Foreign Investment Promotion Board, domestic industry groups and trade lobby sites.

Academic textbooks: FDI in Retail Sector India' by Arpita Mukherjee & Nitisha Patel.

Industry papers and news articles: India Brand Equity Foundation (IBEF) paper on India's retail market and its opportunities. FDI watch paper by Association of Community Organizations for Reform Now (ACORN)

Additionally, newspapers, online journals and other internet sources have been considered.

DIVISION OF RETAIL IN INDIA

Retailing in India is slightly different than in developed markets and is mainly divided into two:

- *Organized:* Organized retail takes place under a license or through entities that are registered for sales tax or income tax. Organized outlet is any retail chain that has more than two outlets and is managed by professionals with accounting transparency and supply chain management. They have centralized quality control and sourcing. Retailing continues to be the least evolved industries and the growth of organized retailing in India has been much slower as compared to the rest of the world.
- *Unorganized:* Unorganized retail is India's more traditional style of low-cost retailing. The local kirana shops, general stores, paan/ beedi shops, convenience stores, hand carts and pavement vendors are some of the examples. Such outlets are run locally by the owner or caretaker of a shop. Typically the supply chain and sourcing are done locally to meet local needs.

FDI IN RETAIL

There is a growing demand for modern retailing formats that offer clean and hygienic environment to buy goods. A specific board namely, Foreign Investment Promotion Board (FIPB) has been created by the Indian government to promote domestic and international investment activities.

In India, retail employs a huge number of people in the 'unorganised' section. The majority of workers in this sector lack professional skills. This has sparked political debates as there is pressure on the government to compensate people who may get displaced and further, provide alternative employment options. The Indian

consumer behavior of preferring proximity to retail formats is also particularly pronounced in the food & beverages sector, with food, grocery and allied products largely sourced from the local stores or hand cart vendors very close to home.

FDI POLICY FRAMEWORK

The regulatory and supervisory policies are being reshaped and reoriented to meet the new challenges and opportunities in retail sector. Foreign investments are freely paperable, and are regulated under the Foreign Exchange Management Act (1999) (FEMA).

The following three conditions apply in foreign investment:

- FDI up to 100% for cash and carry wholesale trading and export trading allowed under the automatic route.
- FDI up to 100% with prior Government approval (i.e. FIPB) for retail trade of 'Single Brand' products, subject to FDI Circular 01-2013.
- FDI up to 51% in Multi Brand Retailing in India, subject to FDI Circular 01-2013.

This framework implies that foreign companies can now sell goods sold globally under a single brand, such as in the case of Reebok, Nokia and Adidas. However, retailing of multiple brands, even if the goods are produced by the same manufacturer, is presently allowed in a limited way. Relaxation of FDI rules is being pursued currently.

FDI REGULATORY FRAMEWORK

While proposing an investment plan in India, investors need to submit an application to either the FIPB or the Secretariat for Industrial Assistance (SIA) depending on the route chosen. Foreign investment can be approved via one of the two different routes:

- *Automatic Approval:* Automatic Approval route requires no prior approval. Investment details that are filed with Reserve Bank of India (RBI) post-facto is mainly for data records purposes. The automatic route is appropriate in any sector where there is no 'sector cap' i.e. sectors where 100% foreign ownership is allowed
- *FIPB Approval:* Foreign Investment Promotion Board (FIPB) approval is for proposals where the shareholding is intended to be above a prescribed 'sector cap', or where the activity is one where FDI is currently not allowed, or where it is mandatory for the application to be approved by the FIPB

As per the current FDI policy, retailers can enter the market through any of these practices:

- *Strategic License Agreements (agreement with domestic player)*
- *Cash & Carry Wholesale trading (100% ownership)*
- *Joint Ventures*
- *Franchising*
- *Distribution*
- *Manufacturing*

In February 2009, the Department of Industry Policy & Promotion (DIPP) released a series of Press Notes on changes relating to foreign investment. These Press Notes have not instigated amendments to the Foreign Exchange Management Act (FEMA); however these notes have taken effect from the date of announcement, which had caused confusion. FDI limits here are bypassed by progressively adding foreign investment through tiers of subsidiary joint ventures. This has created a loop-hole for foreign investors to legitimize cascading investments. In order to clarify the confusion and open up the sector DIPP in 2013 issued a circular (consolidated FDI policy) approving FDI in Single and Multi Brand Retail.

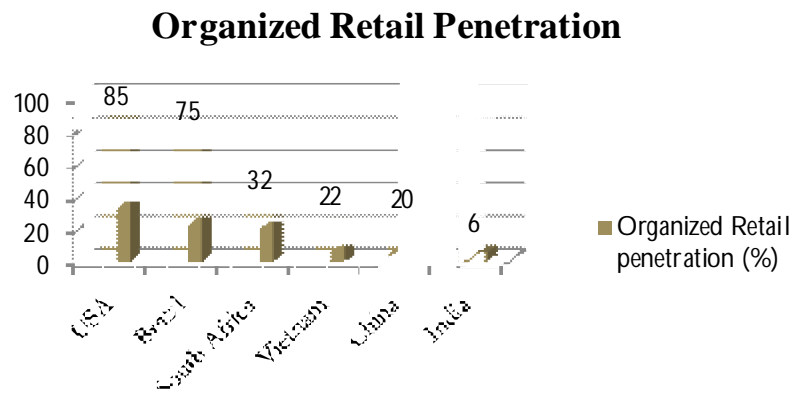
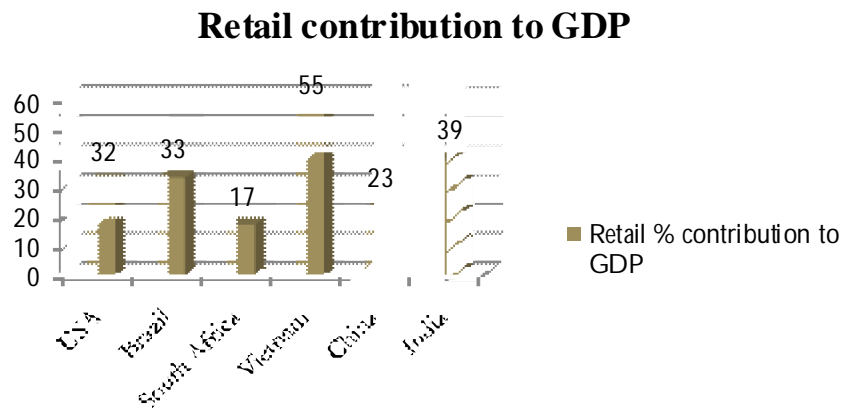
Access to Retail Space & SEZ: To facilitate easy access of retail space for international investors and improve real estate regulatory environment, Indian Government has been taking a calibrated approach in land and rent reforms. It has released large tracts of unused land for retail development that in turn aids in revenues from land sales and tax collections. To assist international investors in procuring lease rentals and pro-tenant laws, Government even introduced the Special Economic Zones (SEZ). The SEZ Act was passed by the parliament in 2005 that has aided in streamlining and simplifying procedures for foreign investors. Generating additional economic activity, promoting exports of goods and services, promoting investment from domestic and

international sources, creating employment opportunities, and development of infrastructure facilities are some of the main objectives of creating SEZ Act. The policy encourages joint-venture in multi-branding retail. However, there is a risk that foreign retailers may not be interested in investing unless they have 100% ownership.

GROWTH IN ORGANIZED RETAILING

India's retail sector is already undergoing a change propelled by evolving consumer demands and lifestyles. Organized retailing is still in the initial stages of adoption in small towns and cities. This sector has been thriving in global markets. In various developing markets organized retail contributes typically anywhere between 20% and 55% of GDP. In India, Retail Sector contributes 39% of the total GDP. However, organized retailing is still under-developed.

The chart below depicts the significance of retail sector from a global context.



Prevalence of traditional retailing is the main reason for the lack of penetration of organized retailing in India. Additionally, there is a high level of unorganized retail employment in the country which naturally raises concerns for smaller retailers. Nevertheless modern/organized retailing is growing at an aggressive speed in urban India. Leading retail players are exploring these markets. For example, Reliance Industries Limited (RIL), which is one of the largest domestic organized retailers in India has set up a subsidiary namely, Reliance Retail Limited (RRL). RRL is working towards inclusive growth and prosperity for farmers, vendors, partners, small shopkeepers and consumers. RRL intends to create a state of the art retail infrastructure, where-in multi-format outlets such as convenience stores, hypermarket, specialty and wholesale stores will be opened to consumers.

The growth of consumerism in India is one of the key drivers fuelling the expansion of organized retail. India is experiencing rapid income growth which in turn is resulting in consumers having a greater ability to spend. There is also growth in urbanization along with an increase in working-age population that has resulted in higher propensity and willingness to spend. In connection with providing an industry status to the retail sector,

Associated Chambers of Commerce and Industry of India (ASSOCHAM) has made certain recommendations. This association believes that the development of retail sector can take place at a faster pace if there is a comprehensive legislation enacted. The legislation should provide broad parameters within which the sector could operate.

Table below represents the verticals within retail that have potential organized retail penetration

Vertical	Share of total revenue (%)	Organized retail penetration
Food & Beverage	74.41	0.98
Clothing & Textile	9.31	16.39
Consumer Durables	4.87	17.04
Home Décor	3.04	8.76
Jewellery & Watches	4.30	6.19
Beauty Care	2.20	3.56
Footwear	1.05	32.84
Books, Music & Gifts	0.84	13.08

PROS OF FDI RETAILING IN INDIA

Retailing continues to be the least evolved industries in India although it has large contribution to India's economy. Additionally, growth of organized retailing in India has been much slower as compared to the rest of the world. Many industry experts believe that FDI in retail will benefit India and if not allowed may cause adverse impact on the growth of retail sector.

This paper mentions some key reasons as to why FDI should be widened in the retail sector:

1. *Large global retail players have advanced knowledge of inventory management, merchandising and utilization of new technology to their advantage.*
2. *Foreign low-cost big companies adopt integrated supply chain management system which in turn helps lower the price of products*
3. *FDI will ensure good customer service by providing high quality and better shopping experience*
4. *FDI aids in promoting ties between domestic/ local suppliers, manufacturers and agricultural traders and global markets*
5. *By means of engaging domestic suppliers and vendors, adoption of new strategies and competition would inevitably result in higher investments and employment in supply chain and back-end sectors.*
6. *New retail formats would encourage modernization in general.*

The paper further cites that FDI in retail needs careful planning and implementation. The opening of FDI needs to be phased over a 5-10 year time period, giving time for policy adjustments. FDI in multi-brand should not be kept restricted to 51%. Additionally, there needs to be policy on areas where retail outlets would be operated. The paper suggests that outlets need to be located away from city centers. However, in a different study conducted by Indian Council for Research on International Economic Relations (ICRIER) reveals that 65% of unorganized players felt that the growth of organized retailing has no major impact on their business. The study also mentions that foreign retailers are already operating in India due to loopholes in the current policy and if FDI widened this would help improve transparency in the regulatory system. For example, Pottery Barn, Ralph Lauren and Gap have all made India a key sourcing hub. Wal-Mart, one of the world's largest retailers set up a global sourcing operation in Bangalore in 2002, and at the end of 2006, it entered a Joint Venture with the well-known Indian corporation Bharti. Hence, it is vital that regulations are made transparent that restrict foreign retailers using grey areas or loop holes to set up businesses.

The potential benefits to host countries are:

<ul style="list-style-type: none"> • <i>Generation of employment</i> • <i>Increase in productivity</i> • <i>Better skills and technology transfers</i> • <i>Improvement in infrastructure</i> • <i>Increase in income</i> 	<ul style="list-style-type: none"> • <i>Enhanced exports</i> • <i>Contribution toward long term growth in developing economies</i> • <i>Additional tax to government</i>
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CONS OF FDI RETAILING IN INDIA

There have been many papers that argue that FDI either had negative impact or no impact on host countries. These studies have also found that FDI had a heterogeneous impact. Bombay Small Scale Industries Association has observed that FDI affects the livelihoods of 12 million small retailers which in turn is anti-national. There have been several parties who have strongly opposed FDI. Experts have acknowledged that domestic retail businesses that were owned by corporations were only a small amount of the total market. This further prompts the argument whether FDI was necessary at all in retail if there is already enough domestic capital being injected in to the retail sector.

Retailing is probably the primary form of disguised unemployment/ underemployment in India. As the rate of unemployment in the country is high, many of the people who go out of job turn to informal retailing to try and make some kind of living. Those displaced as a result of FDI in retail may not show up as an increase in visible unemployment. For example, skilled laborers end up as street hawkers, and educated youth turn to selling newspapers.

Large retailers are able to procure goods globally from cheapest possible sources which in turn force prices to fall purely by economies of scale. Wal-Mart procures £18 billion worth of goods from China giving it a ready pipeline through which cheaper goods can flow into the Indian economy. Further, foreign retail investors may use predatory pricing techniques that force domestic players to sell at low cost. They also could monopolize market and thus shift prices to reap higher profits. Some industry experts also argue that the multinational retailers may remit the profits earned in India to their own country.

India FDI Watch, an organization that campaigns to protect the interest of retailers, observed that the government is facing pressure from World Bank and IMF to allow labor standards to be dictated by the demands of supply chain flexibility. This means that the Indian labor law that focuses on protecting the interests of employees and business environments will be far more conducive to FDI. There have been talks to amend General Agreement on Trade Services (GATS), as well. The amendment will protect the foreign investor from all the barriers in host countries and give the right to determine its ownership structure, provisions of legal, regulatory and administrative transparency. This protection could be detrimental if India decides to widen its FDI policy.

SURVEY (one-to-one interaction) FINDINGS

The paper includes a survey that was conducted to obtain views and opinions that aligns with the objectives of the paper. It was basically based on one-to-one interaction. The following results are found through the survey:

- *Increased awareness of FDI retail policy*
- *83% agree that India should widen its FDI policy*
- *FDI results in growth in economy and employment*
- *81% dissatisfied with the current FDI policy*
- *Sourcing certain products from India found large supporters through this survey*
- *Reforms to be made by the government to ensure that the domestic retailers are supported*
- *Tax relief and tax incentives for domestic retailers*
- *Lifting restriction on FDI in retailing will allow more investment, technical skills and consumer choice*
- *Majority people believe that financial involvement of foreign retailers would be high*
- *Respondents accept that labor displacement is one of the risks in FDI*
- *Majority feel that one to four years' time frame to implement FDI*

CONCLUSION

- *Economic growth in India is good (with a 5 year average of over 8% real growth), and the retail industry contributes approximately 40% of GDP. Despite this positive impact, the organized sector in retail is under developed. This also offers exciting growth potential.*
- *The market feels optimistic about widening of FDI policy and the benefits it could bring to retail industry and economy in general.*

- *The Food & Beverages vertical has huge potential to grow within the organized retail sector as less than 1% of this vertical has been penetrated by organized retailers.*
- *There is a shift in the consumer pattern with middle- class and a growing young population willing to spend more*
- *Providing industry status to the Indian Retail Sector will allow comprehensive legislation to be put in place to govern the sector*
- *The loopholes in the policy are making many foreign investors enter the industry creating confusion. Hence, a clear policy and regulatory environment needs to be established*
- *Allowing 100% FDI will encourage domestic investment in the sector*
- *Foreign retailers should not be allowed until they make satisfactory guarantees to protect communities, support small businesses & traders, guarantee fair wages & working conditions, and ensure minimum sourcing from India*
- *Amendments to GATS agreement could mean that any policy changes on FDI will be irreversible as investors will be protected and have immunity to new barriers to trade*

RECOMMENDATIONS

Based on the research carried out, below are some recommendations provided in the paper:

- *To start recording detailed statistical data for both organized and unorganized retail sectors*
- *Revision of labor laws to suit the requirements retail sector employment*
- *In order to cope with the labor displacement, the manufacturing sector must be improved. This in turn will benefit the displaced labor from the retail industry*
- *City planning need to protect traditional trader areas by not cluttering the already densely populated city centers*
- *Real Estate Regulations reforms will facilitate access to land and property thus providing equal access to foreign and domestic players.*
- *Government should impose local employment quotas on foreign retailers to reduce effects of potential labor displacement. Additionally, this would also encourage local people to develop skills through training and development*
- *Revision of rules on repatriation of foreign profits, to discourage (and restrict) 100% of profits from leaving India*
- *Provision of Tax relief and/ or subsidy by way of low rate loans to domestic retailers*
- *Introducing organized retail sector should be slow and gradual as to allow for the displacement of labor*
- *The government should reform price control policies to ensure that foreign retailers cannot sell below a minimum price*
- *Conditions with regard to sourcing goods which has already been imposed should be implemented properly. This encourages and pushes the sourcing of goods from India's domestic market*
- *Bureaucracy and formalities should be reduced to assist domestic players in expanding as it will streamline the efficiency of the sector*
- *Special Economic Zones need to be assessed with further research*
- *Government should encourage co-operative stores so as to source and stock consumer goods/ commodities from the small producers*
- *Regulations such as copyright law need to be updated and streamlined with the needs of the future Indian retail sector.*

MERGER AND ACQUISITION STRATEGIES IN BANKING INDUSTRY:ISSUES AND IMPLICATIONS

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ABSTRACT

Banking is becoming an increasingly global industry, which knows no geographic and territorial boundaries. Within the banking industry, the increasing spate of mergers and acquisitions are manifestations of an inorganic growth process. There has been a steady increase in cross-border mergers with the increase in global trade. An attempt is made in this paper to analyze the trends in banking industry as well as the background of the merger and acquisitions in various countries. This paper highlights diverse issues such as reasons for the mergers and acquisitions in the banking industry, its implications for various stakeholders and possible reasons for failure of a merger alongside emerging indicators of successes. Important building blocks for successful mergers and acquisitions in the banking industry are also suggested in this paper.

The present study is based on secondary data. To examine the issues related to mergers and acquisitions in the banking industry, the study uses several reports published by RBI, BCG, McKinsey and Pricewaterhouse Coopers etc.

Key words: Merger, Acquisition, Bank, Trends, and Implications.

1. INTRODUCTION

Every week or two there is news of merger and acquisitions of banks. Mergers and acquisitions result in reduction in the number and increase the size of banks. The trend of such inorganic growth strategies is increasing among the banks nowadays. There are no limits to such expansions. Mergers of banks have become the most significant measure to create world class banking system. The competitive, legislative, regulatory developments in financial sector invariably lead to such types of mergers and acquisitions. This paper tries to overview the trends in banking sector. The concept of merger and acquisition is defined in this paper. It also flashes thought over the issues involved in mergers and acquisitions and the implications of mergers for various stakeholders. Possible building blocks are suggested in this paper for successful and effective merger and acquisition in banking sector and to survive and grow in emerging global economy.

2. OVERVIEW OF BANKING TRENDS

Banking is becoming an increasingly global industry, obliterating geographic and territorial boundaries. The trend towards mergers and acquisitions in banking is also affected by the unprecedented growth in competition, the continued liberalization of capital flows, the integration of national and regional financial systems, financial innovations etc.

Two types of structural changes are taking place in banking. First there have been consolidations of banks into ever-larger entities. Second, there has been increasing diversification of financial services offered within single entities, either through acquisition, internal development of new businesses or through crossing traditional industry lines.

Consolidation and aggregation have become facts of life, and senior executives are bracing themselves for continued mergers and acquisitions over the next few years. The institutions they compete against today could well become their strategic partner or even owner tomorrow. The trend of such inorganic growth strategies is increasing among the banks nowadays. Banks are becoming more sophisticated about spreading their risk. The competitive, legislative, regulatory developments in financial sector are helping them by easing rules and allowing many big mergers and consolidations. This ongoing consolidation in banking and financial systems and ability of banks to expand into new product markets lead inevitably to financial supermarkets.

One more interesting trend in the global private banking industry is the shift towards onshore financial centers, indicating a growing preference for local private banking service providers. American financial services are growing through combinations; examples are J P Morgan and Chase Manhattan merger, growing span of Citigroup, joining of Wachovia and First Union.

However, six trends are driving the banking markets in Asia; they are the rise of the modern consumer, the aging population, a growing concentration of wealth, a likely doubling of the bankable population, the emergence of powerful small and medium sized enterprises, and Asia's fascination with new technologies.

Asian banks are increasingly facing challenges in meeting the demands by various stakeholders. Not only are regulatory challenges such as Basel II impacting banks in most markets, but also accounting standards in many territories are rapidly moving towards requiring compliance with the requirements of IFRS (International Financial Reporting Standards).

In China, with liberalization of the country's banking sector in December 2005, the stock market listing of bigger banks and aggressive entry of foreign players in recent years, many of the larger opportunities in banking seem to have come to fruition while others have yet to emerge. The experience of HSBC provides a good illustration of how the China market is still very much evolving

Indian banking industry is consolidating to compete with their global counterparts. The players in the industry are busy in reviewing their strategies in order to enhance profit, improve quality of services, reduce cost of operations and improve market share. The process of consolidation is already well under way in the private sector in India, with over 30 transactions taking place in 2006, with a value of over US\$1.5bn (and private equity players taking a number of small stakes in private banks). Public sector banks, however, have shown reticence, despite official encouragement from the central bank and government. This could perhaps be based on the anticipation of both political and labour opposition to consolidation. Recent taxation changes have removed impediments to the merger of co-op banks, which had dampened mergers and acquisitions activity in this sector.

Apart from the problem of NPA management, banks now face tougher competition from the international banks and are vulnerable to economic shocks and political instability.

3. MERGERS AND ACQUISITIONS - DEFINITIONS

Mergers

A **Merger** is a strategy through which two firms agree to integrate their operations on a relatively coequal basis. (Hitt, Ireland, Hoskisson, 2006). *The two firms are called acquirer and acquiree. The acquirer company absorbs assets and liabilities of the acquiree company and assumes the acquiree's business.*

Acquisition

An **Acquisition** is a strategy through which one firm buys a controlling, or 100 percent interest in another firm with the intent of making the acquired firm a subsidiary business within its portfolio. (Hitt, Ireland, Hoskisson, 2006). *Acquisition can be enforced through an agreement with the persons holding a majority interest in the company's management or through purchasing shares in the open market or purchasing new shares in the private treaty or by making a takeover offer to the general body of shareholders.*

Amalgamation

Ordinarily, amalgamation means mergers. When two firms, previously independent, coalesce to form one new business, an amalgamation or merger takes place. When such type of merger occurs, the old firms completely lose their identity in new organization.

Consolidation

*Merger of equals involves coming together of comparatively same entities and taking best of each company and form completely new organization. This is also called as **Consolidation of firms***

4. ISSUES

Various issues related with merger need to be addressed for better understanding of the concept of merger and acquisition. They can be explained as below:

SCENARIO OF MERGERS AND ACQUISITIONS IN BANKING

Consolidation is a global phenomenon. Various forces like legal, social, regulatory and also internal and external factors are leading to mergers and acquisitions in the banks of various countries.

In Europe the philosophy is that cross country transactions are increasing within the European Union with a largely common monetary system and set of business practices and with former communist countries. The European commission believes consolidation is necessary if Europe is to be able to compete in the global financial sector market, as shown in its public commitment to make dynamic progress towards an integrated EU financial services market by 2016. In 2006, European banking sector increased by 109% on 2005 levels. European banks, and the French ones in particular, through mergers and acquisitions developed second home markets for growth and strategic positioning. Among the cross-border bidders seeking to expand in high growth European market there was a marked shift from Central and Eastern Europe to South Eastern Europe.

The belief driving change in US is that organizations containing diversified financial services should have a place alongside compartmentalized financial services firms. The American banking industry, which has already been consolidating for more than one and half decade, is getting ready for another round of mergers. The number of government insured commercial banks dropped to 7527 at the end of 2005 from 10,452 at the end of 1994 (source – Federal Deposit Insurance Corporation). The vestige of interstate banking laws kept many banks from doing business across state lines. Those laws were replaced in 1994, triggering a wave of mergers. In US federal law set a ‘deposit cap’ in the year 2004, preventing any bank from obtaining more than 10% of national bank deposits via acquisition. As the largest banks, such as Bank of America (9%), JP Morgan Chase (7%), Wachovia (6%) and Wells Fargo (5%) approached this limit. they become more interested in domestic mergers and acquisition targets that will boost their market position without breaking 10% barrier.

In Japan, the belief is that the nation require larger banks to ease recovery from serious financial difficulties. Japanese government has propped up enormous bad loans and investments in the financial system yet still encourages mergers of banks and other financial companies through deposit insurance, tax, and regulatory mechanisms.

A similar drive to consolidate is underway in neighboring Malaysia. Competition between banks particularly in retail segment such as credit card services, home mortgages, is fierce and the Malaysian central bank, Bank Negara Malaysia, has shown propensity for facilitating entry by foreign institutions. By contrast Philippines remains in a state of political crisis, and though there has been domestic consolidation among institutions in Thailand under the government financial sector reform Master Plan, announced in 2004, the country shows little inclination to open its banking and finance industry to foreign players. Under the reform plan the Bank of Thailand announced that it would not grant any new banking license to foreign companies for at least two years to give local banks chance to consolidate their positions.

China has committed to a wider opening of its banking and insurance markets to foreign competition by the end of 2006, new regulations are slowing the pace of change. For example, the expansion of branch networks is hampered by regulatory approvals and the significant branch capitalization requirements, and from 2007 there will be need for foreign banks to incorporate branches involved in retail activity. Nonetheless the prospect of access to the Chinese market has given foreigners a keener sense of urgency to develop a ‘China Strategy’. In China the most aggressive policy reform has taken place due to which larger state-owned banks saw several institutions introduce foreign capital. The aim of policy reforms is to attract international banks and thereby consolidate an overcrowded banking sector burdened by too many loans gone sour in the wake of real estate speculation.

In Indian case when some of the smaller banks, including private banks, turned insolvent due to asset quality problems and the inability to inject timely equity, RBI started stepping in to closely monitor their performance (it forced a merger with a stronger bank in the interests of depositors). Notable instances are the merger of New Bank of India with Punjab National Bank in 1993, Sikkim Bank with Union Bank of India in 1999, Benaras State Bank with Bank of Baroda in 2002, Nedungadi Bank with Punjab National Bank in 2003, Global Trust Bank with Oriental Bank of Commerce in 2004 and recently that of United Western Bank with IDBI Bank and Sangli Bank with ICICI Bank. While state-owned Bank of India (BoI) announced the acquisition of a controlling 76 per cent stake in Indonesian bank PT Bank Swadesi, a mid-sized bank operating in Indonesia for the last 38 years. This is its first overseas acquisition; other Indian banks are also aiming at boosting their share of total income from international operations. Last year State Bank of India had acquired a 76 per cent stake in PT Bank IndoMonex of Indonesia.

Meanwhile RBI is moving to give foreign banks wider market access. In the first phase of two-phase reform plan, to be completed by 2009, the RBI will grant more licenses for bank branches in excess of its commitments made at the WTO and will allow higher levels of foreign investment in banks identified by the RBI for restructuring. In the second phase, foreign banks may be allowed to buy private Indian banks, subject to approvals and conditions. Apart from that, as restructuring is now likely to become tax-neutral, it is widely believed that Indian companies -- particularly weak banks and financial institutions -- could substantially benefit from mergers and amalgamations, resulting in the ultimate strengthening of the financial sector. This will further lead to mergers in India.

According to a Pricewaterhouse Coopers (PwC) report, the banking sector in developing economies led by China and India is likely to overtake banks in the currently richest countries of the world by 2050. China and India show the greatest growth potential through organized growth and merger and acquisition activities, PWC said. Driven by large capital and global liquidity, the mergers and acquisitions, including inbound and outbound

deals, are expected to cross the US\$ 100-billion figure in calendar 2007. By May 2007, M&A deals in India had touched the US\$ 46.8 billion mark. India's domestic banking market could beat China's in the long run, the report said, noting that the country has seen major financial sector reforms since 1991 with private and foreign banks gaining market share.

5. REASONS & OBJECTIVES OF M&A

It is very important to know the reasons for merger and acquisitions strategies used by various banks all over the world. Apart from profit potential and risk reduction there may be other reasons as well. Let's take closer look at some of the powerful objectives of the mergers and acquisitions:

a. Growth:

In today's global business environment, companies may have to grow to survive, and one of the best ways to grow is by merging with another company or acquiring other companies. It can be existing growth rate of the market or the expected growth rate that attract the banks for mergers and acquisitions.

The shift in cross-border activities from Central Eastern Europe to South Eastern Europe has several drivers. In the more developed SEE markets, such as Greece and Turkey, actual growth rates are the major attraction for foreign bidders. In less developed states such as the former Yugoslav Republics, the rationale is based on longer-term growth potential and the relative cheapness and small scale of targets.

European banks and the French ones in particular, continue to develop second home markets in search of growth and for strategic positioning. Italian banking was by far the most active area of in-market consolidation in Europe.

In France, the merger of BNP Paribas, Societe Generale and Credit Agricole, the rationale for the transaction was growth, based on leverage in BNPP's existing Italian asset management, consumer finance and investment banking activities across BNL's customer network.

b. Increase Market Share:

The banks can increase market share by entering in new markets or by increasing branch networks.

Britain's Standard Chartered invested US \$ 3.3bn for Korea First Bank in Jan05, and later in the year paid US\$ 123mn for a 20% stake in China's Bohai Bank. The value proposition in these cases is simple and straightforward: leverage strong capital and know how to enter countries where markets remain under-served.

Among cross border bidders seeking to expand in Europe's higher growth markets, there was a marked shift from Central and Eastern Europe (CEE) to South Eastern Europe (SEE) during 2006. It includes acquisition of Denizbank in Turkey by Dexia group for euro 1.9bn and acquisition of Emporki, a partly state owned Greek bank by Credit Agricole to get exposure to the rapidly expanding Greek banking market.

In Europe banking was the most active financial services sector, increasing by 109% on 2005 levels to almost Euro 99bn and accounting for 72% of all financial services deals (By value). Many of the 2006's largest banking deals were conducted cross-border leading to increase in market share. The acquisitions of Cariparma for euro 3.8bn and of 193 Banca Intesa branches for euro 1.3bn, give Credit Agricole a network of over 600 branches in Italy. The group also intends to open 100 additional branches in the prosperous North within the next two years.

c. Competition:

Apart from the problem of NPA management, banks now face tougher competition from the international banks and are vulnerable to economic shocks and political instability. At such a juncture, when the urgency of strengthening the capital base can hardly be over-emphasized, the mergers can certainly be expected to give the banks a better competitive and marketing edge.

In Europe increasing competition in domestic markets has led institutions to seek economies of scale through in-market mergers and acquisitions.

City commercial banks are seeking partners as a means of countering competition as foreign banks incorporate in China and expand their branch networks (as of April 2007, four banks had incorporated, eight more were awaiting approvals and five had announced intentions to do so), but also as a precursor to an eventual public listing.

d. Economies of Scale:

Maximizing operational efficiency and achieving economies of scale is the key cost related objectives driving M&A and other restructuring. This refers to the fact that the combined company can often reduce duplicate

departments or operations, lowering the costs of the company relative to the same revenue stream, thus increasing profit. Sanpolo IMI merger had predicted to reach 11% of the groups combined cost base by 2009.

Merger between BNPP and Banca Nazionale del Lavoro forecast that cost synergies would reach 13% of BNLs cost base by 2009 is likely to have enhanced the deal's image in the eyes of investors.

European banks are not only seeking to diversify and grow, but also to be in a position to participate in any future cross border consolidation. The logic is that a bank with significant foreign operations is more likely to be attractive to a potential partner if it can demonstrate not only attractive growth prospects but also the scope for overlapping foreign operations that offer scope to create cost synergies.

e. Customer Base:

One of the major objectives behind mergers in banks is to increase the customer base. Sanpolo IMI merger in Italy have more than six million customers in ten countries in Central Eastern Europe (CEE) and CIS

In France Danske Bank acquired Sampo (Finnish counterpart). The key attraction for Danske were the scope to grow revenues by cross selling its products to Sampo's customer base, the relatively attractive growth profile of the Finnish economy and the chance to combine Sampo's activities in the fast changing Baltic states with Danske's own portfolio in the region.

f. Bank Regulations:

The laws in the respective countries regulate banks. Regulations and acts related to reserves, accounting standards, capital adequacy; NPAs etc. are required to be followed by the bank. Complexity of the new Basel II framework is out of reach for many smaller banks. Failure to comply with them lead to regulatory actions resulting in either the closure of the bank or amalgamating the same in other healthy bank. The government often follows second option.

In India Ganesh Bank of Kurundwad Ltd. had negative net worth and it failed to augment its capital for several years. Subsequently the Central government issued notification to amalgamate the bank in Federal Bank Ltd. with effect from September 02, 2006. Similarly, the United Western Bank Ltd. (UWB) was placed under moratorium by the Central government because the CRAR of UWB had turned negative. The government notified the Scheme of amalgamation of UBW with Industrial Development Bank of India, which came into effect on Oct.03, 2006.

g. Technology Edge:

The acquiree bank can get benefits of the technical strength of the acquired bank and that leads them to get merged with such technically proficient banks.

For foreign banks in China, city banks could present a greater opportunity as, unlike their national cousins; they are more in need of technology and management expertise and can benefit more from the association with a bank with an international brand.

In India some of the banks like Corporation Bank, Citibank and ICICI Bank have started using biometric identification to access ATM services along with the card. Biometric identification, plus the ATM card, reinforces more security. Similar technologies can be availed by the banks, which get merged with the above banks.

8. INTRODUCTION OF NEW PRODUCT

Consolidation and expansion into new activities can increase bank efficiency by allowing an institution to reach a scale or mix of output that is more profitable. Gains might come from lower costs but also from higher revenues as banks provide better quality services or additional services valued by their customers. Citigroup expanded by acquisition along traditional lines, including deals for European American Bank, Golden State Bancorp in California, and Bandmex in Mexico and into the securities and insurance businesses.

Banque Populaire and Caisse d'Epargne of France agreed to a partial merger, which will combine their wealth management, investment banking, payment and specialty finance activities in a new joint venture, Natixis. The rationale for the transaction, which was valued at Euro 10bn, was based on creating an entity capable of playing a major role in European banking consolidation, and on cross selling across the combined franchise.

i. Improve Industry Ranking:

Being the top bank in the market is another objective behind the mergers taking place in the banks. The merger of Sanpolo IMI and Banca Intesa valuing Euro 29.6bn was to create a dominant player within the Italian market

that would also be instantly significant on the European edge. The combined group holds 20% of Italian deposits.

j. Management Talent:

Smaller banks have fewer market contacts to help find managerial talent, and they may not be able to afford top-quality personnel. Mergers often give such smaller institutions access to capable new management. The talented staff with global experience and knowledge of culture helps the banks to survive in the market.

According to Mark Gilbraith, a partner with the performance improvement practice of PricewaterhouseCoopers (China), requests for assistance from foreign banks in China usually involve one of three issues. First is improving the effectiveness and capacity of their recruitment of experienced staff to ensure that their operation can achieve scale without reducing quality. Second is the localization of global standard approaches and methods. Third is improving specific technical skills and/or the capability of management.

k. Risk mitigation:

Due to diversified operations and varying credit profiles of banks, mergers and consolidation would serve as a risk sharing mechanism, besides increasing the potential growth.

6. Implications:

The implications of the mergers for the banking system and the economy are considerable. Any move to consolidate with an eye to improving efficiency will likely to meet with stiff resistance, if not outright hostility. Nevertheless, where the ultimate goal is to maximize value for both customers and shareholders, the achievement of scale should be a central consideration in every business deliberation. The implications for customers, shareholders and employees can be explained as follows:

a. Customers:

Banks should provide customer services in an atmosphere of some competition. Customers ought not to be charged more for or be discouraged from loans, deposits or other financial services because of decline in number of providers. Many believe that financial infusions have discouraged individuals and small businesses upon creation of large, complex financial organizations lacking a community orientation. Customer support is eating into margins, as customers will ask around to get the best deal but only choose one supplier in the end.

b. Stakeholders / Shareholders:

Shareholders of the merging banks can gain if the strategic rationale behind the acquisition makes sense, if the price is right, and if the integration is handled effectively. Quite frequently shareholders/ creditors with insignificant stake raise objections to schemes of mergers and acquisitions and the process of dealing with such objections become vexatious. While protection of minority interest should be recognized under the law, only shareholders / creditors having significant stake at a level to be prescribed under law should have the right to object to any scheme of mergers. The philosophy behind such a move would be to streamline the procedure of articulation of the minority interest while restricting obstructionist attitude on the part of any section of minority.

The share price fall by 5% on the announcement of the Italian acquisitions and took long time to regain its previous level, suggests that investors might be concerned at the level of financial risk and management risk the group is taking on by conducting so many overseas deals in one year.

c. Employees:

Where the merged entities originate in different countries, cultural issues can further complicate integration. The acquirer's human resources management policies can have a strong effect on its ability to get the best results from its new subsidiary. The way it treats its employees will affect their motivation, and the attitude that employees bring to their work. The relatively modest predicted job reductions of the Banca Lombarda / Banche Popolari Unite deal (6% of the combined workforce) illustrates the potential obstacles to consolidation posed by the governance models of some Italian banks.

d. Evaluation of Gains and Losses of M&A

It is important to evaluate the success or failure of merger because failed acquirers tend to abstain from future acquisitions while successful acquirers tend to seek new and bigger deals. Failure to enhance efficient mergers could render the bank less competitive in future years. Many business analysts and writers conclude that M&A are failed strategies. Some studies also indicate that 7 out of 10 mergers do not live up to their promises; the analysis of causes of failure has often been shallow and the measures of success weak.

The lack of clarity regarding the elements of merger success and implementation, along with problems in its measurement has led to debate as to whether mergers are generally desirable or its value is doubtful. Another debate is whether to use short-term stock prices or long-range financial returns for valuing success of merger.

The procedure for valuing an acquisition candidate depends on the source of the estimated gains. Different sources of synergy have different risks. Tax gains can be estimated fairly accurately and should be discounted at the cost of debt. Cost reductions through operating efficiencies can also be determined with some confidence. Such savings should be discounted at a normal weighted average cost of capital. Gains from strategic benefits are difficult to estimate and are often highly uncertain. A discount rate greater than the overall cost of capital would thus be appropriate.

7. POSSIBLE REASONS FOR FAILURE OF MERGERS:

While mergers and acquisitions worldwide have numbered in the thousands in recent years, not all are successful investment transactions. The possible reasons for the same can be explained as follows:

a. Problem of strategic vision:

The strategic vision of the bank should be improvement in the long-term advantages of the bank rather than short-term operational efficiency of the bank. Many banks overlook the long-term benefits and concentrate only of short-term profits, which leads to failure of merger strategies in the future.

b. Deal Structure:

The price paid for the merger and the financing or payment of price is another aspect to be considered for the analysis of the success of merger deal. Mergers often fail due to payment of high price. It overburdens the new company with high debt payments. According to some analysts and investors, prices paid in some of the most recent deals in CEE and SEE mean that buyers will likely take a few years even to earn a return on investment of 10%.

c. Culture Clash:

Another ticklish question is how to bring harmony and a sense of identity when two banks with starkly contrasting corporate cultures are merged. There are bound to be problems of corporate culture, values and approach. Integrating work forces is always a tough task, and any incompatibility in the process may result in gross inefficiencies, defeating the very objective of merger.

d. Lack of Synergy:

Simply stated, synergy refers to the phenomenon of $2+2=5$. In mergers this translates into the ability of a corporate combination to be more profitable than the individual parts of the firms that were combined. This can be operating synergy and or financial synergy. Unfortunately many banks fail to create such synergy after the merger activities.

e. Lack of Due Diligence:

Due diligence includes financial and non-financial review of the company. Review of assets, liabilities, revenues and expenses and substantiation of financial records is done in financial review while in non-financial review includes the investigation and evaluation of organizational fit ability to merge cultures, and the technological and human resources capabilities and fit. Failure of proper evaluation leads to failure of merger activity.

f. Clashes over leadership:

In case of acquisition it is clear who will be the in-charge of the company but in case of mergers of equals there is always a conflict on who will be the controlling authority. Due to this conflict the important decisions and selection of best method lags behind.

g. Reluctance to Lay-off Staff:

Highly sophisticated and computerized banks can manage the business without merging employees of the merged bank. But ethically and sometimes due to legal and procedural issues they are forced to allow the employees to remain with the bank. This reluctance to lay off staff can further eliminate cost-cutting opportunities.

h. Loss of Customers:

Customers are less forgiving and will move and close accounts if they are not happy with the service they are receiving. The integration process can also result in losses of bank customers. Additionally promised revenues can go down if customers rebel against the raised fees and also if they are not interested in the new services

offered by the bank. Bank-One lost 2,00,000 customer accounts while integrating First Chicago in the year 2000.

i. Hidden Costs:

There are hidden costs associated with mergers and acquisitions in emerging markets. The costs are particularly related to upgrading the infrastructure and improving governance and risk management. Such additional and hidden costs lead to failure of merger activities.

8. INDICATORS OF SUCCESS IN MERGER AND ACQUISITIONS:

a. New and Diversified activities:

Banks, post-merger, may emerge stronger with better earning capacity, which would enable them to strengthen their capital base further, from retained earnings. The improvement in capital will enable the banks to take up new and diversified activities, such as financing equity underwriting, distributing investment and insurance products, issuing asset-based securities and providing new delivery channels for their products.

b. Higher Returns:

The banks after merger show higher returns on their investments. It is the key indicator of successful merger of the bank. In 2006, on average, the returns made by the large European banks in a country such as Mexico, for example, turned out to be much higher than returns made in the rest of Central and Latin America.

c. Stock Price Performance:

Another indicator of the success of merger is the stock price performance of the bidder and the target firm around the announcement of an acquisition. A merger is assumed to create value if the combined value of the bidder and the target increases on the announcement of the merger.

9. KEY BUILDING BLOCKS FOR SUCCESSFUL M&A

Possible building blocks can be suggested here for successful merger strategies although they are not full proof solutions for the difficulties faced during the process. Banks should take precautions before, during and after merger procedures for the successful implementation of strategy.

Premerger Preparations:

Premerger preparations are vital, as it is needed to present the merger in front of the key stakeholders. Important decisions on leadership, structure and timeline for the process are taken during this period. Roles and responsibilities should be clarified to those who are involved in the integration process. Communication of decisions and plans should be quick and coordinated. The authority, responsibility and direction must be clear. New bank structure as well as structure of integration management team must be planned before the announcement of merger.

Planning of mergers and acquisitions strategy is important. It requires the analysis of industry-specific and firm-specific information. The acquiring firm should review its objectives of acquisition in the context of its strengths and weaknesses and corporate goals. It will need industry data on market growth, nature of competition, ease of entry, capital and labour intensity, degree of regulation etc. This will help in indicating the product market strategies that are appropriate for the company. It will also help the firm in identifying the business units that should be dropped or added. On the other hand, the target firm will need information about quality of management, market share and size, capital, structure, profitability, production and marketing capabilities etc.

b. During Mergers:

While merging to achieve economies of scale, the process should be harmonized and streamlined, non-strategic operations should be reduced or eliminated completely, and all means of producing more for less be explored.

c. Post merger:

Bank should make key implementation decisions quickly. Attention must be paid to achievement of objectives of merger. During post merger integration, processes including the management of human resources, technical operations, and customer relationships must be carefully blended and important decisions made.

d. Other:

The merged banks should also take care of the following factors for effective and efficient merger and acquisition activity of the entity.

f. Effective Deal structure:

The price of merger can be paid in cash, stock or combination of both. It depends on several factors like accounting and tax implications. A stock deal is the most popular way, but both banks must consider whether their own stock and other company's stock are overvalued or undervalued at the time of the deal.

ii. Evaluation of External Factors:

The bank cannot control all the factors that influence the success of the merger. The banking industry or peer group may undergo drastic, unexpected change during the integration due to the success, failure, or actions of peer firms or economic conditions. In evaluating most mergers, however, the effects of external factors have to be considered more carefully, especially in the case of economic factors. In a strong economy, a poor merger may appear to be more successful, while a strong merger may look weak under poor economic conditions. It is important, therefore, to distinguish between external factors that actually damage the value of the merger and those external factors that only damage perception of the merger.

iii. Personnel Retention:

The bank has to aim to strike the right balance between the need for reducing personnel and the need for minimizing employee disruptions that often accompany restructuring during the integration process. Bank should quickly identify and retain the key employees. The human resource processes and decisions should be fair and transparent.

iv. Financial Evaluation:

Financial evaluation is needed to determine the earnings and cash flows, areas of risk, the maximum price payable to the target company and the best way to finance the merger.

v. Policies and Corporate Governance:

There had been a steady increase in cross border mergers of banks with the increase in global trade. Such mergers and acquisitions can bring long-term benefits when they are accompanied by policies to facilitate competition and improved corporate governance.

vi Customer Management:

Banks should take into consideration the needs of the customers and take steps so that the customers will not back out after the merger. Bank can set up customer advisory panels to evaluate and comment upon the merged bank's community image, service, efforts to recognize loyal customers and general helpfulness to customers.

vii. Bridging cultural gaps:

Cultural assessment should be done to avoid failure of implementation of the merger, so that the gap can be filled up. It involves describing and evaluating two banks philosophies and values regarding issues such as leadership styles, time horizons, and relative value of stakeholders, value of teamwork, individual performance and recognition.

viii. Openness in communication:

Poor communications with employees appeared to pose a greater risk than that with shareholders, suppliers or customers. Communication to the employees should be at all levels and at the very early stage of the merger or takeover, not only to the senior or top level managers of the bank. Communication channels can be created for the same.

ix IT Integration:

When merger agreements are struck, the integration of two banks' IT systems often presents a major hurdle. Therefore deciding the well-structured approach to IT integration is necessary. The selection of the system and its integration should be considered carefully by the merged entity. If the bank do not have clearly defined IT integration approach then the process of merger may go out of control, which may take months or even years. But if transparent and rigorous process is adopted then the IT integration may be finished in six to eight months saving resources.

Apart from above mentioned factors banks should take into consideration following factors:

- i. Be prepared for larger, more aggressive M&A.
 - i. Know Company's strength and apply M&A to hone competitive edge.
 - ii. Outsource back-office and non-strategic operations
 - iii. Pursue M&A strategies despite regulatory uncertainty, not because of it.
 - iv. Stay vigilant for operational efficiency and opportunities of scale.

v. Ensure proper risk management is in place.

The building blocks mentioned above, even if faithfully followed, do not promise successful mergers, but they will increase the probability that merger will proceed smoothly and possibly achieve its long-range goals.

10. CONCLUDING OBSERVATIONS:

Looking ahead, more consolidation in Europe is likely in future, both domestically and across borders, and it is also likely to become bolder in scope. It can also be concluded that a trend towards re-segmentation may emerge in the European banking industry, along the lines of a dominant consolidation model, and would bring with it new challenges, such as execution risk

In India consolidation is expected to take place among the public sector banks, resulting in the formation of six or seven large banks. These consolidated banks will shore up with balance sheet and would better proportionate to allocate risk capital under Basel II capital adequacy norms. This consolidation would further improve the risk profile of the banking industry and the Indian economy by substantially reducing the threat of weak bank failures and better corporate governance. These large banks would be better positioned to undertake larger risks and would be able to ensure higher shareholder return.

The ones who have already established a name for themselves in China have been taking significant stakes in smaller, more specialized banks. The newcomers, by contrast have been taking minority stakes in the larger Chinese institutions. In a market as immense and complex as china opportunities clearly abound, in both niche and mainstream markets.

Given the inevitability of acquisitions and mergers in the emerging scenario, it is desirable that the Government, in consultation with the central bank, formulates a comprehensive approach to this vital issue, keeping in view the trends in international banking and imperatives of competition and growth.

For the experiment to be a success, it is also necessary that an acceptable and scientific methodology is developed by banks and financial institutions to evaluate banking companies -- their strengths and weaknesses, management qualities, administrative practices, level of disclosures and their responsiveness to the market demands, during a takeover or merger.

Banks need to find ways for voluntary mergers so that the shareholder value is maximized for both the entities. Regulators, policy makers, and banks would have to work together for making sure that the growth engine for Indian economy functions smoothly and paves way for the country to become a global economic super power.

There has been a steady increase in cross border mergers with the increase in global trade. Such mergers and acquisitions can bring long-term benefits when they are accompanied by policies to facilitate competition and improved corporate governance. Adopting the right strategy and maintaining a competitive edge in emerging markets will pose a major challenge for many developed countries banks that are seeking to make the most of these markets and identify the right local acquisition targets.

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COMPARATIVE STUDY OF ROLE OF JOURNALISM IN UK, USA AND INDIA

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"The role of journalism should be service. The Press is a great power, but just as an unchained torrent of water submerges the whole countryside and devastates crops, even so an uncontrolled pen serves but to destroy."

ABSTRACT

Journalism, a service oriented profession, entails great responsibility. Journalists are vigilant watchdogs of civil liberties, and are required to make critical scrutiny and careful questioning of various aspects of our daily life, in order to generate healthy public debates that would help augmenting the way we perceive existence in society today. In this endeavor, the Constitution of India guarantees the Freedom of Speech and Expression to every individual, and especially the media, both print and electronic. Any institution that enjoys such confidence is also burdened with great accountability and responsibility, for without these ideals underpinning every endeavor; the faith of the people in such an institution can be put to great test, and may be questioned.

INTRODUCTION

In India, the media have played a historical role in providing information to the people about social and economic evils. The media have informed the people about the tremendous poverty in the country, the suicide of farmers in various States, the so-called honour killings in many places by Khap panchayats, corruption, and so on. For this, the media in India deserve kudos. Similarly in UK and USA also media has proved to be a boon for the society. The media serves as a powerful antidote to any abuse of power by government officials and as a means for keeping the elected officials responsible to the people whom they were elected to serve. It is the primary role of journalism to provide comprehensive and objective information on all aspects of the countries' social, economic and political life.

Political debates and sharing of ideas must be encouraged because they ensure a healthy government and in turn a healthy society. In the times when India has opened up to the world, it is the right time that she must also re-draft and incorporate provisions in its law to the changing needs - the need to enlarge its fundamental rights. Information does not stop at state borders anymore and therefore, conducive environment for free flow of information and ideas must be built. India should become well equipped to meet every challenge thrown to her in the world of technology.

SCENARIO OF JOURNALISM IN USA

Freedom of Press is also recognized by the American Constitution. Initially, the freedom of press was not expressly provided in the American Constitution. The freedom of press was inserted by an Amendment of the American Constitution.¹ The Amendment prohibited the U.S. Congress from making laws which infringes the freedom of press. The First Amendment of the U.S. Constitution was influenced by the Virginian Declaration of Rights.²

This clause is generally understood as prohibiting the government from interfering with the printing and distribution of information or opinions, although freedom of the press, like freedom of speech, is subject to some restrictions, such as defamation law. The Free Press Clause protects the right of individuals to express themselves through publication and dissemination of information, ideas and opinions without interference, constraint or prosecution by the government.³

This right was described in *Branzburg v. Hayes* as "a fundamental personal right" that is not confined to newspapers and periodicals.⁴ In *Lovell v. City of Griffin* (1938),⁵ Chief Justice Charles Evans Hughes defined "press" as "every sort of publication which affords a vehicle of information and opinion."

¹ First Amendment of the American Constitution

² "First Amendment: An Overview", Legal Information Institute of the Cornell University available at www.wex.LegalDictionary/Encyclopedia

³ McConnell, W. Michael "Reconsidering Citizens United as a Press Clause Case". The Yale Law Journal, November 2013 pp. 266-529

⁴ 408 U.S. 665 (1972)

In the US, free speech can be restricted through defamation laws or because of national security concerns, but the courts have allowed the press much leeway when discussing and criticising issues pertaining to public life. Famously, in *New York Times Co. v Sullivan*⁶, the Supreme Court of the United States said that “discussing the stewardship of public officials” was fundamental to their form of government. A strong line was taken against behaviour that threatened free speech for the sake of offended politicians. Censorship of the press was antithetical to the American way of life envisioned by the founding fathers of that nation, who believed that “the censorial power is in the people over the government and not in the government over the people.”⁷

The following observation from the ‘Law of Press’ by Hale quoting from Justice Marshall,⁸ one finds that it was the liberty of the press, that was guaranteed, not the licentiousness. It is right to speak the truth, not the right to bear false witness against the neighbour.

RANKING OF UNITED STATES PRESS FREEDOM

As of February 12, 2014, the United States is ranked 46 in the Reporters without Borders Press Freedom Index.⁹ This is a measure of freedom available to the press, encompassing areas such as government censorship, and not indicative of the quality of journalism. In 2010 they were ranked 42 and in 2012 they were ranked 42. Now their 46 rank is attributed to the arrests of journalists covering the Occupy movement.¹⁰

Media freedom remained robust in 2012, a year marked by vibrant if polarized coverage of elections for president and Congress as well as continuing struggles over journalistic access to information related to America’s counterterrorism policies.¹¹

The United States adopted the Freedom of Information Act (FOIA) in 1966. While the administration of President George W. Bush had a somewhat restrictive attitude toward the release of classified documents, the Obama administration announced a more expansive interpretation of the law in 2009, when the attorney general declared that records should be released to the public unless doing so would violate another law or cause foreseeable harm to protected interests, including personal privacy and national security.¹² Critics have complained that approximately half of federal government agencies have yet to comply with Obama’s executive order and that fulfillment of FOIA requests can take months or even years. The Obama administration has also drawn criticism for policies that discourage journalistic access to federal officials. The president holds fewer press conferences than his predecessors and often uses interviews with friendly media to present his perspective to the public. Journalists have also complained of an environment in which officials are less likely to discuss policy issues with reporters than during previous administrations.

SCENARIO OF JOURNALISM IN UK

The Parliament is sovereign in the United Kingdom. Unlike, the U.S., India & other states, the subjects of U.K. does not possess any guaranteed rights. The freedom of press is also well recognized in the U.K. The citizens have full liberty to do anything up to the extent that it does not violate the rule of common law or statute law. According to the *New York Times*, “Britain has a long tradition of a free, inquisitive press”, but unlike the United States, Britain has no constitutional guarantee of press freedom.”¹³

⁵ 303 U.S. 444 (1938)

⁶ [1964] 376 US 254

⁷ James Madison, speaking to the US Congress in 1794

⁸ C.P.Hale- Law of the Press, 3rd Edn p.429

⁹ <http://rsf.org/index2014/en-index2014.php>

¹⁰ Jack Mirkinson (January 25, 2012). "Press Freedom Index: Occupy Wall Street Journalist Arrests Cost U.S. Dearly In Latest Survey". Huffington Post

¹¹ www.freedomhouse.org/report/freedom-press/2013/united-states

¹² *ibid*

¹³ "British Press Freedom Under Threat", Editorial, New York Times, 14 November 2013

In the United Kingdom despite having no written constitution and formal guarantee of freedom unlike in the USA, the freedoms are both protected and restricted there by the Law. English Law relies on “principle that what is not prohibited is permitted... therefore keeping within acceptable limits and providing precise definition of the restrictions imposed by the civil and criminal law” on the individual freedoms.¹⁴

CENSORSHIP IN THE UNITED KINGDOM

Censorship in the United Kingdom has a long history with variously stringent laws in place at different times. British citizens have a negative right to freedom of expression under the common law. In 1998, the United Kingdom incorporated the European Convention, and the guarantee of freedom of expression it contains in Article 10, into its domestic law under the Human Rights Act.

STATUS OF PRESS FREEDOM IN UK

With a history of aggressive reporting and an editorially independent public broadcaster, the United Kingdom maintained its open media environment in 2012, though positive developments regarding libel law reform were balanced by the possibility of increased newspaper regulation. Broadcast media are regulated by the Office of Communications, while the print sector operates under a voluntary, self-regulating mechanism. The Press Complaints Commission, whose rulings have no legal force, is made up of representatives of the newspaper industry. In response to the 2011 News of the World phone-hacking scandal, the prime minister launched a public inquiry, led by Lord Justice Leveson, into the ethical lapses at the tabloid and the general regulatory framework of the British media. The resulting Leveson report, released in November 2012, recommended the establishment of an independent regulatory body with statutory underpinnings. Press freedom advocates, who claim that any kind of statutory regulation would undermine freedom of expression, criticized the proposal. Prime Minister David Cameron also disagreed with the concept of a statutory solution and recommended stronger self-regulation instead. In December, the government suggested the alternative of using a royal charter—such as the one used to set up the public-service British Broadcasting Corporation (BBC)—to establish an independent regulatory body. Proponents of this model argued that it would provide a press regulator that is free of interference from both the political sphere and the newspaper industry.

ROLE OF JOURNALISM IN INDIA

The Indian Constitution resolves to secure for all the citizens of India, liberty of thought, expression and belief.¹⁵ From a fundamental right Article 19(1)(a) of the Indian Constitution, i.e. ‘Freedom of Speech and Expression’,¹⁶ the media derives its rights. Freedom of Press is not specifically mentioned under the Indian Constitution, but it is included under Article 19(1)(a) of Constitution of India.

Our actual experience since Independence, and especially in the last decade or so, suggests that a free and vigilant Press is vital to restrain corruption and injustice at least to the extent that public opinion can be roused as a result of press investigations and comments. . Recently a number of injustices and wrong-doings have been uncovered as a result of the initiative taken by newspapers. The fear that the Press will expose such wrong-doing is a major restraint on potential wrong-doers.

Despite of many difficulties faced by media, the press has achieved a lot of success in the recent past. In **Jessica Lal’s case**, Manu Sharma, son of a Haryana minister, killed Jessica¹⁷, because she refused to serve him liquor in the restaurant where she was working. The case was closed and all the accused were freed due to lack of evidences, but finally, the case was reopened after media and public outcry, which led to Sharma’s conviction.

In **Priyadarshini Mattoo’s Case**,¹⁸ Santosh Kumar, son of an IPS officer raped and killed his colleague, Priyadarshini Mattoo, a law student, after she refused his proposal. Ailing and aged father of Priyadarshini got

¹⁴ E.C.S.Wade and G.Godfrey Philips- Constitutional Law and Administrative Law, pp. 165-166, edited by A.W. Bradley, 1977

¹⁵ Preamble to the Indian Constitution

¹⁶ Article 19(1)(a) of the Indian Constitution

¹⁷ On April 29, 1999

¹⁸ 1996

judgment in October 2006, after a long run trial. The Delhi High Court rebuked lower courts and authority under investigation for acquittal of accused. The media played a significant role in this case as well.

Similary, in **Nitish Katara's case** the media played an important role. In Aarushi Talwar's murder case, media played an important part by highlighting the loopholes in the case owing to which the police was forced to take some action. Aarushi's father is the prime suspect in this case.

Recently, in **Ruchika's Case**, Ruchika Girhotra, a 14-year-old tennis player, was molested by then Haryana police IG S.P.S. Rathore in Panchkula in 1990. Three years later, Ruchika killed herself, which her friend and case witness Aradhana attributes to the harassment of Ruchika and her family by those in power. Nineteen years later, Rathore walks away with six months of rigorous imprisonment and a 1000-rupee fine, reportedly due to his old age and the "prolonged trial". This led to public outrage & media played a significant role in it. Later on the Government of India asked the Central Bureau of Investigation to re-investigate the case & the police medals awarded to S.P.S. Rathore was also stripped. A case of Abetment of Suicide under Section 306 of the IPC was also filed against S.P.S. Rathore.

But, however, journalists have been facing hurdles and threat many a time. In the recent past, in the **Tehelka Case**, the portal Tehelka.com was forced to shut down completely & its journalists were continuously harassed as the journalists exposed the 'scam' in the defence ministry involving Ex-Defence Personnel & Central Government Ministers. There are many instances where journalists were threatened & even assaulted at times.

PRESS COUNCIL OF INDIA

Press Council is a mechanism for the Press to regulate itself. The *raison d'être* of this unique institution is rooted in the concept that in a democratic society the press needs at once to be free and responsible. If the Press is to function effectively as the watchdog of public interest, it must have a secure freedom of expression, unfettered and unhindered by any authority, organised bodies or individuals. But, this claim to press freedom has legitimacy only if it is exercised with a due sense of responsibility. The Press must, therefore, scrupulously adhere to accepted norms of journalistic ethics and maintain high standards of professional conduct.

Where the norms are breached and the freedom is defiled by unprofessional conduct, a way must exist to check and control it. But, control by Government or official authorities may prove destructive of this freedom. Therefore, the best way is to let the peers of the profession, assisted by a few discerning laymen to regulate it through a properly structured representative impartial machinery. Hence, the Press Council is the requisite mechanism.

PRESENT STATUS OF FREEDOM OF PRESS IN INDIA

The world's largest democracy remains one of the most restrictive places for the press. India has been ranked 140th list of 180 countries in the World Press Freedom Index 2014, whereas China and Pakistan were placed at 175th and 158th position respectively. "India experienced an unprecedented wave of violence against journalists, with eight killed in 2013. They are targeted by both state and non-state actors. Journalists are particularly vulnerable in rural areas and insurgency-racked states such as Chhattisgarh, Kashmir, Assam, and Manipur.

CONCLUSION

To sum up, the journalists should be protected, preserved and any attempt to encroach their freedom has to be prevented as they play a pivotal role in the society. The journalist, on their part, should bear in mind that freedom of the press does not mean a license to write anything. This freedom is precious and it has to be used judiciously. If this freedom is misused, public respect for this profession will be diluted. We should keep in mind the pertinence of what the Father of the Nation, Mahatma Gandhi said regarding the role of the press:

"One of the objects of a newspaper is to understand the popular felling and give expression to it', another is to arouse among the people certain desirable sentiments, and the third is fearless to expose popular defects."¹⁹

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¹⁹ Vidisha Baruah : Press and Media Manual ,2002 p.1

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MANUSCRIPT SUBMISSION

GUIDELINES FOR CONTRIBUTORS

1. Manuscripts should be submitted preferably through email and the research article / paper should preferably not exceed 8 – 10 pages in all.
2. Book review must contain the name of the author and the book reviewed, the place of publication and publisher, date of publication, number of pages and price.
3. Manuscripts should be typed in 12 font-size, Times New Roman, single spaced with 1” margin on a standard A4 size paper. Manuscripts should be organized in the following order: title, name(s) of author(s) and his/her (their) complete affiliation(s) including zip code(s), Abstract (not exceeding 350 words), Introduction, Main body of paper, Conclusion and References.
4. The title of the paper should be in capital letters, bold, size 16” and centered at the top of the first page. The author(s) and affiliations(s) should be centered, bold, size 14” and single-spaced, beginning from the second line below the title.

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5. The abstract should summarize the context, content and conclusions of the paper in less than 350 words in 12 points italic Times New Roman. The abstract should have about five key words in alphabetical order separated by comma of 12 points italic Times New Roman.
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EXAMPLES OF REFERENCES

All references must be arranged first alphabetically and then it may be further sorted chronologically also.

• Single author journal article:

Fox, S. (1984). Empowerment as a catalyst for change: an example for the food industry. *Supply Chain Management*, 2(3), 29–33.

Bateson, C. D.,(2006), ‘Doing Business after the Fall: The Virtue of Moral Hypocrisy’, *Journal of Business Ethics*, 66: 321 – 335

• Multiple author journal article:

Khan, M. R., Islam, A. F. M. M., & Das, D. (1886). A Factor Analytic Study on the Validity of a Union Commitment Scale. *Journal of Applied Psychology*, 12(1), 129-136.

Liu, W.B, Wongcha A, & Peng, K.C. (2012), “Adopting Super-Efficiency And Tobit Model On Analyzing the Efficiency of Teacher’s Colleges In Thailand”, *International Journal on New Trends In Education and Their Implications*, Vol.3.3, 108 – 114.

- **Text Book:**

Simchi-Levi, D., Kaminsky, P., & Simchi-Levi, E. (2007). *Designing and Managing the Supply Chain: Concepts, Strategies and Case Studies* (3rd ed.). New York: McGraw-Hill.

S. Neelamegham, "Marketing in India, Cases and Reading, Vikas Publishing House Pvt. Ltd, III Edition, 2000.

- **Edited book having one editor:**

Raine, A. (Ed.). (2006). *Crime and schizophrenia: Causes and cures*. New York: Nova Science.

- **Edited book having more than one editor:**

Greenspan, E. L., & Rosenberg, M. (Eds.). (2009). *Martin's annual criminal code: Student edition 2010*. Aurora, ON: Canada Law Book.

- **Chapter in edited book having one editor:**

Bessley, M., & Wilson, P. (1984). Public policy and small firms in Britain. In Levicki, C. (Ed.), *Small Business Theory and Policy* (pp. 111–126). London: Croom Helm.

- **Chapter in edited book having more than one editor:**

Young, M. E., & Wasserman, E. A. (2005). Theories of learning. In K. Lamberts, & R. L. Goldstone (Eds.), *Handbook of cognition* (pp. 161-182). Thousand Oaks, CA: Sage.

- **Electronic sources should include the URL of the website at which they may be found, as shown:**

Sillick, T. J., & Schutte, N. S. (2006). Emotional intelligence and self-esteem mediate between perceived early parental love and adult happiness. *E-Journal of Applied Psychology*, 2(2), 38-48. Retrieved from <http://ojs.lib.swin.edu.au/index.php/ejap>

- **Unpublished dissertation/ paper:**

Uddin, K. (2000). A Study of Corporate Governance in a Developing Country: A Case of Bangladesh (Unpublished Dissertation). Lingnan University, Hong Kong.

- **Article in newspaper:**

Yunus, M. (2005, March 23). Micro Credit and Poverty Alleviation in Bangladesh. *The Bangladesh Observer*, p. 9.

- **Article in magazine:**

Holloway, M. (2005, August 6). When extinct isn't. *Scientific American*, 293, 22-23.

- **Website of any institution:**

Central Bank of India (2005). *Income Recognition Norms Definition of NPA*. Retrieved August 10, 2005, from <http://www.centralbankofindia.co.in/home/index1.htm>, viewed on

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