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Excellence, Sustainability and the Bottom of the Pyramid Paradigm

Sorab Sadri

Dean (Research)

Lovely Professional University,

Phagwara, Punjab 144402

Cell: +91 8437162591 E-Mail: sorab.sadri2010@gmail.com

Jayashree Sadri

Asst. Professor of Human Resources and Business Ethics

Lovely Professional University,

Phagwara, Punjab 144402

Cell: +91 8437162591 E-Mail: jayashree_sadri@yahoo.co.in

Abstract

The kernel of the author's published work on the subject especially between 1999 and 2011 can be stated thus. Managerial Ethics is the foundation upon which Corporate Governance is based. The two combine to create conditions and a culture within which Organisational Excellence can be attained. Excellence however, cannot be an end in itself and needs to cascade into Business Sustainability. This is at the micro level. At the macro level the interface between business and society is called for and hence Corporate Social Responsibility enters the calculus and when linked to micro reality concepts like the Triple Bottom Line emerge as a point of academic study and concern for management and social scientists. It is within this context that the argument of this paper has been predicated.

Keywords: Ethics, Governance, Excellence, Sustainability

Introduction:: Many scholars have pointed to various practices and philosophies in the world today as being useful to sustainability. In order to distinguish which activities are destructive and which are benign or beneficial, various models of resource use have been developed. Using the Wikipedia, sustainability can be defined both qualitatively in

words, and quantitatively as a pair of compound exponentials—the rising one being the life of a system, the declining one leading to death if the final tipping point for intervention is irreversibly past.

Some scholars now consider the term "sustainable development" as being too closely linked with continued material development, and prefer to use terms like "sustainability", "sustainable prosperity" and "sustainable genuine progress" as the umbrella terms. Despite differences, a number of common principles are embedded in most charters or action programmes to achieve sustainable development, sustainability or sustainable prosperity. These include the works of Hargroves and Smith (2005) and Sadri and Jayashree (2011):

- Dealing transparently and systemically with risk, uncertainty and irreversibility.
- Ensuring appropriate valuation, appreciation and restoration of nature.
- Integration of environmental, social, human and economic goals in policies and activities.
- Equal opportunity and community participation/Sustainable community.
- Conservation of biodiversity and ecological integrity.
- Ensuring inter-generational equity.
- Recognizing the global integration of localities.
- A commitment to best practice.
- No net loss of human capital or natural capital.
- The principle of continuous improvement.
- The need for good governance.

Since its first coinage in 2002 by C. K. Prahalad, *the Bottom of the Pyramid* has become a standard in any manager's portfolio – a *cliché* almost, not necessarily in the Nietzsche sense of implying *mediocrity*, thought it could well include it. No manager or a millennium company can dream of the new buzzword "sustainability" without recourse to BoP. As succinctly put by Bill Gates "Pralhad argues that companies must revolutionize how they do business in developing countries if both sides of that economic equation are to prosper... his new book offers an intriguing blueprint for how to fight poverty with profitability". What is even more prophetic (in the timing) is the collapse of the Great American Dream in the last 5 years, perhaps not foreseen in 2005, and the BoP as a lifeline for the marginalised. In the flyleaf of 2009 impression of the book, Madeline Albright's comment "if you are looking for fresh thinking about emerging markets, your search has ended" bears this out. BoP is an idea whose time has come: to replace 'emerging' by 'growing' and 'thinking' by 'actions' – if a company needs to survive!

Therefore, the question is posed, (managerially speaking), where are we? Unfortunately, the answer is still largely anecdotal and BoP is doing the rounds of after-dinner and seminar-theme speeches. Since BoP paradigm is not a new marketing mantra, instantly applicable – there are a few takers in this get-rich-quick and big-is-beautiful

environment. There is yet no ripple effect of the magnitude, which should be there. Since margins in established (read developed) markets are dropping to less than integer levels, the instant answer lies in volume – ‘we don’t put percentages in the Bank, we need dollars’ mentality. Thus the world of “Mergers and Acquisitions”, big-fish-eat-small-fish syndrome, where companies and businesses are akin to the food chain! Nevertheless, the economy ‘is broke’ so we need to fix it! Metaphorically, gluing (M&A) is okay but is there enough strength in the glue to hold the broken pieces together sustainably? Alternatively, should governments intervene in the laws of supply-demand and go ‘socialistic’? We can ill afford to forget the collapse of the Soviet Bloc economy!

The Paradigm Shift:: The good news is there is acceleration in the BoP initiatives! The first steps are those of recognition and understanding of the situation (i.e. at the bottom of the pyramid). Boxing it as into “*economic groups where income is under \$4 per capita per day*”, demarcates but hardly *defines* what the market and more importantly the players are like: consumers, supply-chain and suppliers. Reading cases and watching CDs of the geographic locations, awarding Oscars for realism is OK as a starter – but still does little to develop the feel required to base managerial judgment.

A whole new set of attributes and ‘ways-of-working’ have to be put in place. The vital kick-off in Management Strategy is Environmental Scanning, which is condensed into socio-economic trends/data-bases for number crunching to do its magic. At the bottom (or the less pejorative “base”) of the pyramid, this information barely exists! Much of the ‘economy’ is parallel – outside the pale of Governmental or even “authentic” market research: judgment and understanding becomes crucial. Strategies have to be intuitive rather than economically rational or should we say ‘intuitively rational’ – creating logic of its own (bounded rationality revisited!). We need to enter the world of ‘disruptive innovation’ – working for us.

- A very telling point has been made with the nomenclature itself: “*why don't we call the world's 4 billion impoverished people the "Global Majority" rather than Bottom of the Pyramid?*” BOP is within a hierarchical structure reinforcing the powerlessness of the majority of people on the planet. Let's recognize the Global Majority, not only as a viable market to be developed, but as vibrant partners to be embraced, partners in whose future everyone else's are inextricably linked.
- The future prosperity of Earth requires a major shift in sentiment. Individuals in Western nations have grown use to the idea of growth and that more is always better. Consumption has become easy, fast, customizable, and *ultimately unsustainable*. However there is a major opening for a shift in understanding. More and more, the 20th century's version of success is being challenged.
- Entrepreneurs and the business sector have both a particular opportunity and a particular responsibility. The responsibility comes from the simple fact that climate change is inextricably linked to the 200 years of an industrial age which achieved ever greater economies of scale, ever lower prices, ever more

disposable products, at an ever greater cost to the earth. When the environment moved off the bottom of the balance sheet and became an "externality" - a cost that someone else would have to pay - it set the clock ticking on a debt that would one day have to be paid. Time is now: Society can no longer reasonably bear the cost for the mode of production. Therein lies the opportunity. Now is not the time for thinking little. There are a million historical quotes that would be appropriate here e.g. Lincoln's "*The dogmas of the quiet past are inadequate for the stormy present,*" the point is largely the same: go big or go home.

What does the 'fortune' look like? In 2002, Prahalad and Hart created the "economic pyramid" with 5 hierarchies in terms of Purchasing Power Parity and set the lowest level at <\$1500 with a population of 4000 million. Reasonable current estimates put the purchasing power of the BoP at US\$5 trillion a year. But the real 'value' goes beyond mere profit for large corporations. For example, Procter and Gamble's *Pur* water purification product has saved thousands of lives over the last nine years. Is this something "new" - a new market out of nowhere? Unfortunately not – it is a miscalculation arising from the "dominant logic" of earlier Businessmen and Entrepreneurs and indeed of the social fabric:

Marketing Strategy	"Targeting": Cost structures do not permit BoP customer "Segmentation": Poor have no use for our products.
Prioritization	Technology Push vis-à-vis Market Pull and BCG analysis: strategic importance of BoP markets
Knowledge	Intellectual stimulus in 'developed' markets (competition)
Resource Deployment	Low priority, particularly for Human Resources
Technology Adoption	High tech not easily adopted by 'ill-literate'

The massive strides made in communication, mass-media/TV etc. (and of course IT to take all this forward in the convergence of Communication and Computing) does not require a erudition or even formal education to carry/position the product or service message. Outdoor advertising – an old war-horse, further reinforces this with the *same pictorials* reproduced to reinforce the subliminal. Prahalad and Hart have found that "*Contrary to popular view, BOP consumers are getting connected and networked. They are rapidly exploiting the benefits of information networks*". Two good cases in point, disproving conventional 'wisdom', are those of:

(a) Mobile Telephony – ‘ill-literates’ are very comfortable with mobile telephones. In fact they are so savvy that today they are switching on pump-sets using mobile phones! Also, Speech requires no literacy; so communication has improved many-fold. Prahalad and Hart exemplify this ‘force multiplier’, with mobile telephony providing the where withal for the Grameen Bank success story at the ‘basement-of-the-pyramid’ society; house eke out both a living and generate a surplus by ‘renting’ out phones – a mobile public call facility, bought with money borrowed from Grameen bank. Similar stories are repeated in Brazil (Telephonica) and India has leap-frogged to no. 2 rank in telephone connections in the world in just 4 years and this is growing at the rate of 1.5 million/year!

(b) Brand and value consciousness – since ‘affordability’ is so important to the BOP consumer, the value expected is far more. The runaway success of ‘single serve’ packs (sachets) for top-of-line cosmetics and snack foods is ample testimony of this phenomenon. In Brazil, Casa Bahia organization, a retailer firmly rooted to the shanty towns, sells top-quality brands like Sony, JVC, Whirlpool – BOP customers want the dream they see on TV, not a cheapened version of the dream. They cannot afford to pay the large up-front payment, but are quite happy to make small installment payments for their dream product. Interestingly, more than 45% of Casa Bahia’s total sale is from furniture and brown goods and the rest is spread over telephones, computers and other appliances. Michael Kline, founder of Casa Bahia, says “*When a customer walks into a store, they are not buying a stove or TV, they are buying a dream. It is our job to fulfill that dream – this aspect of business is not understood by many of our competitors, especially foreign.*” This is more than just ‘aspiration’.

Finance is another aspect which has been the bane for most marketers. BOP customers have no money for ‘value added’ products, not even for what is considered basic. The most telling comment has been made by Michael Kline

Finance here is totally different from what one learns in schools. First, the informal market is at least twice as big as the formal market; most of my customers do not declare their income I have to believe what they are telling me. Here, many Multinationals (Sears and Wal-mart, for example) were not able to understand the customers need.

Very much on the lines of John Maynard Keynes who spoke of creating demand through an increase in aggregate disposable income, Prahalad and Hart opine that *we have to create the capacity to consume*. Traditional approach via ‘charity’ and ‘free’ does not create sustainable business; it only gives the donor a temporary ‘feel-good’. Creating this capacity to consume is based, as per Prahalad and Hart, on three “A’s”:

Affordability: without sacrificing efficacy or quality;

Access: time and distance matter most; BoP customers cannot afford to travel distances considering costs and opportunity loss (of income);

Availability: Cash on hand at that instant is important, if they cannot buy ‘X’ they will buy ‘Y’; they cannot defer buying decisions, there are many claimants for that surplus. “Switching costs” are thus negligible.

“Trust” plays a big role in creating business. Without ‘collateral’, money is not forthcoming. MNC’s often assume that the default rate among the poor will be higher than that of their rich customers. Practice proves the reverse is true! The default rate in Grameen Bank, dealing in micro-finance, is 1.5% among 2,500,000 customers; in ICICI Bank the rate is less than 1% for 200,000 customers in micro-finance. The logic is very clear for the BOP customer: the alternative finance is 50 times more expensive and certainly underhand if not underground. In India, ‘personal loans’ from recognized banks can be obtained at/around 15% p.a interest; for the BOP customer without credit-worthiness the money-lender will lend at/around 600% p.a. – security is in the form of ‘grievous bodily harm’. Prahalad called this the ‘poverty premium’.

The New Order: The new order has to come from ‘zero-based’ thinking. More importantly, to sustain this as a viable business proposition, wealth must be created at the bottom of the pyramid. Managers need a new philosophy of innovation and product and service delivery for the BOP markets.

Not only managers but firms and businesses in aggregate have to engage in generating ‘eco-systems’: CSR has to be discharged as a necessity for the live and let live relationship.

Sadri argues that when we start to talk of economics in a macro sense but in a limited area, we arrive at economic ‘eco-systems’. Obviously, one cannot walk-the-talk alone – economics is not dictated by a firm or an industry alone – partnering in many dimensions is needed. Society in all its manifestation has to be leveraged to create this environment. BOP population will need to, at the same time be entrepreneurial partners, part of the supply-chain and consumers. In short they will have to become active stakeholders – the growth and opening of markets will have to be ‘inclusive’ for sustenance to take root. Simultaneously, the following have to be established:

(a) For the entrepreneurship and partnering in business, money will need to be injected and circulate. This entails a fair degree of *self-governance*: micro-savings has to precede micro-lending. The poor must be empowered to break the dependence on the flow from the top, even governmental intervention must lead to (micro) wealth creation – given the transient nature of subsidies and outright charities. A significant step in this direction is to provide direct access to information – so ‘easy’ in this information age. “Middle-men” have their own interests to take care of, so information from those sources is heavily loaded. The huge success of ITC’s ‘e-choupal’ is a fitting case in point.

(b) Towards this end (self-governance), BoP citizenry must be guided to form “Self Help Groups” (SGH) as the first concrete step. This formation can be catalyzed by inducting NGO’s in the loop – since ‘social re-engineering’ and development is their main aim. Politics and pecuniary interests do not confound or colour the issue. This cuts two ways: (i) culturally, it is impossible for an urbanized manager to comprehend the nuances of needs and mind-sets in a short time (even a life time may not be enough!); (ii) business-wise, avoids clash of interest: after all subsidies and private enterprise do not mix well.

(c) With this SGH's in place the work of mobilizing savings can seriously start. The housewife plays a dominant role in this process. The 'disposal income' rests in the hand of the lady of the house and her drive for bettering quality of life (for the family) transcends by far those of the man; both Grameen Bank success and "Shakti-amma" movement have demonstrated this. It is quite common to see the 'man' in BoP societies drowning sorrows than creating an invest-able surplus! Again, NGO's and government can significantly accelerate this process.

(d) With micro-savings habit taking root, Banks and enlightened firms can step in to help mobilize the seed-money for any form of 'micro'-partnering and entrepreneurship. Both the Supply-chain and Demand-chain can be boosted. In BOP societies the social-integration and support system is bedrock.

(e) Leadership will emerge from this melting-pot. With some education and support from the facilitators (banks, firms, NGO's) these natural leaders can be shaped to become the business leaders in the nascent eco-system. Local politics will intervene and may not necessarily be damaging. With the movement gathering momentum, it is natural that this movement is 'included'. We opine that this should be encouraged to keep at bay, as much as possible, the other forces. The legendary Verghese Kurien demonstrated this in the famous AMUL story.

(f) With this process, the micro-finance cycle will start. The pump for the business cycle then is in place. The loop is effectively completed!

As we argue in our forthcoming book, the key to the economic sustainability of BoP business is volume. Many such micro eco-systems need to operate, even in relative isolation, to generate this volume. Ultimately, the goal of this movement is to bring many people as possible to enjoy the benefits of an 'inclusive' market. It then allows large firms to build new and profitable growth markets, with extremely time and cost-effective systems.

The twin goals of good business and good society are achievable – a dream realized. The ghost of conflicting political thinking (Capitalism and Communism – as a fall out of the industrial age) at the turn of the last century can perhaps be put to rest in this millennium. The goals having been delineated but what remains is to actualize them by achieving and sustaining global competitiveness.

Achieving and Sustaining Global Competitiveness: India started imbibing technology in a serious way since 1980, liberalizing its economy since 1991 and became a part of the WTO regime in 2005.. Today its markets are fast integrating into the world markets. Trade barriers are going down. License Raj is almost over. The Octroi Check Pints are being privatised. Foreign capital is being welcomed with open arms. On the global scene, technology has become the driving force of change. Businesses world over are globalizing. Western Europe is becoming a federation through EEC while Eastern Europe is Balkanizing like through creation of new states from the erstwhile USSR. But in both cases international business is heavily factored into the macroeconomic calculus.

As our business globalizes and interlinks itself with the world, the nature and range of business opportunities as well as challenges for us are extensive. Present day competitiveness in the global market place is determined by organizational and technological innovations, superior and consistent product quality, and customer satisfaction by delivering more than he expects at competitive prices.

The threat that the emerging trends in the world markets will render us un-competitive in the coming years looms larger. Already we are facing the pinch with Indian buyers looking overseas for products that are either of superior quality, of lower cost or both. In other words, they are looking for value for money. They are demanding customized solutions, excellent service at competitive prices. In this quest, they do not hesitate to look beyond the shores. With the rapid advancements in telecommunications, information flow is instantaneous.

In this scenario, we find ourselves at crossroads. Do we go on to the front foot or the back foot? In other words, do we take the battle into their territory or merely try to defend our territory. Looking at the global trend where businesses are trying to outsource all items and services except for a critical few. At a situation where emphasis is on partnership in the production process where each player produces, only what he is most competent at, an inward looking strategy is bound to fail. Either we have to join the mainstream of corporate life in the global village or we will be at best left as a small player in a small niche.

In our endeavor, we have to move from the state of international pessimists to international achievers. We will have to shed the negative attitude towards competing in the global markets. We have to bury our fears for once and all. We need to develop an increasingly positive attitude towards international business and being competitive in the global marketplace. We have to move to a state where the globe will be our marketplace, both for sourcing and selling. We have to develop the skills and knowledge to become world-beaters, i.e., reaches the state of being international achievers.

How do we do it? What are the necessary steps that will ensure that we are able to build up on our competitiveness and become global players in our product markets? I have tried to identify some critical strategic initiatives, to progressively build organizational competence, capability and competitiveness. However, it will be crucial that organization wide consultations are held to determine the exact policies with participation across all managerial levels. These are:

Customer Driven Approach: In the global market place, the customer has a wide range of choices, and as such, he is more demanding and selective in his choice. He demands more value for money in both the tangible form such as a superior product and intangible form such as courteous and prompt service, proper guidance and training. Today service is becoming the biggest determinant of satisfaction. Right from the time when the Company first is exposed to a potential customer, the service starts. Be it in the form of replying to queries, giving a demonstration of the product, training to use the product, sales, and delivery and after sales follow-up and service. The emphasis is clearly on building a mutually beneficial relationship. The customer gets greater value for money and the company benefits from his patronage for the existing as well as new products. The customer is the greatest carrier of brand equity. By his word of mouth recommendations, which are more effective than many advertisements, he can build a brand overnight.

The most important characteristics of successful organizations such as Sony, 3M, and Microsoft have been their nearness to the customer. In our endeavour to become global players, we have to put the customer at the centre of our strategy. This customer-based focus will provide the foundations for developing the organization's vision, strategy and structure.

Strategic Outlook: Strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. This search is an iterative process that begins with recognition of where we are and what all we have. We will have to embark on this exercise of determining where we stand in the present market and what resources we have.

The fundamental basis of above-average performance in the end is sustainable competitive advantage. There are two basic types of competitive advantage that we can possess: cost leadership or differentiation. The results of the above exercise and the vision that we determine for ourselves will decide whether we go for being the cost leaders or offer differentiated products that will ensure our competitiveness and leadership in the global arena. However, the sustainability of either requires that we possess some barriers that make imitation of the strategy difficult. Since, barriers to imitation are never insurmountable; it is imperative that we keep moving, updating our skills and erecting yet newer barriers. A moving target is the most difficult to hit by the competitors.

Corporate Governance: The Quality of Corporate Governance depends on the quality of the Board. The Board must

be compact and balanced. It should be made of individuals from different disciplines having diverse viewpoints. It should be capable of appreciating the issues put forward by the management and discharge its duty towards the various stakeholders in the organization. It should also keep the company abreast of the latest happenings in the corporate world and evolve strategies to maximize the welfare of the various stakeholders towards which it is responsible.

In the past, we have confused to role of the Chairman and the Managing Director. Taking a cue from the PSU's we had a single individual occupying both these posts. However, today it has become necessary to separate the offices of Chairman and the Managing Director. Division of powers at the top and the concept of "four eyes" have come to stay. Business Ethics must combine with Corporate Governance if Organisational Excellence has to be approximated.

The Chairman will be responsible for re-vitalizing the Board of Directors. He has to ensure that fresh talent is inducted into the board to keep it fresh. A proper succession program has to be developed. He will have to set up a committee for evaluating the performance of the CEO and fresh appointment of directors.

The Chairman should ideally be a multidisciplinary professional. He should be a leader of men. He should be capable of enthusing the employees with a sense of purpose to achieve the organizational goals. He should also be a visionary, as he is the one who would provide the direction to the company in the years to come.

The Chairman along with the Board should be responsible for defining the vision of the organization that derives realistically from the company's strengths and that builds on a distinctive competitive advantage.

A good system of corporate governance will ensure that we do not lose sight of our vision and purpose. It will also ensure that we are fair to all stakeholders in the company. In the end this relationship with the stakeholders will determine the corporate image, which is essential for the growth and diversification of the company.

Process and Innovations: Until now, our approach to quality has been the final test carried out by the Quality Assurance department. This concept has to be thrown into the trash box. Quality will have to become an ingredient into our products and services if we are to be competitive. Every member of the organization will have to strive for achieving the highest standards in quality. We have to get the products right the first time. In the competitive market place, there may be no second chance. Today everything is being finely scheduled to the last second. There are simply no lags. For any product, the whole of the supply chain has to perform its part, in time. Getting it right the first time is the only option available to a global player.

We, have to remove the misconception that better quality increases costs. Rather, multitudes of companies have shown that having better quality in fact brings down the costs. This is true if we see the cost of rejections, reworking,

production time lost, labour time lost and the time spent in fire fighting once a bad lot has been dispatched.

In the past, we have followed the approach of doing old things better and faster. Improving productivity through removal of inefficiencies and improvement in process efficiencies had been our goal. While this would still be required, in a world where change is the only certainty, these measures would be unable to sustain our organization for long. What we need today is bringing about an organization wide cultural change to commitment towards innovations, development of new products and services. A dedication to become pioneers in areas, which merely exist as remote possibilities today, becomes necessary if competitiveness has to be achieved and sustained. This means that the corporation has to be value based i.e. ethical and exhibit a total dedication for creating value for the customer i.e. be value driven.

For this, we have to learn to tolerate failures. If there are no failures, it implies we have not tried our hands at lots of things. For an organization to be a learning organization in the spirit, we have to develop a culture where a failure does not mean a setback in the career for a highly talented individual. Rather he should be evaluated on the criteria of the quality and quantum of effort that he has put in. From another angle using the Harvey Liebenstien model of X Inefficiency, we can argue that there is an inbuilt inefficiency in all persons, processes and systems. Unless it were to be so technological, progress would not be possible.

Learning Organization: It is beyond doubt that there exists immense opportunities in the world market. Yes, they are there for us too. However, starting from behind, our managers will need to perform much better than their counterparts in the developed world do. If we are to move out of our slumber and move ahead towards the vision of not only catching up with the global players in our areas of operations but also forging ahead of them and becoming the trendsetters we have to strive to develop a culture of continuous improvement. Business is becoming increasingly knowledge driven as we make progress with technology. Innovations both organizational and technological are setting the pace for change. In the past few years, capital and labour accounted for only 25% of the total growth in developed countries. The remaining 75% come predominantly from technological innovations. That the technological and managerial innovations are going to shape up the coming competition more intensely is under no doubt.

In today's technologically driven business paradigm, it is knowledge that commands premium in the marketplace. Thus, acquiring and assimilation of knowledge becomes an essential ingredient in the strategy for global competitiveness. For this, we require to develop systems that foster the process of knowledge acquisition and dispersion within the organization. To see how well we are doing we will have to consistently benchmark ourselves against the best, not only in our line of business, but also in other businesses where similar processes might be used. We have to keep abreast of the happenings in the world and embrace new developments/ideas faster than our

competitors. In short, the organization has to constantly update its knowledge and develop new skills. The process of learning in the organization has to be a continuous one.

Integration of IT in Everyday Work: Today the advances in IT are fundamentally changing the way business is done. The concept of supply-chain management, electronic commerce etc has been made possible with the huge strides in computing and telecommunication technology. The fusion of increasing computer power available cheaply at the users' desktops and rapidly growing telecommunication technology will provide the kind of energy yet unseen. This will propel organizations into changes at a very rapid pace almost on a daily basis. Those who lag behind will be obliterated. For us this calls for a fusion of computing and networking technologies into the corporate strategy and in the organizational structure. We have to move towards where we would be able to source and distribute information, products and services across the globe. The concepts that will make these happen are Internet, Intranet and electronic commerce. With Internet, customers can access information from any corner of the world. With electronic commerce, they would be able to place their orders and make payments online. With Intranet, we will be able to decimate information to our branches and plants across, include the suppliers, distributors and key customers. Thus, this would extend our reach to the remotest areas with great speed and very little investment.

With on-line discussions and brainstorming sessions, the ideas can be put through much faster across the organization. It will carry new concepts and get people started on new things. Decision-making and implementing time will be cut dramatically and the inputs for it will be superior and versatile. Confusions in communication will be avoided, leading to better functioning of the company. Thus, our ability to become global leaders will depend largely on how we are able to harness the powers and flexibility provided to us by the growth in IT. In addition, how IT fits into the corporate environment becomes the task of Strategic HR.

HR on the Corporate Map and Appropriate HR Systems: Because of liberalization and globalization, human resource management (HRM) has acquired strategic importance. The quality of human resources available to the company and the relationship will determine whether we succeed in achieving our vision or be relegated to being an also-ran. Thus, attracting, developing and retaining superior knowledge in the form of human resources will be a priority for the organization.

However, before we do that there has to be a paradigm shift in the employee-manager relationship. It would be imperative to have flat and non-hierarchical organization if such people are to flourish. It would call for breaking down the communication barriers, with information and knowledge to be shared across the organization. It also calls for empowerment in the decision making process. Thus, the people will have greater freedom and latitude for developing and delivering to their potential. Proper HR planning and HR development activities have a very

important role in achieving this.

Logically one can visualize a corporate culture that values trust, honesty, ethics and transparency in all actions for the modern organization. This will negate the need for controls at every step. Peer pressure and the culture of the organization will become the controlling and motivating factors.

All these calls for integrating HRD in the corporate strategy formulation and developing appropriate HR systems that will ensure the acquisition, development and retention of the vital human resources and provide them with the climate in which their talents would flourish and they would be able to achieve their potential.

The Manager of the Future: Today the global trend is that of an intrapreneur (an entrepreneur within the organization) *a la* Pinchot being the ideal individual for bringing about innovations. Many of the product and process innovations are brought about by teams rather than isolate individuals working under large corporate settings. Sony and 3M instantly come to mind when one visualizes such an organization. One expectation here would be that the new breed of intrapreneurial managers would be pioneers. They would be able to develop new markets, new products and innovate the entire industry, set the pace for the participants in that industry. At the local level, it would require monopolization of market niches, having complete supremacy in them by making available superior products at competitive prices and providing high valued services, i.e., aiming for total customer satisfaction and surpassing it.

The work will increasingly be done by cross-functional teams, which will progressively become self-managing. Managers will now be more of facilitators rather than commanders. The managers will be exposed to virtually unlimited data requiring an ability to visualize common pattern between seemingly disparate phenomena. For this, we want managers who will not only have sound and up-to-date management and technical skills, but more importantly should possess imaginative and creative thought process and are good team players. Our vision of a modern day professional manager is thus of a dynamic professional who combines risk taking with risk management, infuses academic rigour to practice vigour, merges cold analysis with creative synthesis, possesses hindsight with foresight and exhibits spontaneous verve with steely nerves. It is a tall order for one no doubt. However, if we are to succeed in the global arena we have to achieve this.

Conclusion: Survival and growth in the coming decades will depend upon the speed at which we are able to respond to and predict the environmental conditions. The key resource for competitiveness in India would be knowledge and skills that are available to us and how fast we are able to upgrade it. Delivering value to the customers will form the base on which our vision and strategy will be based. A clear formulation of strategy would give focus to our efforts. In addition, all this would be possible with quality people in each sphere of company's

activity.

Let it be made absolutely clear that managerial ethics, corporate governance, organizational excellence and business sustainability are the *sine qua non* for developmental growth in this highly competitive environment at the macro and the micro levels. We do not have the luxury of the leisure class and we do not have colonies to financially back-up our liberal economic notions of welfare. The *break* or *make* will come only if the entire civil society is galvanised into radiant activity and works together for its upliftment. Today, we need to get together to give direction to our industry and business, determine its vision and objectives. We need to finalise critical issues and adopt a schedule for action based on the results. We must have our feet firmly rooted in ethics and ensure that governance goes beyond mere compliance and becomes an instrument to achieve both excellence and sustainability. Therein alone lies our salvation.

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