SYNOPSES

A MINIMUM WAGE SOLUTION TO HALVING WORLD POVERTY BY 2015: A STAKEHOLDER APPROACH

Arvind ASHTA

The UNDP has set Millennium Goals including the halving of world poverty by 2015. This was translated into reducing by half the number of people living in abject poverty. It is now considered that these goals are unlikely to be met at least for Africa. We present the acute poverty existing in many countries as failure of existing initiatives to reduce it. We examine some existing poverty reduction solutions which are being experimented with, including aid (with central planning with participatory development), property rights, education, microfinance, bottom of the pyramid inclusion, and public sector employment, and find that these have been inadequate to the task, even conjointly. We add a global minimum wage based solution to this mix, to meet part of the first Millennium Goal for 2015 of reducing poverty by half. The solution is simple, can be implemented quickly and should result in eventual gains to all stakeholders. A buy-in is required from richer stakeholders to implement the solution. Although not a market-based solution, such policies are followed even in developed “capitalist” countries because their impact on poverty is positive even if evidence of their impact on employment is mixed. The solution proposes setting a global minimum wage rate at $120 a month in terms of purchasing power parity. The solution corresponds to a purchasing power that is enough for a single parent family of four or for a working couple with six children, reflective of large African families. The solution requires a lot of horse trading between alternative stakeholders in developed and developing countries and the admission that it is being directly applied only to those who already have some employment; the hope is that once their lot is improved their increased demand will rub off on those not having any, thus paving the way for the next “progressive” goals to be adopted in 2015.

A PRE-LAUNCH EXPLORATION OF CUSTOMER ACCEPTANCE OF USAGE BASED VEHICLE INSURANCE POLICY

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The aim of the research presented is to explore and identify critical factors that significantly decide the customer acceptance intentions about a futuristic motor insurance pricing policy. Industry reports indicate the need for a pricing policy with more actuarial accuracy and which reflects the exact risk, based on usage data rather than vehicle particulars. This justifies the relevance of our study and underscores its importance. The critical variables that may significantly influence customer acceptance intentions to usage based insurance pricing were identified through literature support. A preliminary study conducted by way of interviews with focus groups helped to identify relevant indicators for measuring the variables such as perceived individual benefits, perceived social benefits, perceived value, perceived easiness to understand, perceived privacy risk and so on, used in the study. The constructs were conceptualised as reflective or formative on the grounds of theory and content. The responses collected using a structured questionnaire were used for estimating the theoretical model proposed in the study. The analysis was conducted using a partial least square based software, Warp PLS 3.0. The estimates of the validated model were analysed to draw significant conclusions regarding customer acceptance intentions. The study concluded that customers are likely to accept the usage based insurance pricing once implemented. The significant factors influencing their acceptance intentions were perceived direct benefits, perceived value, and perceived easiness to understand. Perceived social benefits or privacy concerns did not significantly affect customer acceptance intentions. On usage monitoring, 44% of the respondents preferred usage monitoring by voluntary disclosure followed by cross checking using conventional methods by insurance companies, whereas 40% preferred monitoring using Internet enabled electronic devices such as GPS fitted in the vehicle. Among low users, the preferred criteria for insurance pricing was usage whereas among heavy users, past driving history merited more consideration.