INTEGRATED COURSE ON INFORMATION TECHNOLOGY AND SOFT SKILLS (ICITSS)

Part-B (Orientation Course)

Organisations are undergoing unparalleled and radical change. From the speed of decision making, to technological and global competitive pressures, to mergers and acquisitions, to the need to rethink business processes and alliances – organisations are constantly faced with shifting demands. Creativity and innovation are the most important elements required by the corporate houses. Regardless of the size and purpose of the organisation and the technology involved, human resource is the biggest element facing immense challenges. The outside world is full of challenges. To cope up with the challenges, existing and ahead, The Institute of Chartered Accountants of India has developed the Integrated Course on Information Technology & Soft Skills ICITSS (Orientation Course) for students pursuing Chartered Accountancy Course which deals in shaping Chartered Accountants as complete Business Managers with an all-round personality. The Course is designed with an idea that at the end of this course, each and every student is well equipped with what management is, its functions, different management styles and understands the roles of managers at different levels. The Orientation Course aims to impart training to translate the challenges into rewarding opportunities. This book has been thoroughly prepared in terms to make CAs complete Business Managers with an all-round personality encompassing Managerial Skills, Soft Skills, Time Management Skills and Interpersonal & Negotiation Skills.

The book has been divided into a 15 days programme. Each day is further divided into various sessions. Kindly refer the Detailed Lesson Plan for more information.

Day-1 & 2 focus on three aspects. The first aspect deals with a brief history of the ICAI, its organisational structure, roles and responsibilities, information about Board of Studies. The second aspect concentrates on the Academic and Technical Guidance which covers the relevance of articled training and its rules & regulations. The third aspect draws attention to the General Management aspect.

Day-3 & 4 highlight on developing the personal traits of an individual. Personal traits include attitude and values, motivation, time management, self analysis, planning, prioritizing, goal setting, accountability, critical and independent thinking.

Day-5 & 6 emphasize on Business Communication which covers effective communication, listening skills, conversational skills, interpersonal skills, writing skills and articulation skills. Attention has also been paid on reading & comprehension skills, book review, data analysis etc.

Presentation is one of the first managerial skills which every manager should acquire. In today's fast growing and complex environment, one needs to have effective presentation skills. **Day-7 & 8** deal with presentation skills which include making PowerPoint presentations and public speaking skills.

Negotiation is something that we do all the time and it is not only used for business purposes. It is done in our day to day dealings also. To enhance this skill, **Day-9** focuses on questioning skills, group discussion, team work, relationship management and managing ambiguity.

Day-10 stresses on Office Procedures which covers various aspects which are fundamental on the professional front. Special attention has been given to office organisation, office etiquettes and grooming the personality of an individual by focusing on good personal habits & manners, dress code, attire, etiquettes etc.

Today is the era of globalization and in this fast growing economy and cut throat competition, it is very important to understand the environment in which the business has to grow and operate. The internal and external factors have a direct and indirect impact on the business. An individual needs to understand the complexities of the business and its environment to succeed in today's world. **Day-11** deals with Business

Environment where insight is given on Indian & Global business environment. The session further highlights the significance of varied sectors such as banking, financial and manufacturing which have a direct impact on running the business unit successfully. The topic also covers a part of the corporate and commercial laws.

Day-12 focuses on generating data/information using technology and comparison between inter and intra firm. **Day-13** consists of extempore by all the students on their experiences and knowledge gained in the course. **Day-14 & 15** are the practical sessions covering seminars on recent topics, submission of project report and evaluation of writing skills.

Diagrams have been incorporated to make the content easier to understand. Point wise explanation is given for making the concepts clearer. At the end, each chapter contains key points and suggested readings. Besides this, assessment tests have been given at the end of the manual which will help the students in assessing themselves.

Participants are requested to make the sessions interactive by taking keen interest during the course of the training so that maximum benefits can be reaped out of it.

We wish all the participants Happy Reading!

CONTENTS

I. INTRODUCTION AND GENERAL MANAGEMENT (2 Days)

About the Institute Brief history of the ICAI; Role and responsibilities of the ICAI as an academic body and as regulatory body, International tie-ups, Information about Board of Studies and its functions, Journal & Students Newsletter

Extempore by the student Public Speaking and Tips to start with confidence

Academic and Technical Guidance The Chartered Accountancy Course - Relevance of articleship; Rules and regulations of CA articled training; Roles and responsibilities of an Article Assistant; Do's and don'ts for an Article Assistant- as a student, as in CA's Office, as in Client's Office; Different Areas of Services rendered by a CA; Emerging areas for Articleship experience

General Management Introduction to General Management- Planning, Organizing, Staffing, Directing, Control; Role and responsibilities of Managers at different levels

II. DEVELOPING PERSONAL TRAITS (2 Days)

a. Attitude, Values and Ethics

b. Motivation-self & others

c. Time Management

d. Self Analysis, Planning & Prioritizing

e. Goal Setting & Accountability

f. Critical and Independent Thinking

III. BUSINESS COMMUNICATION (2 Days)

a. Introduction to Effective Communication and Listening Skills, Conversational Skills & Interpersonal Skills

b. Business Communication

c. Articulation Skills

d. Reading and Comprehension Skills

e. Book Review

f. Preparation of Project Report

g. Data Analysis & Research Methodology

IV. PRESENTATION (2 Days)

a. Making PowerPoint Presentations

b.   Requisites for Effective Presentations

c.   Case based presentations related to Industries with key messages for Effective Decision Making

V.   TEAM MANAGEMENT / RELATIONSHIP MANAGEMENT (1 Day)

a.   Art of Questioning and Curious Questioning

b.   Group Discussion & Debate

c.   Working in Teams/ Relationship Management

d.   Managing Ambiguity

VI.   OFFICE PROCEDURES (1 Day)

a.   Office Organisation

b.   Office Etiquettes

c.   Executive Presence

VII.   BUSINESS ENVIRONMENT (1 Day)

a.   Business Environment - Indian & Global

b.   Different Sectors (Banking, Financial Service, Manufacturing) and their significance

c.   Introduction to Financial Analysis

d.   Corporate & Commercial Laws

VIII.   SEARCH ENGINE (2 Days)

a.   Search Engine:- Getting Data/ Information using technology/ alternate sources

b.   Comparison between Inter firm & Intra firm

c.   Extempore by the student (Extempore by the student about his/ her experience and knowledge gained in the training and how it can be used in his future profession)

IX.   PRACTICAL (2 Days)

a.   Seminars (to be evaluated)

b.   Submission of Project Report (to be evaluated)

c.   Evaluation of Writing skills

DETAILED LESSON PLAN

ICITSS (ORIENTATION COURSE) (15 DAYS)

Overall Objective of ICITSS (Orientation Course): Make CAs Complete Business Managers (versus just accountants) with an all-round personality encompassing Managerial Skills, Soft Skills, Time Management Skills and Interpersonal & Negotiation Skills.

As a professional whether in practice or in employment, students will be dealing with complex situations, issues, needs, goals, styles and cultures characterized by the ambiguity and complexities due to the ever changing socio-economic environment and human interactions at a global level; definitely more difficult to predict and counter compared to the technical certainties of a professional. Communication skill is of paramount importance. Credibility as a leader or facilitator depends to a large extent on how clearly and forcefully one is able to express his/her views. A report, presentation or even a telephonic talk is an emissary of one's personality and if not done well, could cause considerable damage to one's image and career aspirations.

The ICITSS (Orientation Course) aims to impart training to translate such challenges into rewarding opportunities.

Pedagogy: Interactive sessions (6 hours daily and spread over 15 working days).

Each session shall include:

* Pre-Read/ Pre-Work (Study Material)
* Discussion (PowerPoint led) on Theory/ Insights
* Activity/ Case Study
* Movie Clips

Day	Session	Topic	Objective	Time Allotted
1&2 (12 Hr)	1	Introduction	Brief History and Organizational Structure of ICAI	2 Hours
	2	Extempore by the student	• Learn about Public Speaking and fears associated with it • Tips to start with confidence • Speaking in the class on a given topic - about the student, family background or any other topic given by the trainer (as a Psychometric Test)	4 Hours
	3	Academic and Technical Guidance	• Articled Training in CA Course • Different Areas of Services rendered by a CA • Emerging areas for articleship experience – GST, Internal audits, IND AS, Project Finance etc.	3 Hours
	4	General Management	Planning, Organizing, Staffing, Directing, Control; Role and Responsibilities of Managers at different levels	3 Hours

3&4 (12 Hr)	1	Attitude, Values & Ethics	• Learn about Attitude and Values • Learn to develop positive attitude • Learn how the values are formulated • Influence of culture on values • Learn how to work ethically	2 Hours
	2	Motivation – self and others	• Learn about motivation and its significance • Learn different motivational theories • Learn what keeps people motivated in an organization	3 Hours
	3	Time Management	• Learn about Time Management and time wasters • Learn various tools of time management • Learn time management process and ways to overcome procrastination	1 Hours
	4	Self Analysis, Planning & Prioritizing	• Learn about different techniques of Self Analysis • Learn about Planning and its importance • Learn about Prioritizing, benefits and tools for Prioritizing	3 Hours
	5	Goal Setting & Accountability	• Understand the importance of personal goal in one's life and the process of Goal Setting • Understand the importance of Accountability and Ownership	1 Hour 30 Minutes
	6	Critical and Independent Thinking	• Learn to think critically • Learn to think without any influence	1 Hour 30 Minutes
5&6 (12 Hr)	1	Introduction to Effective Communication & Listening Skills, Conversational Skills & Interpersonal Skills	• Understand what is effective communication, know & overcome the barriers in communication, importance of listening, tips to improve listening etc. • Learn about Conversational Skills • Learn and demonstrate good Interpersonal Skills	3 Hours
	2	Business Communication	• Understand the benefits of effective Business Communication • Learn how to excel in all areas of written Business Communication	1 Hour 30 Minutes
	3	Articulation Skills	• Understand the need of Articulation Skills in verbal communication • Identify and learn various articulation techniques used in communication	1 Hour 30 Minutes
	4	Reading and Comprehension Skills	• Understand the importance of reading skills in business communication • Identify and learn reading techniques • Learn comprehension reading strategies	1 Hour 30 Minutes
	5	Book Review	• Understand the basic concept of critical review	1 Hour 30 Minutes

			• Identify and learn steps to write critical review of a text	
	6	Preparation of Project Report	• Understand the content and importance of Project Report	1 Hour 30 Minutes
	7	Data Analysis & Research Methodology	• Understand the Data Analysis Research methodologies	1 Hour 30 Minutes
7&8 (12 Hr)	1	Making PowerPoint Presentations	• Understand the elements of presentation • Learn to structure your presentation • Learn to make PowerPoint presentation effective • Giving presentation in the class on a given topic	3 Hours
	2	Requisites for Effective Presentations	• Understand the content for effective presentations • Importance of effective presentations	3 Hours
	3	Case based presentations related to Industries with Key Messages for Effective Decision Making	• Understanding of the Industry cases and drawing inferences for Effective Decision Making	6 Hours
9 (6 Hr)	1	Art of Questioning and Curious Questioning	• Learn to ask fruitful questions • Understand the importance of curious questioning	1 Hour 30 Minutes
	2	Group Discussion & Debate	• Understand Group Discussion and the key skills required • Understand why we form groups and group dynamics • Understand roles to be played and avoided in Group Discussion	1 Hour 30 Minutes
	3	Working in Teams/ Relationship Management	• Learn about Team Work and its importance • Understand stages in team development • Learn characteristics of high performing team and ineffective team	1 Hour 30 Minutes
	4	Managing Ambiguity	• Understand problem solving process and the skills required • Learn to handle ambiguous situations	1 Hour 30 Minutes
10 (6 Hr)	1	Office Organization	• Understand Organization and its components	1 Hours
	2	Office Etiquettes	• Understand what Etiquette is and what all Etiquettes to be followed in the Office	2 Hours
	3	Executive Presence	• Understand the practical benefits of Personal Grooming • Learn some tips on Personal Grooming	3 Hours
11 (6 Hr)	1	Business Environment – Indian & Global	• Understand the business scenarios • Feel confident • Understand various factors affecting business	1 Hour 30 Minutes

	2	Different Sectors (Banking, Financial Service, Manufacturing) and their significance	• Know various sectors • Growth rate and significance of each sector	1 Hour 30 Minutes
	3	Introduction to Financial Analysis	• Understand the need of Financial Statement • Key indicators • Users of Financial Statement	1 Hour 30 Minutes
	4	Corporate & Commercial Laws	• Know the importance of Corporate Law • Know about various Commercial Laws • Understand various compliance requirements	1 Hour 30 Minutes
12& 13 (12 Hr)	1	Search Engine	• Understand the need of Search Engines • Tips for better results	3 Hours
	2	Comparison between Inter firm and Intra firm	• Understand the Inter firm and Intra firm comparison • Need for both the techniques	3 Hours
	3	Extempore by the student	• Extempore by the student about his/ her experience and knowledge gained in the training and how it can be used in his future profession (as a Psychometric Test)	6 Hours
14& 15 (12 Hr)	1	Practical/ Testing of Verbal Skills	• Seminars on Recent Topics (to be evaluated) • Submission of Project Report (to be evaluated)	6 Hours
	2	Practical/ Testing of Writing Skills	• Evaluation of Writing Skills on the topic given by the trainer	6 Hours

The Institute of Chartered Accountants of India (ICAI) is a statutory body established in July, 1949 under the Chartered Accountants Act, 1949 enacted by the Parliament to regulate the profession of Chartered Accountancy in India.

The Institute is governed by a Council in accordance with the provisions of the Chartered Accountants Act, 1949 as amended by the Chartered Accountants (Amendment) Act, 2006 (No.9 of 2006) and the Chartered Accountants Regulations, 1988. The Council has 40 members of which 32 members are elected by the Members of the Institute and 8 members are nominated by the Government of India.

The Council is completely an autonomous body free from control of Central Government except in certain specified matters. The Council is assisted in its work by Regional Councils which are generally advisory in character. The Council is headed by the President, who is elected by the Council for one year. The Council has the power to recognize foreign qualifications in the interests of the country.

The Institute is the second largest and prominent accounting body worldwide. The Institute has achieved recognition as a premier accounting body not only in the country but also globally, for its contribution in the fields of education, professional development, maintenance of high accounting, auditing and ethical standards.

The major function of the Institute is professional development, regulatory and advisory.

The Institute has its headquarters at New Delhi. In addition, it has 5 Regional Councils and 163 Branches. The Institute has also 30 Chapters outside India.

ICAI Mission-2030

The Indian Chartered Accountancy Profession will be the valued trustees of world class financial competencies, good governance and competitiveness.

The Mission 2030 of ICAI lays focus on following key elements:

(a) Global Professionals
(b) Independent and Transparent Regulatory Mechanism
(c) Highest ethical standards
(d) Cutting-edge research and development
(e) Multi-national Service Providers.

ICAI Vision-2030

ICAI set outs its Vision for 2030, which focuses on Mission, Strategic Priorities and Action Plan for the coming years to achieve its Vision. ICAI aims at harnessing the opportunities and addressing the challenges presented by the rapidly changing environment so that, by 2030, ICAI becomes-

"World's leading accounting body, a regulator and developer of trusted and independent professionals with world class competencies in accounting, assurance, taxation, finance and business advisory services."

The six strategic priorities in line with Vision 2030 are:

- Create enabling framework for and facilitate Indian firms and professionals to leverage global opportunities
- Leverage national leadership position to assume leadership in regional and international accounting fraternity
- Revitalize education and training systems and establish an enabling ecosystem to produce globally competitive accounting professionals
- Adapt regulatory mechanism to the changing times
- Undertake branding and awareness campaign to enhance public perception of ICAI and professionals affiliated to ICAI
- Strengthen organizational infrastructure and technological capabilities to improve engagement with all stakeholders.

Role and Responsibilities of ICAI

As an Academic Body

The academic wing of the ICAI is Board of Studies. It has been the constant endeavour of the Board of Studies to improve the quality, content and delivery mechanism of Chartered Accountancy Course. The publications of Board of Studies enhance the skills, improve the knowledge and contribute to the courses of the students enrolling for Chartered Accountancy Course. The practical training is a vital part of the Chartered Accountancy Course. Under the existing and revised scheme of education, a student is required to undergo practical training known as Articleship Training for 3 years. The Examination department of the ICAI conducts CA examinations. In order to qualify as a member of the Institute, a CA student should pass theoretical examination conducted by the Examination department and complete Articleship Training. In addition, a student should also attend Integrated Course on Information Technology & Soft Skills (ICITSS) and Advanced Integrated Course on Information Technology & Soft Skills (AICITSS).

As a Regulatory Body

The role of the Institute as a regulatory body covers both its members and students. As per Section 2(b) of the Chartered Accountants Act, 1949 as amended by The Chartered Accountants (Amendment) Act, 2006, "Chartered Accountant" means a person who is a member of the Institute. A person in order to become a member of the Institute should pass CA Final Examination, complete Articled Training. There are two classes of members: Associate and Fellow. On becoming a member of the Institute after fulfilling the conditions mentioned above, a person becomes an Associate Member of the Institute and can write ACA after his/her name. An ACA after having been in practice for a continuous period of five years or more and fulfilling certain conditions may become Fellow of the Institute and may write FCA after his/her name. The regulatory role of the Institute also manifests itself in another area: Certificate of Practice. No member of the Institute shall be entitled to practice in India or elsewhere unless he obtains from the Institute a Certificate of Practice.

Disciplinary Function

In order to play effectively its regulatory role, the Institute has set up an elaborate disciplinary mechanism to deal with complaints of misconduct against its member(s). If a member is proved to be guilty of professional or other misconduct, he will face reprimand and/or removal of name from Register of Members and/or a fine.

Organizational Structure of ICAI

The organizational structure of ICAI is shown below:
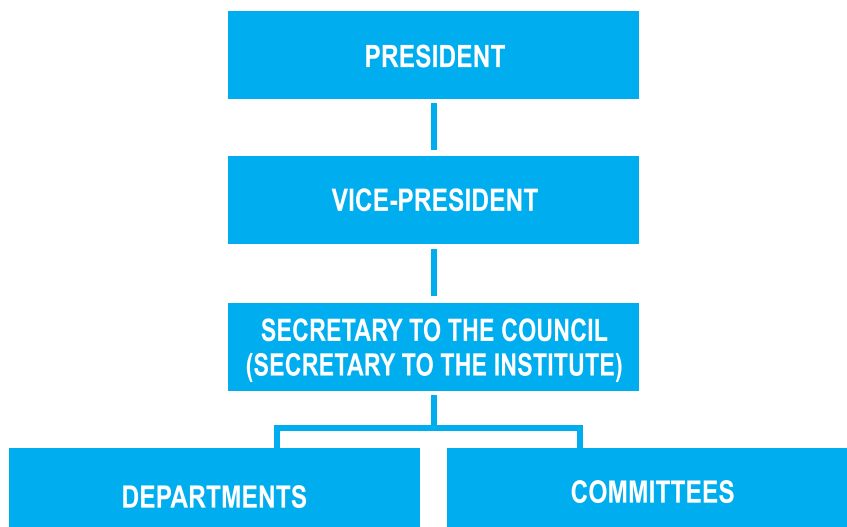
Standing and Non-Standing Committees

The Council, in terms of Section 17 of the Chartered Accountants Act, 1949, constituted four standing and various Non-Standing Committees/Boards to deal with matters concerning the profession. The Standing Committees of the Institute are Disciplinary, Examination, Executive and Finance Committee. The important Non-Standing Committees are Accounting Standards Board, Audit Committee, Auditing & Assurance Standards Board, Board of Studies, Committee for Capacity Building of Members in Pratice, Committee on Information Technology, Corporate Laws & Corporate Governance Committee, Committee for Members in Entrepreneurship and Public Service, Continuing Professional Education Committee, Direct Taxes Committee, Ind AS (IFRS) Implementation Committee, Peer Review Board, Indirect Taxes Committee, etc.

About Board of Studies

The Board of Studies (BoS), the premier educational wing of the Institute, proactively works to ensure that students achieve the desired level of professional competence through provision of multitude of educational inputs in the form of Study Materials, Practice Manuals, Revision Test Papers, Suggested Answers, Supplementary Study Materials, Mock Test Papers, etc., with an objective to enable students to prepare well for the examinations. The mission of Board of Studies is to provide a strong foundation of knowledge, skills and professional values that enables students to grow as wholesome professionals and adapt to change throughout their professional career. The Board of Studies' academic function mainly relates to undertaking all the work relating to preparing, revising and updating the course material and other relevant literature. Apart from this, BoS undertakes all other functions like students' counselling, answering students' queries, taking lectures, preparing mock tests and quizzes etc.

The BoS also brings out monthly Students' Journal in the name of "The Chartered Accountant Student" which is another form of disseminating important information for the benefit of the students. It provides quality articles and academic updates that help in the learning process of the students.

Other functions of the BoS include :

■ Preparation and continuous revision of comprehensive study material including practice manual of all subjects prescribed for students of the Chartered Accountancy courses viz., Foundation, Intermediate Course and Final Course. Other educational inputs like Suggested Answers, Revision Test Papers, Periodical Supplements etc. are also prepared for the students on a regular basis.

■ Distribution of study materials and other educational aid to registered students through Centralized Dispatch System.

■ Organizing Oral Coaching Classes, Crash Course with the assistance of Regional Councils and Branches.

■ Video lectures and Virtual Classes on subjects to improve problem solving skills through ICAI cloud campus.

■ Publication of booklets on Personality Development, Public Speaking, Communication Skills, How to prepare for CA Examinations, Time and Stress Management etc.

■ Preparation of E-learning, Video Lectures, Online Mentoring and Web-based learning marterials on selected topics of the CA Curriculum.

■ Publication of the Students' Monthly Journal- `The Chartered Accountant Student'.

■ Providing guidance to the Regional Councils and their Branches in organizing ICITSS and AICITSS.

■ Organizing Seminars, Conferences, Quiz Contests and National Talent Hunt for the students of CA Course.

■ Providing technical support to various Committees, maintains liaison with the Students' Associations and Branches and motivated them to organize various educational activities for the students.

ICAI Cloud Campus

The Board of Studies has made available a Campus on the Cloud - ICAI Cloud Campus (http://cloudcampus.icai.org/). The ICAI Cloud Campus is the One-Stop-Window for information, enrolment, educational, administrative, examination, and other requirements of Students for the CA Course. Moving ahead from the brick-n-mortar campus system, the ICAI Cloud Campus provides distance education for the CA Course at the doorsteps of Students at the click of a button. It is a learning system designed to be pursued along-with articled/ practical training that

enables students to learn at any time, any place and any pace at their convenience. It provides education in the form of Video Lectures for practical problem solving subjects, e-Lectures for all subjects, web casts & recorded, online mentoring sessions for all three levels – CPT, Intermediate and Final. Access to all these resources is FREE of charge. Students are advised to make good use of this online learning facility to succeed in the CA Course.

Orientation Course

With a view to groom and motivate the entrants to be a good professional, the Orientation Course has been made an integral part of the CA Course curriculum. Students are required to undergo Orientation Course before registering for articleship training. The duration of Orientation Course is 15 days (i.e. 90 hours).

Management & Communication Skills Course (MCS)

Management & Communication Skills (MCS) Course equips the entrants to the profession with interpersonal and management skills. As per the guidelines, an articled assistant shall complete a course on Management and Communication Skills during the last two years of Practice Training but before appearing for the final examination. Alternatively, students can undergo the four weeks Residential Programme on Professional Skills Development in lieu of MCS Course by paying the required fee.

Information Technology Training (ITT)

The Course on Information Technology Training is an integral part of the CA Course Curriculum that the Students are required to complete before joining Articled/ Practical Training. The course provides training focused on application software relevant for Accounting, Auditing and allied areas that inter alia includes training on Electronic Spreadsheet, Data Base Management, Computer Assisted Audit Techniques (CAATs) and Accounting Packages etc.

Advanced Information Technology Training

The Advanced Course on Information Technology Training is an integral part of the CA Course that Students undergoing Practical Training shall be required to Advanced ITT during the less 2 years of Practical Training but to complete the same before being eligible to appear in final examination. This course provides training on application software

relevant for the work of a professional accountant including Auditing in ERP. Enterprise Resource Planning (ERP), MS-Excel as and Audit tool, and advanced features of Electronic Spreadsheet, DBMS etc.

Practical Training

The unique requirement of practical training is instrumental in shaping a well-rounded professional to ensure that students have an opportunity to acquire on-the-job work experience of a professional nature. Such a practical training inculcates a disciplined attitude for hard work; develops necessary skills in applying theoretical knowledge to practical situations; provides exposure to overall socio-economic environment in which organizations operate; and develops ethical values. Under the present scheme of education (Foundation, CPT, Intermediate, Final), a student is required to undergo articled training for three years. The student becomes eligible to join the training only after passing the either Group or both Groups of Intermediate (Integrated Professional Competence) Course and also has completed Integrated Course on Information Technology & Soft Skills. The articled assistant should undergo practical training in accordance with provisions of the Chartered Accountants Regulations and Guidelines as framed by the Council of the Institute from time to time.

Design of Practical Training Programme

The training programme is designed to identify the areas in which the firm should provide training and the contribution which the firm can expect from the trainees. Such assessment ensures that the training programme is relevant to the needs of the trainees as well as also for the firms. The following factors may be considered in this context :

(i)   Review of the timing, type and total amount of work generated by the firm

(ii)   Assessment of the partners and staff with the experience, skills and qualifications needed to undertake the work and to provide supervision to trainees

(iii)   Availability or otherwise of senior trainees for supervising the work done by junior trainees

(iv)   Review of the arrangements for instructions, particularly experience needs to be supplemented by theoretical training

(v)   The period for which trainees will be available for work. (The effect of releasing trainees from assignments for courses or study leave must be taken into account)

(vi) Whether there are any deficiencies in the work experience available to trainees and how these might be overcome eg. by secondment, exchange etc.

Components of Training Programme

In designing the training programme, the following components are to be considered simultaneously so as to make it meaningful:

a. Categories of Work Experience

b. In-House Theoretical Training

c. Development of Professional Attitude

d. Phasing of Training Programme.

The training programme must be planned properly to ensure that the above components are included therein. The components which are integrated into a logical sequence should provide trainees with the skills expected of them.

Categories of Work Experience

The categories of work experience are generally grouped as under:

- Accounting
- Auditing (including internal audit)
- Taxation (Direct and Indirect)
- Corporate and Allied Laws
- Management Services (including services in the field of Financial Management like business valuation, mergers and acquisition, portfolio managements, equity research etc.)
- Information Technology
- Other areas, if any

The categorization of work experience as above should not be considered exhaustive or rigid as it is quite likely that working in a particular field may also overlap with other areas. For instance, work experience in the areas of accounting and auditing may not be distinguishable in actual practice as both areas are quite inseparable from each other. Further, application of knowledge of information technology is inseparable from training in accounting and auditing.

Industrial Training

The Institute, in furtherance of its objectives of providing to the industries, members with adequate knowledge and background of industrial functioning, conceived the concept of industrial training. The concept, inter alia, envisages the preparation of trainees, who intend to build their careers in industries, after becoming chartered accountants, in a manner mutually beneficial.

Training in an industrial/commercial/financial environment provides the trainees with the opportunity to develop a problem-solving attitude and to have an insight into the functioning of the accounts department. It also diversifies their practical experience and helps them in developing the attributes of team work and correlate with members of other professions and disciplines. It is intended to provide the trainees with a new dimension to their experience. This would necessarily involve exposure of trainees to the entire gamut of activities of industrial establishments in a phased and systematic manner. An exposure to the working environment of a large commercial organisation will give them an integrated view of its operations. It is essential that the member imparting training in industries including commercial and financial enterprises recognizes that perception of the overall business environment is the prime objective of such training.

Secondment/Exchange

In order to expose the trainees at large to multi-disciplinary work and variety of business situations, the arrangement of secondment has been provided. The procedure relating to secondment enables an articled trainee to gain practical experience, in areas where the Principal may not be in a position to provide the same, in the office of another member in practice on the basis of a mutually agreed arrangement.

Secondment is allowed with the consent of the articled trainee from one employer to a member who is entitled to train articled trainees in his own right or to a member in industry who is entitled to train industrial trainees. The member to whom the trainee is seconded is not entitled to train more than two such trainees on secondment at a time. The aggregate period of secondment cannot exceed one year which may be served with a single eligible member. The Council may permit secondment with more than one such member provided the minimum period of secondment with any member may be four months and the aggregate period served on secondment with such member does not exceed one year. Where an articled trainee is

seconded to a member in industry, the total period spent in industry including the period of industrial training should not exceed one year. During secondment, the member with whom the articled trainee is seconded is required to pay the stipend. The member with whom the articled trainee is seconded is responsible for imparting training during the secondment and has to maintain records of practical training undergone by the articled trainee during the secondment and required to forward the same to the Principal on completion of period of secondment and the Principal has to include its particulars in the report to the Council under Regulation 64. A statement in the approved form be sent to the Secretary for records within 30 days from the date of commencement of training on secondment.

Apart from the secondment of a trainee from one firm to another firm or to an industry, firms may exchange trainees on mutual basis for a limited period to the advantage of firms and trainees. Such an arrangement is also quite flexible like the scheme of secondment and enables the firms to overcome deficiency, if any, in practical training imparted to trainees.

Code of Conduct

Preamble

The Council of the Institute of Chartered Accountants of India hereby lays down the Code of Conduct to maintain decorum and discipline amongst the students of the Chartered Accountancy Course. While dealing with the members of the Institute and other public in general, it is expedient to ensure the Code of Conduct for students undergoing practical training under the Chartered Accountancy Course including students registered for Foundation, Common Proficiency Course (CPC), Intermediate Course/Final Course and even those students who have already completed practical training.

Regulation 66 of the Chartered Accountants Regulations, 1988 makes an explicit mention that the Code of Conduct is applicable to the Students undergoing practical training under the Chartered Accountancy Course and deals with relevant procedure to be followed in case of breach of the same.

Interpretations: In this Code of Conduct, unless otherwise stated,

(i) "Act" means The Chartered Accountants Act, 1949 (XXXVIII of 1949) as amended from time to time.

(ii) "Regulations" means regulations made under the Chartered Accountants Act. 1949.

(iii) "Institute" means the Institute of Chartered Accountants of India (ICAI) constituted under the Chartered Accountants Act, 1949.

(iv) "Council" means the Council of the Institute.

(v) "Board/Board of Studies (BoS)" is a non-standing Committee of the Council under Section 17 (2) of the Chartered Accountants Act, 1949,

(vi) "Executive Committee" is the standing Committee of the Council formed under Section 17(1) of the Act.

(vii) "Examination Committee" is the standing Committee formed under Section 17(1) of the Act.

(viii) "Principal" or "Employer" means a member entitled to train Articled Assistants and Audit Assistants under the Chartered Accountants Regulations 1988.

(ix) "Articled Assistant" means an articled assistant as referred to in clause (j) of sub-section (2) of Section 30 of the Act engaged under articles by a member entitled to train articled assistants under the Regulations.

(x) "Audit assistant" means an assistant engaged in audit service by a member entitled to train audit assistants under the Regulations.

(xi) "Accredited Institution" means institution authorised by the Board of Studies for the purpose of organising classes for Chartered Accountancy students as per guidelines issued from time to time.

1. GENERAL

1.1 Students who are registered as articled/audit assistants under the provisions of the Chartered Accountants Act. 1949/Regulations framed thereunder (hereinafter referred to as "trainees" or "articled/audit trainees") should conduct themselves in accordance

with the guidelines provided hereunder whilst undergoing practical training under the Chartered Accountants Regulations, 1988.

1.2 The Code of Conduct shall be applicable to all students including Foundation, CPC, Intermediate Course and also students pursuing the Final course who have/have not completed their articled training and, thus, shall be held liable in case they mis-handle/damage any assets/property/ infrastructure of ICAI or at its authorized Centre(s)/Venue(s) also shall be bound by various provisions under the proposed Code of Conduct. Further such person(s) shall also be required to maintain decency and decorum while attending programmes like seminars, conferences, mock tests, ICITSS, Advanced ICITSS or any other course/programme etc. organized by the Institute or its regional councils/branches.

2. CONDUCT OF ARTICLED/AUDIT ASSISTANT

An Articled/Audit Assistant shall comply with the following principles of the code of conduct:

2.1 The articled/audit assistant shall, at all times, diligently and faithfully serve the Principal in the practice of profession of Accountancy.

2.2 The articled/audit assistant shall follow the covenants contained in the Deed of Articles and the provisions of the Act and Regulations as may be applicable, from time to time.

2.3 The articled/audit assistant shall be responsible for the quality and correctness of the work done by him in the course of practical training, either in the office of the Principal or in the offices of any of the clients of the Principal.

2.4 The articled/audit assistant shall not, at any time, during the continuation of his articleship - destroy, cancel, obliterate, spoil, embezzle, spend, take away with him/her copies of books, papers, plans, documents, monies, stamps, hardware, software or chattels whether belonging to the Employer or his personal representative(s)/assignees/partner(s)/client(s) which came into his/her hands or. custody or possession, or allow any other person to use the same without the prior approval of his employer.

2.5 The articled/audit assistant should at all times observe discipline and follow guidelines, rules and regulations set out by his/her employer and not act in any manner that will bring disrepute to his/her employer or the profession in General.

2.6 The articled/audit assistant shall obey and follow all lawful and reasonable instructions of his/her Employer and shall not depart or absent himself/herself from the training of the Employer at any time during the said term without the prior consent of his/her employer or partners but shall at all times during the said term conduct himself/herself with honesty and propriety.

2.7 The articled/audit assistant shall behave in a responsible manner as a prospective member of the profession, with his colleagues, staff members in his Employer's office, Employer's clients and their representatives, Institute's officials & employees and judicial, quasi-judicial and other authorities, wherever he/she represents his/her employer,

2.8 The articled/audit assistant shall conduct himself/herself in a manner which shall show that he/she is endowed with impeccable character and help him/her to uphold ethical principles and professional Code of Ethics.

2.9 The articled/audit assistant shall not obtain any monetary help or assistance or any form of gratification directly or indirectly from the clients of the Principal, their officials or representatives.

2.10 Students, while undergoing Articled Training shall adhere to the formal Dress Code as per the local culture and tradition. Students while undergoing ICITSS and AICITSS Course should maintain discipline and decorum apart from adhering to dress code.(Advisory Dress Code: Male Students: Full Sleeves Shirts and Trousers: Female Students: Sarees/Salvar Kurta/Suit. While appearing before the appellate authority, they may also wear a suit and a tie).

3. CONFIDENTIALITY

3.1 A Student shall keep all the information acquired during the course of his/her articleship about his Principal and his partners and clients confidential and shall not divulge any information acquired during the course of his/her training, to anybody without formal authorisation from his/her employer.

4. OFFICE TIMINGS

4.1 The articled/audit assistant shall always scrupulously attend the office of the employer or its clients as per the prescribed timings of his/her employer.

4.2 The articled/audit assistant shall ensure that he/she works for a minimum of 35 working hours in a week and follows strictly the normal working hours applicable to him/her as decided by the Employer. This period does not include lunch break and time spent on travelling to and from place of work. Students are required to adhere to the directions issued by the Council from time to time regarding the working hours while undergoing the practical training.

4.3 The articled/audit assistants are hereby advised to undergo practical training very seriously in a conscientious manner and ensure that they do not involve themselves in any other activity including attending classes so that the quality of practical training is not compromised under any circumstances.

5. LEAVE

5.1 The articled/audit assistant will not remain absent from office without taking leave of absence from the Employer. The student will make sure that he takes leave only after prior sanction by the Employer except in case of emergency which should be duly supported by reasonable explanation/ documentary evidence.

5.2 The articled/audit assistant shall always give reasonable notice to his/her Employer of his/her intention to take leave and the leave will be governed by the provisions of Regulation 59 or Regulation 74 as the case may be.

5.3 Whenever the articled/audit assistant asks for leave for the purpose of preparing for examination of the Institute, he/she shall be granted leave for three months or to the extent of leave due, whichever is less, provided an application for leave has been made at least 15 days in advance.

5.4 The articled/audit assistant shall make sure that the total leave taken by him/her during the period of articleship does not exceed one-sixth of the total period of actual service, together with leave due under Regulation 59(2)/Regulation 74(2).

5.5 The articled/audit assistant shall apply to the employer for such leave for the-purpose of tests or examinations or any other purpose as may be required. However, the entitlement of leave shall not exceed the leave to his/her credit as per the Chartered Accountants Regulations, 1988. The employer may grant leave not earned subject to the provisions of Regulation 59(5)/Regulation 74(5) at the rate of one seventh of the total period of his actual service.

5.6. A student who has taken leave in excess of the period of the leave to which he/she is entitled under Regulation 59 shall be required to serve for a further period equivalent to the excess leave taken by him/her, in accordance with Regulation 58.

6. MAINTENANCE OF RECORDS

6.1 The articled/audit assistant shall maintain such records, documents and papers as may be prescribed by the Institute and his/her employer from time to time.

6.2 Diaries and Time Sheets: The articled/audit assistant shall maintain diaries up to date in connection with the work done, in the form prescribed by the Institute/employer, from time to time.

7. THEORETICAL EDUCATION AND OTHER PROGRAMMES

7.1 Students shall abide by all the rules of the Board of Studies, as may be in force from time to time during the period they undergo for theoretical education.

7.2 Students attending classes organized by accredited institutions should satisfactorily comply with the requirements governing such classes and the tests conducted thereunder.

7.3 Students shall behave in an orderly manner in the examination hall and shall not resort to or attempt to resort to unfair or illegal means for the purpose of passing an examination. They should scrupulously follow instructions issued by the Examination Department of the Institute in this regard.

8. SEMINARS/CONFERENCES, ETC.

8.1 Students are advised to attend seminars/meetings/workshops/conferences. CPE Seminars, meetings of study groups, organised by the Institute directly or through the Regional Councils/Branches, whenever they get an opportunity to do so, and record the details of the same in the diary maintained by them.

8.2 Whenever an articled/audit assistant wants to attend a conference, course or seminar organised by the Institute/Regional Council/ Branch of Regional Council or a Students' Association and desires that the period of such attendance be treated as period actually served under articles/audit service, he/she will get prior consent of his/her Employer for the same.

9. PERMISSION FOR OTHER ENGAGEMENTS

9.1 The articled/audit trainee shall not undertake any other course of study or training, whether academic or professional, or engage in any business or occupation without obtaining the prior permission of the Council on an application made in the prescribed form (Form No. 112) as specified in Regulation 65/Regulation 78. Such permitted engagements or occupation may include teaching for the specified hours, directorship in a company incorporated under the Companies Act, partnership in a family business, subject to the Regulations and Guidelines as may be prescribed by the Council/Board of Studies from time to time.

10. STIPEND

10.1 A student is entitled to receive a minimum monthly stipend as per the rates specified under the Chartered Accountants Regulations, 1988, from time to time. The student shall, therefore, open an account with any bank for facilitating receipt of such stipend from his Employer.

11. TRANSFER OF ARTICLESHIP

11.1 Transfer of Articleship should be as per the Regulations and Guidelines prescribed by the Council from time to time.

11.2 Should there be any dispute between the Principal and the articled/audit assistant, the matter shall be settled amicably between articled/audit assistant and the Principal concerned. The Institute shall not interfere in such cases.

12. MISCONDUCT

12.1 Non-adherence to any of the above guidelines issued herein and in the Act or Regulations, would be construed as Misconduct and lead to action against the articled/audit assistant in accordance with Regulation 66/79 of the Regulations.

12.2 Where a complaint or information of any misconduct or breach of any of the guidelines contained in this Code of Conduct or provisions of the Regulations, Act or any of the covenants of the Deed of articles is received against any student from his/her Employer or any other person, the same shall be investigated as per Regulation 66/ Regulation 79 of the Chartered Accountants Regulations, 1988 and suitable action(s) shall be taken.

13. CONSEQUENCES OF MISCONDUCT

13.1 The Executive Committee, may, on a consideration of the report of the investigation and after giving the articled/audit assistant an opportunity to be heard, may: -

i.   if the Executive Committee finds that the articled / audit assistant is not guilty of any misconduct or breach of Regulation or breach of any of the covenants contained in the articles, direct that the papers be filed and the complaint dismissed, or

ii.   if the articled/audit assistant is found guilty, reprimand the articled/audit assistant or cancel the registration of articles/audit service, or direct that any period already served under such articles/audit service, shall not be reckoned as service for the purpose of the period of practical training as specified in Regulation 50/Regulation 71, or take such other appropriate action as it may deem fit, pending the consideration of the investigation report and the final decision.

Provided, in appropriate cases, the Executive Committee, after giving an opportunity of being heard to the articled/audit assistant, may pass an interim order including suspension of the articleship training or cancellation of the audit service or such action as it may deem fit, pending the consideration of the investigation report and final decision.

13.2 The articled/audit assistant, the registration of whose articled or audit service has been cancelled under the regulations, shall not, except with the permission of the Executive Committee, be retained or taken as an articled/ audit assistant by any member of the Institute. The necessary information shall be uploaded on the website of the Institute for information to all the stakeholders.

13.3 The Executive Committee may, on a consideration of the matter involving misconduct of students pursuing the Chartered Accountancy Course, take appropriate action, if found guilty, reprimand or cancel the registration, as deemed fit under the circumstances.

Four Weeks Residential Programme at Centre of Excellence, Hyderabad

This programme offers a unique opportunity and focuses on development of communication skills, leadership skills, personal traits as well as technical skills for effective functioning in business organizations and profession. All students who have passed Chartered Accountancy Final or Intermediate (IPC) examination and are pursuing third year of articled training or have completed Articled training, may join the course.

Scholarship

The Institute grants various scholarships to students namely, Merit, Merit-cum-Need based and Need based and Weaker-sections scholarships out of the funds of the Institute and Endowment Schemes created by individual donors/trustees/societies.

Fee Exemption

Fee exemptions/concessions are also given to different categories of CA students like differently abled students, children of military and paramilitary forces who have lost either of their parents in action and meritorious students.

Memorandum of Understanding with IGNOU

The Institute and Indira Gandhi National Open University (IGNOU) entered into a Memorandum of Understanding to offer B.Com with major in Accountancy and Finance and M.Com with specialization in Finance and Taxation.

1. Bachelor of Commerce with Major in Accountancy and Finance (B.Com A&F)

Bachelor of Commerce with Major in Accountancy and Finance is designed with an objective to develop skills and competencies of the students in the field of Accountancy and Finance. Students can simultaneously study this B.Com with major in Accountancy and Finance programme with Chartered Accountancy First Stage offered by ICAI.

(a) Eligibility for Admission:

Candidates who fulfill the following conditions are eligible for admission to this programme:

i. 10+2 or its equivalent

ii. Passed Common Proficiency Test/ PE-I/ Foundation from ICAI

iii. Registration in Professional Competence Course/ PE-II/ Intermediate/ IPCC (Chartered Accountancy First Stage) of ICAI or already passed Professional Competence Course/ PE-II/ Intermediate.

Similarly, all those students who have passed Chartered Accountancy are also eligible for admission subject to successful completion of condition (i) and (ii) above.

(b) Fee Structure:

The total fee for this programme is Rs.6,000/-.

2. Master of Commerce in Finance and Taxation (M.Com F&T)

Master of Commerce in Finance and Taxation is designed with an objective to develop skills and competencies of the students in the field of Accountancy, Finance and Taxation. Students can simultaneously study M.Com in Finance and Taxation programme along with Chartered Accountancy Final Course offered by ICAI.

(a) Eligibility for Admission:

Candidates who fulfill the following two conditions are eligible for admission to this programme:

i.   Graduate in any discipline or equivalent from a recognized University/ Institute

ii.   Admitted in the Chartered Accountancy Final Course

OR

Who has already passed Chartered Accountancy.

As per the eligibility, students who are currently pursuing Chartered Accountancy Final Course as well as those who have already completed Chartered Accountancy are eligible to seek admission to this programme.

(b) Fee Structure:

The fee for this programme is a consolidated amount of Rs. 7,000/-.

International Tie-Ups

ICAI is playing an increasingly proactive role in International Affairs. It is aware of and alive to the need of keeping in time with educational and training bodies around the world. For, that would generate synergetic effect much to the advantage of Chartered Accountancy professionals and students in India and abroad. Towards that end, ICAI has inked MOUs and MRAs with international bodies.

MOU/MRA with International Accounting Organisations

The Institute has entered into Memorandum of understanding (MOU) and Mutual Recognition Agreement (MRA) with various International Accounting bodies and Institutions on how ICAI members can get reciprocal membership and other professional advantages :

(i) The Institute of Chartered Accountants of England and Wales (ICAEW).

(ii) Certified Practicing Accountants, Australia (CPA Australia).

ICAI has entered into technical co-operation agreements with :

(i) The Accounting and Auditing Standards Board of Bhutan.

(ii) The College of Banking & Financial Studies (CBFS), Oman.

Details of the MOUs are available on the Institute's website www.icai.org

Members' and Students' Journal

The Institute brings out a monthly journal The *Chartered Accountant* with a MISSION to convey regularly to the members, matter relating to profession and professional development, and the Institute and its activities and such other matters as deemed to be of educational and professional value in a structured manner. One important section of the Journal is communication from the President of the Institute. The journal is available online in PDF as will as in e-Magazine format, which is compatible on iOS (IPad/IPhone etc.) and Android devices. Reach and impact of the Journal can be gauged by its circulation that stands at more than 2,80,000 today, and its global readers include chartered accountants, allied professionals, CA students and academics from renowned national and international institutions. As an add-on service, highlights of every issue of the Journal in capsule form and the President's message (i.e. From the President) in the journal are mass-emailed to all the members.

A brand ambassador of ICAI and the most visible indicator of its profile for the members, students and external audiences, *The Chartered Accountant* today is at par with the international professional Journals, be it in content quality, in-depth topical coverage, interactive features, layout/design, paper quality, overall look and feel, or greater reach. It is increasingly being recognised as one of the most reliable and reader-friendly tools of professional update, not only for the members but also for allied professionals, institutions and a cross-section of the economic world in India and abroad, if the readers' feedback is any indication.

Similarly, Students' Journal. "The Chartered Accountant Student" deals with a wide variety of issues, which are of immediate and permanent importance to the students. The Articles and Write-ups are primarily from the students and also from members and faculty. Academic updates on different topics like Income tax, Indirect tax, Business, Corporate and other laws etc. are also there, which help in enriching the knowledge of the students. The communication from the President, Vice President of the Institute and Chairman of Board of Studies has a singular objective – to help students acquire knowledge and apply the same in practical fields. The journal offers a good forum wherein the students, who are indeed budding professionals of tomorrow, can express themselves.

THE CHARTERED ACCOUNTANCY COURSE

Rules and Regulations of CA Articled Training

Practical training is an integral part of Chartered Accountancy Course. This helps a student to understand the intricacies involved in various fields. Neither stand-alone theoretical education nor exclusive practical training would produce a Chartered Accountant capable of discharging professional roles. Blending theories with practical training is the uniqueness of this course.

The students joining the CA Course through Foundation/CPT route, on qualifying Foundation/CPT have to register themselves for the Intermediate Course. These students can commence their Practical training only on passing either Group or Both Groups of Intermediate Examination and successfully completing the Four Weeks Integrated Course on Information Technology and Soft Skills (ICITSS). However, ICITSS can be pursued even before qualifying the Intermediate Examination. A Commerce Graduate/Post Graduate with 55% of marks, other Graduate/Post Graduate with 60% Marks can join the course through Direct Entry Scheme, by registering for the Intermediate Course directly. These students can commence their Practical training immediately after successfully completing the Four Weeks Integrated Course on Information Technology and Soft Skills (ICITSS). They can appear in the Intermediate Examination after completion of nine months of practical training. Provisional registration for students pursuing final year graduation is allowed. Intermediate level qualified candidates from the Institute of Cost Accountants of India or the Institute of Company Secretaries of India are also exempted from the Foundation/CPT, but these set of students have to follow the same route as regards to Practical Training as of students through Foundation/CPT Route.

Students registered through Foundation or DES are required to undergo Four Weeks Advanced Integrated Course on Information Technology and Soft Skills (AICITSS) during the last two years of practical training but before appearing in the final exam.

The articled assistant should undergo practical training in accordance with provisions of the Chartered Accountants Regulations and Guidelines as framed by the Council of the Institute from time to time. Breach of aforesaid regulations/guidelines may lead to serious disciplinary action against the articled assistant. Some of the salient features of the aforesaid provisions/guidelines are given below:

1. The working hours of the articled assistants shall be 35 hours in a week excluding the lunch break. The working hours of the articled assistants shall not generally start before 9 am or after 11 am and end before 5 pm or after 7 pm. The working hours of all the articled assistants serving under a practicing chartered accountant must be uniform.

2. Prior permission of the Council to pursue any other approved course of study either through correspondence private or regular is to be obtained by submitting application in the prescribed form.

3. During the working hours, the articled assistant is not permitted to attend college/other institutions for pursuing any course including graduation and coaching classes. Accordingly, the timings of such classes should not be such (after taking into account the time required to commute) which clashes with the normal working hours of the articled training.

4. An articled assistant is also not allowed to engage in any other business/occupation/ employment excepting sleeping partner/nominal director in family business concern which was in existence before his joining the CA Course. Prior permission for such engagement is to be obtained by submitting application in the prescribed form with relevant documents.

The entire period of practical training can be served with a practicing chartered accountant or it can be served partly with a practicing chartered accountant and partly in an approved industrial establishment as an Industrial Trainee. The period of such industrial training may range between 9 and 12 month during the last year of the prescribed period of practical training. Only students at the final level of Chartered

training may range between 9 and 12 month during the last year of the prescribed period of practical training. Only students at the final level of Chartered Accountancy course are eligible for industrial training.

Do's and Don'ts for an Articled Assistant:

Here's a list of do's and don'ts that may help you understand the parameters within which you must work.

As in CA's office

Do give regular update of the progress of work allotted: The first rule of effective communication is to keep your immediate senior updated with the progress of the work allocated to you. Not only the work completed should be communicated but also any problem faced in implementation should be immediately communicated so that appropriate action can be taken in order to avoid unnecessary delay in final delivery to the client.

Don't argue with your senior: An article assistant should never enter into an argument with your senior. It is looked upon as offensive and disrespectful. Where you want to put across your suggestion/idea/ opinion, same should be done with utmost humbleness and politeness.

Don't wait until the last minute: Any major development/observation, whether good or bad, shall be communicated as soon as possible.

As in Client's Office:

Do maintain good cordial communication with clients staff: As an articled assistant, you may have to spend adequate time working at clients place. Support of client's staff is necessary to know about the client and obtain relevant information. There is a natural reluctance on part of the clients staff to support trainees and attending to their requirements. The only way to seek their support and extract required information is to maintain healthy cordial communi-cation with client's staff. Informal communication to an extent is also useful in such situations.

Don't make lose statements: An article assistant is an ambassador and represent the principal organisation in front of its clients. Any impulsive/unthoughtful/lose statements in front of the client or

its staff may put principal organisation's reputation on stake. Thus, one must be very careful while informally communicating with the client/client's staff.

Don't say anything negative about principal organization: Sometimes an article assistant may not be satisfied with some of the policies of principal organisation or the people who are working there. But he/she should not discuss these with any third person or client because the image or market value of the firm in mind of others will definitely affect with his/her words. The more he/she will work towards better image creation of the firm, the benefits out of it will turn to him/her also in long term.

Don't communicate directly without principal authorization: Communication with the client at your individual level shall be restricted to the extent authorized by your principal. Direct communication with the client should be strictly avoided without prior permission of the principal.

What you must do

■   Do reply to office mails and try to use lower cases while typing as bold letters signify a scream.

■   Do keep you voice low while talking.

■   If you have a problem that may force you to stay away from work, keep your boss in the loop.

■   Do congratulate a colleague on his/her achievements even if you do not approve of his/her ways.

■   Do not forget to shut your mobile phone during meetings.

Maintenance of Daily Diary

Students' Training Records

The purpose of maintaining training records is as under:

■   To record students' progress to membership as reflected in terms of both progression of work experience and personal development during the training period.

■   To provide the means for regular reviews of that progress.

Training Records may comprise the attendance register including leave record. For this purpose, no

specific format is being prescribed as any standard register may be used and a separate record of leave applications may be maintained. In any case, it should correspond with monthly practical training record.

An article assistant should maintain a diary of his/her work on daily basis. In the diary personal details like Name, Registration No. of the student, Membership No. of the principal should be incorporated. The diary should also incorporate detail of work undertaken by the students and training received. Suggested headings under training are Accounting, Audit-Statutory/Internal/Concurrent, Taxation, Information Technology, Company Law etc. Under each head relevant sub heads may be incorporated. The diary should be maintained regularly, preferably on a weekly basis.

Cultural and Ethical pre-requisites for CA professional:

Thanks to Globalization, the world today is much smaller than before. More often than not, CA professionals work in cross cultural environment.

One pre-requisite to work in this environment is to be adept in cross-cultural communication. Cross cultural communication refers to communication between interactants having diverse cultural background e.g. communication between an Indian and a German, between an Italian and a Japanese. The way of extending greetings, the body language, the way of shaking hands, the time to take decisions, the practice of accepting or not accepting gifts—all these differ from one culture to another. The pre-requisite for a CA professional would be to update himself/herself on intercultural communication. One should not only be aware of the differences—Americans are generally assertive and extrovert in communication while Japanese are absolutely polite even when saying "No"—one should always be respectful of another culture. Otherwise, even the best of professional competence would not be of any help.

One important pitfall in intercultural communication is the possibility of conflict and misunderstanding. Such conflict and misunderstanding can be brought to minimum if one is respectful of another person's culture.

Similarly, there are a few ethical pre-requisites for CA professionals. We discuss below some fundamental pre-requisites relating to ethics:

1. The Principle of Integrity: The principle of integrity imposes an obligation on all finance and accounting professionals to be straightforward and honest in professional and business relationships. They should ensure fair dealing and truthfulness in their actions and behaviours. Their advice and work must be uncorrupted by self-interest. Also their advice must not be influenced by the interests of other parties.

Moreover, they should not be associated with reports, returns, communications or other information where they believe that the information:

(a) Contains a materially false or misleading statement

(b) Contains statements or information furnished recklessly

(c) Omits or obscures information required to be included where such omission or - obscurity would be misleading.

In addition, they should follow the following guidelines with a view to comply with the principle of integrity:

(i) A void involvement in activities which would impair the goodwill of your organization and yourself

(ii) Communicate adverse as well as favourable information to all the concerned parties

(iii) Refuse gifts or favour or other gratification which could influence your judgment and actions

(iv) Do not get involved in any activity which would adversely affect the achievement of an organization's goal

(v) A void conflicts and advises related parties on potential conflicts of interests that may harm to them.

2. The Principle of Transparency: The principle of transparency imposes an obligation in all finance and accounting professionals not to compromise their professional or business judgments. They must be

free from bias, conflict of interest or the undue influence of others. They must act transparently having regard to all considerations relevant to the task in hand but no other. Sometimes they may be exposed to situations that may impair transparency. It is impracticable to define and prescribe all such situations. Even in such situations they need to behave and act transparently.

3. The Principle of Confidentiality: The principle of confidentiality imposes an obligation on finance and accounting professionals to maintain confidentiality of information acquired as a result of professional and business relationships. The principle of confidentiality does not only require to keep information confidential, but also to take all reasonable steps to preserve confidentiality. They should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose the confidential information.

4. The Principle of Excellence: The principle of excellence imposes an obligation on finance and accounting professionals that the work should be performed and the report should be prepared with due professional care by persons who have adequate training, experience and competence.

The auditor requires specialized skills and competence which are acquired through a combination of general education, technical knowledge obtained through study and formal courses concluded by a qualifying examination recognized for this purpose and practical experience under proper supervision. In addition, the auditor requires a continuing awareness of developments including pronouncements of ICAI on accounting and auditing matters, and relevant regulations and statutory requirements.

5. The Principle of Commitment to the Society: No profession, no professional can act in a vacuum. The efficiency and efficacy of any profession has to be judged in the light of its contribution to the society as a whole. At the end of the day, if the society's will being is not taken well care of, no profession can hold its own. Article students must keep in mind that though

they would be entering a profession which give them money and honor, they will not be able to hold their own, unless by way of integrity, transparency and honesty they stand apart. It is the responsibility of the principal to inculcate this early in the article students. It is for the students to leave up to the expectation to country and society.

Forms related to Articles Training

Deed of Articles and Registration Form   102 & 103

Service Certificate for Articleship   108

Termination of Articled Service   109

i.   by mutual consent

ii.   in the case of death of Employer/Principal

    (a) to be issued by the legal

        representative   110

    (b) by a surviving partner   111

Application for permission to study other

course/engagement in business   112

Form for request by the Articled Assistant
to his Principal for issuance of Service
Certificate in event of Completion of articles   119

Certificate in event of Termination of articles   120

Industrial Training
Apprenticeship Deed for Industrial Training   104

Service Certificate for Industrial Training   105

BOS Online Articles Placement Portal

The Board of Studies of the ICAI has been providing Online Articles Placement Scheme for selection of Articled Assistants by CA Firms/ Individual Chartered Accountants in practice through its Articles Placement Portal free of charge for both CA Firms/ Individual Chartered Accountants in practice and students. It provides a platform to the firms of Chartered Accountants/ Individual Chartered Accountants in practice having vacancies for Articled Assistants to

shortlist eligible students for selection of Articled Assistants, and call them for interview at their offices, as per date and time convenient to them.

The eligible candidates who have passed Group-I or both Groups of the Intermediate (Integrated Professional Competence) Course or have been admitted under the Direct Entry Scheme, and are willing to join articled training can register themselves on the portal. Candidates who are willing to avail this facility shall have to register themselves online at **http://bosapp.icai.org.**

Technical and Professional Guidance

Educational Inputs

The Board of Studies is responsible for the administration of the Chartered Accountancy curriculum and imparting theoretical education to students undergoing Chartered Accountancy Course. With the adoption of distance-education mode by the Institute and with the successful implementation of the same, the institute has emerged as a pioneer in this filed. By undertaking this responsibility, it has ensured the highest quality and consistency by providing education material and other academic inputs from time to time at the most affordable prices. The BoS knowledge portal is designed for the students which comprises of study material, question papers, revision test papers, Suggested Answers, Compilation of Suggested Answers, Supplementary Study Material, Additional Reading Material, Model/Mock Test Papers, Select Cases, List of Publications, E-learning mode and Students Journal.

Accounting Standard Board (ASB)

The ICAI has been continuously working to provide a sound, reliable and high-quality accounting and financial reporting system in the country. For harmonizing the diverse accounting policies and practices in India, the ICAI had set up the Accounting Standards Board (ASB) for formulating the Accounting Standards. Since its inception, ASB has been working in this direction by formulating new Accounting Standards as well as revising the existing Accounting Standards from time to time.

Functions/Objectives of ASB
- To conceive of and suggest areas in which Accounting Standards need to be developed.
- To formulate Accounting Standards with a view to assisting the Council of the ICAI in evolving and establishing Accounting Standards in India.
- To examine how far the relevant International Accounting Standards/International Financial Reporting Standards can be adapted while formulating the Accounting Standard and to adapt the same.
- To review, at regular intervals, the Accounting Standards from the point of view of acceptance or changed conditions, and, if necessary, revise the same.
- To provide, from time to time, interpretations and guidance on Accounting Standards.
- To carry out such other functions relating to Accounting Standards.

Auditing and Assurance Standards Board (AASB)

Audit plays an important role in serving and protecting the public interest by strengthening accountability and reinforcing trust and confidence in financial reporting. Audit helps in enhancing the economic prosperity, expanding the variety, number and value of transactions that people enter into. Due to the growing complexity of the business environment and business models and their geographical spread, the auditing profession is witnessing a quantum leap in the expectations from the profession. The ICAI too recognizes the pressing need to respond to these expectations proactively. The ICAI through its AASB develops high quality standards on auditing, review, other assurance, quality control and related services. The Board also develops Guidance Notes on generic as well as industry specific issues in auditing.

Functions/Objectives of AASB

- To review the existing and emerging auditing practices worldwide and identify areas in which Standards on Quality Control, Engagement Standards and Statements on Auditing need to be developed.

- To formulate Engagement Standards, Standards on Quality Control and Statements on Auditing so that these may be issued under the authority of the Council of the Institute.

- To review the existing Standards and Statements on Auditing to assess their relevance in the changed conditions and to undertake their revision, if necessary.

- To develop Guidance Notes on issues arising out of any Standard, auditing issues pertaining to any specific industry or on generic issues, so that those may be issued under the authority of the Council of the Institute.

- To review the existing Guidance Notes to assess their relevance in the changed circumstances and to undertake their revision, if necessary.

- To formulate General Clarifications, where necessary, on issues arising from Standards.

- To formulate and issue Technical Guides, Practice Manuals, Studies and other papers under its own authority for guidance of professional accountants in the cases felt appropriate by the Board.

DIFFERENT AREAS OF SERVICES RENDERED BY CA

I. Introduction

The world economy essentially runs on finance. Finance touches virtually every sphere of human endeavour – from individuals and households to corporations and governments. Financial accounting is the process of recording, summarizing and reporting the myriad of transactions of a business, so as to provide an accurate picture of its financial position and performance. Hence, financial accounting is the language of business.The ability to read financial numbers and get a feel for how well a business is doing, is a highly regarded skill.

Chartered Accountants (CAs) are the core finance professionals who specialise in financial accounting and at the same time have in-depth knowledge of laws and regulations governing businesses. Hence,CAs can operate in virtually any area of finance and regulatory compliance. Becoming a CA can open doors to a large range of exciting career opportunities in every sector of business and finance, both in India and internationally. CAs are leading business professionals, providing essential strategic support, guidance, and consulting in business, government, public practice and education. Indian CAs are in demand for their financial acumen, regulatory knowledge and commercial thinking.

II. Demand for CAs

ICAI is the second largest professional accounting body in the world in terms of membership. The profession has grown leaps and bounds in terms of membership and studentbase. The strength of CharteredAccountant fraternity is over 2.50 lakh members and there are more than 8.75 lakh active students. Despite this growth in numbers, there is still a large shortage of qualified CAs in India. Some estimates put the shortage at 40,000-50,000 CAs per year.

III. Drivers for Demand Growth

A. Economic Growth

What is contributing to this strong demand for CAs is the growing, liberalizing and globalizing Indian economy. With economic growth accelerating, financial transactions in the economy have also multiplied. Coupled with this, the jump in fund raising activities and mergers and acquisitions and cross border investments have all contributed to the growing demand for talented CAs.

B. Globalisation

The rules of accounting are becoming globalised. The worldwide acceptance of the IFRS hasestablished a common platform globally forthis profession.This provides an added opportunity of working not just in India but globally. ICAI is positioning the brand of Indian CA at the global level byestablishing Qualification Recognition Arrangementswith accounting bodies of countries like UK, Australia, Ireland, Canada and New Zealand. Such arrangements contribute towards making the Indian CA talent pool a global asset. It also opens up the possibility of exporting professional services in a bigway and becoming an outsourcing hub for accounting services.

C. Technological Advancement

Information technology has become an inextricable part of financial accounting and has made it possible to record, store and analyse data much more efficiently.The XBRL reporting system has transformedfinancial reporting and the use of these reports byvarious stakeholders.

D. Evolving Regulatory Scenario

In a constantly evolving regulatory and economic environment, there is increasing demand for dependable and skillful professionals withspecialised knowledge in the intricacies of corporate and taxation laws.

Given the above backdrop, the opportunities for CAs are tremendous.

IV. Challenges faced by CAs

While the opportunities for CAs are immense, there are many challenges as well given the nature of work and the competition from other finance and management profiles in the market. Some of the key challenges faced by young members are as follows:

- Setting up one's own practice involves high infrastructure cost and ongoing expenses in running the office.

- Building a client base to sustain the practice

- Fees not keeping in tandem with increasing compliance requirements

- Sub-optimal communication and presentation skills

- Inadequate use of informal networking forums such as CA clubs that aim to facilitate interaction with professional colleagues and help build networks

- Limited access to senior members for advice especially for CAs from smaller towns

- Limited access to affordable software tools to run a technology-advanced practice.

V. Areas of Service

In a challenging and ever evolving business environment, Chartered Accountants are viewed as complete business solution providers. They are extensively trained in all avenues of Finance and Accounting as also the regulatory scenario. They can undertake responsibilities ranging from carrying out audits, accounting, tax compliances, feasibility study, raising financial resources, compliance with regulatory framework, capital structure and planning, organizational development, installation of efficient accounting, budgetary control, information system apart from giving advice on complex issues such as joint ventures, foreign collaborations, amalgamation, merger, diversification, modernization, product pricing, BPO, restructuring etc.

While there are whole host of areas where services can be rendered by CAs, for the ease of understanding, the areas can be categorized in four broad buckets as follows :

AUDIT & ASSURANCE SERVICES	TAX SERVICES	ACCOUNTING SERVICES	CONSULTING SERVICES
Independent professional service with the goal of improving the information or the context of the information so that decision makers can make more informed and better decisions.	Tax management, tax structuring and tax related advisory services to clients, including representing the client in front of tax authorities; encompassing the entire spectrum of direct, indirect and personal taxes.	Entire range of accounting and bookkeeping services including financial, management and cost accounting; from routine day-to-day tasks to complex accounting systems for multiple location based companies and knowledge process outsourcing.	Wide gamut of consulting services ranging from business consulting to risk consulting to transaction advisory and IT advisory; emerging opportunities in climate change and sustainability services.

We will now look at each broad area of service and the various possible sub-areas of service below:

A. Assurance Services

Assurance services provide independent and professional opinions that reduce information risk. A typical assurance service requires five components - a three party relationship, agreed subject matter, suitable criteria, sufficient appropriate evidence and a conclusion expressed in a written report.
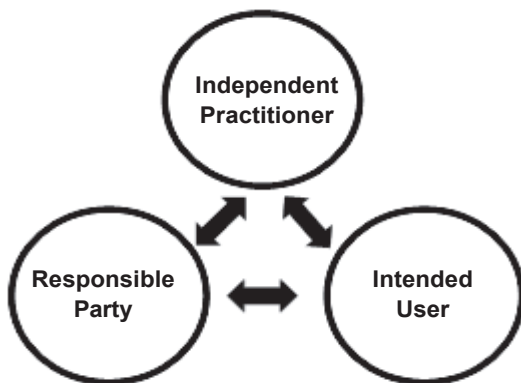
A. 1   Auditing

Possibly one of the most important functions of a Chartered Accountant, it is here that his/her specialised training, skill and judgment are most often called into play. The purpose of auditing is to satisfy the users of financial statements that the accounts presented to them are drawn up on correct accounting principles and that they represent a true and fair view of the state of affairs of the organisation. Statutory audits are the core business of most chartered accountancy firms.

A. 2 Fraud Investigation

Chartered Accountants are often called upon to carry out investigation to ascertain the financial position of business in connection with matters such as a new issue of share capital, the purchase or sale or financing of a business, reconstruction and amalgamations. Their services are also sought for undertaking investigations with a view to achieving greater efficiency in management or administration, finding out reasons for increases or decreases in profits, etc.

A. 3 Opinion on Accounting Matters

Chartered Accountants can offer independent opinion on accounting matters and compliance with laws and regulations.

A. 4 Restatement of Accounts

Chartered Accountants can offer services related to restatement of accounts.

A. 5 GAAP & IFRS Consulting

Chartered Accountants can offer services related to translation of accounts under other generally accepted accounting principles (GAAP) viz. US GAAP, IFRS, etc., including quick impact assessment and implementation support.

A. 6 Contract Compliance / Agreed Upon Procedures

Chartered Accountants can offer services to Government agencies and other project contracting agencies in terms of determining the enforcement of policies related to how services are procured and regulated.

B. Tax Services

The tax environment has become complex over the years with the increasingly cross-jurisdictional business models and a constantly evolving regulatory framework. Managing tax complexity to maximize value is a key consideration of every major business decision while at the same time ensure that all compliance requirements are met. The assessment and reporting requirement of taxes are very closely linked with financial accounts. Tax compliance in a complex regulatory scenario is also a major requirement of businesses. The Chartered Accountant with his experience in accounts is in an advantageous position for preparing the returns for tax purposes, representing assessees before the tax authorities and rendering general advice on taxes to his clients.

B.I. Direct Tax

B.I. 1 Corporate Tax Advisory

Chartered Accountants can provide advisory services to clients to help develop tax-efficient strategies and manage tax exposures considering their individual business needs. They can keep their clients abreast of new developments in the Indian corporate taxation arena that affect their business. They can provide services such as:

- Choice of an appropriate form of entity to set up Indian business activities
- Entry strategy from a tax and regulatory perspective
- Tax-planning strategies for profit and dividend repatriation

- Use of corporate tax incentives in proposed business activities
- Resolution of uncertain tax positions

B.I. 2 Tax Compliance

Chartered Accountants can help clients in compliance by offering assistance with the following:

- Assisting in filing various tax returns
- Obtaining no-objection certificates
- Helping during tax audit by revenue authorities
- Advising on withholding tax obligations on payments
- TDS compliance
- Obtaining advance rulings
- Providing corporate tax litigation assistance, including representation services
- Enhancing ERP systems to meet tax management requirements

B.II. Indirect Tax

B.II.1 Indirect Tax Retainership / Compliance

Chartered Accountants can help clients on indirect taxes by offering assistance with compliance, outsourcing processes and litigation support.

B.II.2 Transactional Consulting for Indirect Tax

Transactions are often not part of the day-to-day operations of the finance department or in-house Indirect Tax experts. Chartered Accountants who specialize in Indirect Tax and are immersed in it every day can provide transactional advisory services to organisations to ensure that the indirect tax advice delivered is within the context of the transaction as a whole.

B.II.3 Business Model Optimization for Indirect Tax

From the Indirect Tax perspective, Business Model Optimization (BMO) involves designing andimplementing an approach for goods or services that manages overall tax efficiency and decreases the levels of strategic risk while embracing the latest technology. The potential benefits of BMO include lower overall tax rate for the business, improved cash flow and reduced complexity. Chartered Accountants specializing in Indirect Tax and with a good

understanding of business operations can help clients with optimizing their business model for indirect taxes.

B.II.4 Transfer Pricing

TP is becoming increasingly complex with an growing number of countries embracing Transfer Pricing ("TP") regulations including mandatory documentation. Domestic transfer pricing has opened up many avenues for small and mid-sized CA firms as well. In India, the ongoing enforcement of TP regulations in the country and adjustments being made focusing on new and more complicated issues have brought to the fore the reality that TP controversies are expensive and time-consuming to deal with and frequently result in double taxation of income and lead to considerable uncertainty.

Further, with the advent of Base Erosion and Profit Shifting ("BEPS"), TP is expected to become a focus area for India and other jurisdictions as well. Chartered Accountants can help clients

- build transfer pricing practices aligned with their business strategy
- strategic documentation to support their transfer pricing practices
- review and defend their transfer pricing policies and processes

B.II.5   GST

Goods and Services Tax (GST) is one of the most significant reforms introduced in the history of the Indian fiscal evolution. Globally, GST is acknowledged as a progressive tax regime, with inbuilt efficiencies to broaden the tax base, decrease cascading effect and reduce revenue leakages. India is expected to adopt a dual GST model where the central and state governments will levy GST simultaneously, on a common taxable value, on the supply of goods and services. However, in the case of imports and interstate supplies, an IGST (Integrated GST) shall be levied by central government. The proposed GST will subsume most of the existing central and state taxes on the supply of goods and services including central excise, service tax, state level Value Added Tax (VAT) and other local levies on goods.

GST has the potential to impact cash flow, pricing, working capital, supply chain and IT systems and hence offers an opportunity to Chartered Accountants to provide advisory and compliance services.

B.III. International Tax

As global organisationslook to invest or establish themselves in India, it is important that India's tax and regulatory policies are well understood for enhancing their chances of success. Similarly, the Indian organisationsinterested in or aiming to go global or get listed on the overseas bourses need to understand and manage a host of cross-border taxes and regulations.

B.III.1   Corporate Tax Advisory

Taxes may be a significant cost for doing business and hence, upfront advice can help in attaining tax efficiency. Chartered Accountants well versed in taxation laws of major countries can provide advisory support to clients in various areas such as:

- Advice on various international tax matters including cross-border transactions
- Advice from a tax perspective in respect of agreements to be entered into by various parties
- Advice on withholding tax obligations on payments to residents/non-residents
- Advice on permanent establishment exposure and its tax impact
- Analyse and identify differences between the current tax computation and requirements of Income Computation and Disclosure Standards (ICDS)
- Analyse the impact of Place of Effective Management (POEM) rule for determining tax residential status of a foreign company/overseas group entity in India having regard to global management structure
- Analyse and advise on the tax treaty eligibility and provisions including Limitation on Benefits (LOB) provisions etc.
- Review of operations and analyse the impact of Base Erosion and Profit Shifting (BEPS) measures
- Analyse the impact of General Anti Avoidance Rules (GAAR) on domestic and cross-border transactions/structuring
- Advise on availing foreign tax credits in India or in overseas jurisdictions

- Advise on repatriation strategies.

B.III.2 Advice on Foreign Exchange Regulations

FEMA is not only applicable to all parts of India but is also applicable to all branches, offices and set-ups outside India which are owned or controlled by a person resident in India. It also applies to all branches, offices and set-ups in India which are controlled or owned by person resident outside India. FEMA regulates all aspects of foreign exchange and has direct implications on external trade and payments.FEMA also impacts foreign nationals who are working in India or outside. In this respect, Chartered Accounts can offer services to their clients around:

- Assistance in setting up a branch office, liaison office and project office of the foreign company in India and advising on the approaches required in that matter
- Help with representations before regulatory authorities such as the Reserve Bank of India, Foreign Investment Promotion Board, etc.
- Carry out compliance health check/regulatory risk analysis of past compliances/filings from foreign exchange regulations perspective
- Carry out regulatory due diligence
- Advise on transactions which have a foreign exchange aspect
- Assistance in FEMA compliances
- Assistance in representation for the purpose of compounding matters
- Assistance in obtaining approval for external commercial borrowing.

B.III.3 Inbound and Outbound Investment Structuring

India has become an attractive investment destination and with the Make in India campaign in place, the investments are expected to grow substantially. At the same time, Indian companies are looking to expand their business to other countries in search of natural resources and new markets. Chartered Accountants can advise their clients on cross-border transactions in the following areas:

- Advise on entry into a country in terms of optimal ownership/jurisdiction for investment including setting up an international holding company, global sales company, etc.
- Advise on the entity structuring for selecting an optimal entry vehicle such as a branch, subsidiary, LLP, joint venture, etc.
- Advise on capital structuring in the backdrop of foreign exchange policies keeping repatriation needs in mind
- Assistance in filing/obtaining necessary regulatory approvals
- Assistance in finalising/review of shareholders, joint venture and other relevant business agreements from a tax perspective
- Repatriation strategies
- Advise on tax treaty implications
- Target due diligence
- Identifying and enhancing tax and fiscal incentives, including obtaining tax rulings in the selected jurisdiction.

B.IV. Global Employee Mobility

As organisations grow and become more global in scope, employment issues become more complex. Among the most serious challenges businesses face today is compliance with multifaceted tax laws and labor regulations. Chartered Accountants can offer a range of services related to employee compensation and structuring in a tax efficient manner. Some of the areas where services can be offered are as follows:

- Advise on monthly tax withholding and net take home pay of employees
- Assist with meeting monthly, quarterly and annual compliance requirements
- Conceptualise and design the equity linked incentive and compensation schemes
- Review existing plans vis-à-vis industry practices, regulatory norms, etc.
- Design/review global mobility policies
- Assist in setting up a liaison office
- Advise on cross-border tax issues and the tax relief mechanism
- Assist with the compliance requirements
- Review of secondment contracts and other compliance requirements

- Advise on documentation in regard to obtaining Indian work permit and residential permit
- Advise on exchange control requirements for foreign nationals coming to India or leaving India
- Support while applying for such work /residential permits or their extensions
- Advise on exchange control regulations in respect of various investment opportunities in India for individuals.

C. Accounting Services

C. 1 Financial Accounting & Book Keeping Services

In today's challenging business environment, an increasing number of organisations are outsourcing their accounting services requirements to experts. Chartered Accountants can offer services to both domestic and international organisations. Some of the services that can be offered in this area are as follows:

- Preparation and maintenance of day-to-day bookkeeping and monthly or quarterly accounts
- Preparation of annual accounts for the statutory annual audit
- Preparation of periodic tax, sales tax, and other returns
- Preparation of salary statements of employees, calculation of bonus payments, and administering of commissions
- Analysis of the cash requirements of the business and forecasting cash requirements
- Assistance for the recovery of debts and taking necessary legal action
- Assistance with making payments to creditors while leaving ultimate control with the management
- Assistance with treasury functions like operation and monitoring of high-interest deposits and current accounts
- E-accounting services
- Accounting Setup Services.

C. 2   Business Process Management

Besides offering basic financial accounting and book keeping services, Chartered Accountants can offer Business Process Management to their clients by taking ownership of processes like accounts payable, accounts receivable, payroll and other business transactions. This would help clients in not just getting these transactions handled efficiently but also reduce processing costs and save time. Another area of business process management is Expense Claims. The service can ensure that employees are reimbursed for expenses incurred during the course of their work within the set time period and also help mitigate any potential compliance risks by keeping track of various tax laws.

C. 3   Management Reporting & Analytics

This is another field in which Chartered Accountants can offer their servicessuch that it enables the management in formulation of policies, day to day control, performance evaluation, etc. The Chartered Accountant can help design, build and implement management reporting framework in line with their business goals. Besides generating the reports, the CA can also help interpret the results, providing management with insightful and actionable information that will help them manage their operations better.

- Identify and define key performance indicators in terms of financial, operational and other metrics
- Identify and establish data sources for the metrics
- Design and implement processes to generate data
- Data validation and cleansing
- Implement and monitor business intelligence tools to produce dashboards for decision makers
- Implement the solution and train users.

C. 4   Cost Accountancy

A Chartered Accountant is trained to ascertain the costs of production and of processes at different levels of operations in the manufacture of a product and in the rendering of a service. Hence Chartered Accountants can offer services to clients in terms of:

- Providing costing information for the guidance of management

- Introducing cost control methods
- Assisting the management in establishing appropriate selling prices
- Monitoring expenditure,
- Minimizing costs
- Forecasting future needs
- Providing reports for management accounting.

C. 5   GAAP Transformation

Chartered Accountants can offer acomprehensive suite of services to assistorganisations in understanding and implementing GAAP conversions (from local GAAP to Ind AS, IFRS or US GAAP, and vice versa). These services can be in many forms as outlined below:

- Impact Analysis – provide assistance in understanding the impact of Ind AS / IFRS / US GAAP conversion on their client organisation
- Training - Finance staff, management and Board Members need to learn and understand a new language of accounting. Hence training can be offered as a service. This training can be tailored to the organisation's specific needs.
- Project management - The transition to Ind AS / IFRS / US GAAP can be a major project for many organisations. Chartered Accountants can provide strong project management skills and advice to help organisation ensure that such projects are asefficient and effective as possible.
- Technical Advice – Chartered Accountants who are deep technical specialists in all aspects of Ind AS / IFRS accounting can advise organisations on the complex new standards that they will have to face. Some changes could create significant differences in the way that some items are accounted for. CAs can provide specialised technical advice and illustrate the impact of differentaccounting treatments.

D. Consulting Services

D.I. Corporate Services

D.I. 1   Business Registration & Compliance Services

The services of Chartered Accountants are frequently sought in connection with matters such as the formation, financial structure and liquidation of limited companies. Registration work and the duties of a Receiver are also undertaken by them, in addition to other company work.

D.I. 2   Company Secretarial Services

Efficient secretarial services are essential for handling the numerous management tasks such as organising documents, gathering information, keeping track of deadlines, analysing reports, etc. Chartered Accountants can offer services to small organisations, many of which are being virtually run by a few individuals who are unable to afford a full-time secretary. The services that can be offered to clients in this regard can be in terms of the following:

- Keeping clients updated on the latest amendments
- Organising member meetings from sending meeting notices to the minutes
- Organising board meetings
- Arranging for Director Identification Numbers (DIN)
- Arranging for Digital Signature Certificates (DSC)
- Maintaining statutory books and registers
- Arranging share allotments and transfers
- Managing amendments to the Memorandum and Articles of Association
- Filing statutory forms and annual returns
- Ensuring a smooth change in company names/ directors
- Organising the certification and attestation of forms and documents.

D.I. 3   Executors and Trustees

A Chartered Accountant is also often appointed executor under a will or trust in order to carry on the administration of the estate or settlements. Appointment of this nature require the Chartered Accountant to work in Co-operation will solicitors or Lawyers. Conversely, Solicitors or lawyers carrying out work of this kind usually call in Chartered Accountants to assist them in the accounting aspects of their work.

D.I. 4   Directorship

Senior Chartered Accountants have the experience

of being directors in their own organisations. At the same time, they are sought out as independent directors on the boards of companies for their expertise and wealth of experience and insights. The advantages of having a Chartered Accountant on the Board of Directors are well recognised and most companies have at least one CA on their board who plays an active role on audit and risk management committees.

D.II. Business Consulting Services

D.II. 1 Market Research and Entry Strategy

Chartered Accountants can provide detailed research reports to clients on market entry in terms of business and regulatory scenario and modes of entry. They can also help internationalclients devise a marketentry strategy andexecute on that strategythrough partnerships orjoint ventures.

D.II. 2 Business Process Consulting

For clients who already have a clear strategic vision, Chartered Accountants can design targetoperating modelsand implementation plans to help achieve the strategic vision. To reach their potential, organisations must continuously improve their performance and sustain that improvement. Chartered Accountants can help organisations in meeting these challenges by providing advice on measurable and sustainable improvement in areas of Finance, Customer, and Supply Chain.

- Finance
  - o Transforming finance operating model
  - o Designing and managing outsourcing, offshoring and shared service center arrangements
  - o Sharpening performance management framework
  - o Designing and implementing financial systems
  - o Conceiving and implementing enterprise cost management systems
- Customer
  - o Develop pricing, promotion, channel and product strategies that improve margin and increase profits

  - o Streamline and accelerate collections processes
  - o Develop and help implement insightful customer analytics to understand and anticipate customer needs
- Supply Chain
  - o Provide insight into the health of supply chains by using a robust set of data analytics
  - o Transform global supply chains through a cross-disciplinary approach spanning operations, tax and risk
  - o Review, improve and assess risk of procurement functions to realize long-term, sustainable benefits

D.II. 3 Business Plan Services

Chartered Accountants can help clients in creating a strategicbusiness plan forinvestments in newmarkets and segments. Companies seeking to approach Private Equity funds often express the need to have a professional business plan prepared for them, incorporating suitable sanity checks and robust financial modeling. Chartered Accountants can assist companies in developing and validating their business plans. They can also assist in the preparation of feasibility studies of new project and expansion schemes.

D.II. 4 Optimisation of Cash Flows

An efficient working capital management programme includes; robust systems, streamlined processes and management rigour with respect to costs and controls resulting in release of cash. Chartered Accountants can help their clients to achieve an efficient working capital position and facilitate release of cash to fund additional growth initiatives.

- Optimisation of the company's cash
- Facilitate additional growth with existing working capital
- Procurement, accounts payable, inventory, and collection process improvement
- Reduce debt exposure and manage cost of capital
- Improved visibility and reliability of information and establishment of continuous control

D.II. 5 Project Finance

Judicious financial structuring is an important part of business planning. Locating cost effective and best suited sources of finance for projects is essential for the success of the projects. Options for finance range from equipment finance, short or long term funds, trade finance, structured finance or other products. Chartered Accountants can help organisations in deciding the most optimum structure for project finance and then assist in raising funds from banks, financial institutions, and private funds. Project finance services would include the following:

■ Preparation of Project Report

■ Assistance in Opening Bank Accounts

■ Loan arrangement- Cash Credit Limit, Term Loan & Project Loan

■ Working Capital Proposals (Cash Credit /Letter of Credit /Bank Guarantee)

■ Loan Against Property

■ Home Loans

■ Term Loans

■ OD limits

■ Machinery Loan

A large number of Chartered Accountants in practice are involved in project financing consultancy to their clients and liasioning with different financial institutions.

D.III. Transaction Advisory Services

D.III. 1 Valuation

The number of transactions involving sale and purchase of shares, businesses, etc. and leveraging for such purposes, is on the increase. Hence, a reliable valuation report on the various aspects of businesses becomes imperative. In the course of transactions, valuation of businesses, future cash flows and intangibles such as know-how brand, software, etc. become important drivers of such transactions.Traditionally, Valuation reports are required for regulatory purposes and also for borrowing from institutions. Valuation Report of an expert is required for transaction of assets, for valuation of security for the purpose of bank funding, for tax purposes in the case of Transfer Pricing and for impairment testing for drawing up true and fair accounts.A specific valuation exercise is mandatory in the case of corporate restructuring and also to draft employee governance schemes (ESOPs).

Basically, a valuation report is demanded by investors, lenders, stakeholders, transferors and transferees in the case of transfer of tangible and intangible assets and other diverse purposes. Chartered Accountants can offer valuation services to their clients for any of these purposes.

D.III. 2 Due Diligence

Due Diligence is commonly used as a pre-investment intelligence tool for obtaining an independent and sophisticated report concerning the investee's credentials.

Due Diligence as a standard of care, is conventionally relied upon by

■ Investors

■ bankers

■ acquirers in transactions of Mergers & Acquisitions (M&A)

■ investing partners in a joint venture

On the other hand, promoters, who seek investments or who are negotiating with investors or joint venture Partners, also mandate a mock Due Diligence to prepare themselves for the actual process i.e. initiated by the investor.

The Due Diligence process also establishes the risk profile for an investment and supplements the validation of business assumptions and valuation benchmarks that are being used. Chartered Accountants can carry out an agreed upon procedure review on the basis of verification of records and meetings conducted with key persons. At times, the verification process merits a visit to the plant and/or location of operations to conduct an extensive analysis of data and information. CAs can also provide key inputs for structuring the transaction/investment and identifies potential risks that need to be documented through Representations, Warrantees and Indemnities. As part of the process, overhang of compliance and transaction costs such as stamp duty, taxes etc can also be identified.

D.III. 3 Capital Market & Fund Raising

Chartered Accountants can support their clients in their capital market strategy and fund raising initiatives by providing all-round support and handhold the entire process. The ways in which they can support the fund raising initiatives are as follows:

- Prepare relevant financial model
- Prepare Information Memorandum
- Engage in negotiations with prospective stakeholders
- Help to obtain optimal funding from the best possible source

To comply with the public issuedisclosure norms, SEBI specifies that the issuer company must restate financial statements for the last five years of thecompany going public and that a Chartered Accountant must certify allfigures and give a comfort letter to the Lead Manager.

D.III. 4 Transaction Structuring

A typical M &A transaction focuses on several factors such as business validation, economic rationale, growth potential, valuation, etc. However, there are processes related to such transactions which are regulations-oriented such as schemes of Mergers, Demergers, etc. In every M&A transaction, minimizing overall risk and optimizing benefit out of the transaction, balancing diverse legislations and regulations remains most critical challenge. Chartered Accountants can advise their clients on not just the valuation and due diligence but also in structuring the transaction in a manner that is compliant with regulations and efficient. They can also help by providing inputs in the drafting of the documents related to the transaction.

D. IV. Risk Advisory Services

Risk Advisory Services arerelated to conducting functional reviews and improving and strengthening internal controls within organisations. Such services provide a valuable perspective of the business that the clients are engaged in by disseminating quality information that is critical for sound decision making and feedback in the form of detailed reports. The services that can be provided to clients are as follows:

D.IV. 1 Internal Audit

- Setting up of Internal Audit function
- Undertaking internal audit risk assessments
- Developing risk-based assurance plans
- Identifying and monitoring key risk indicators and continuous monitoring
- Implementing IT systems to support internal audit delivery.

D.IV. 2 Internal controls over financial reporting

- Enhance governance framework
- Streamline/standardise controls
- Define clear accountability and transparency
- Control automation
- Reduce the number of surprises
- Plug leakages/potential frauds.

D.IV. 3 Corporate governance

- Improve board effectiveness
- Set the right tone and make effective decisions
- Assess and implement ethics programs, training, change management, anti-fraud programs and monitoring/reporting.

D.IV. 4 Enterprise Risk Management

- Strategic risk management: creating and protecting value from strategic risks
- Design, implement and maintain a common risk infrastructure by leveraging people, process and technology transformation opportunities
- Establish organization-wide consistency while simultaneously addressing different and unique functional needs
- Identify, measure, manage, monitor, review and report on risks
- Integrate activities to effectively manage risk and compliance-related activities

D.IV. 5 Legal Compliance Framework

- Compliance program design and control testing
- Compliance monitoring, assessment, and effectiveness
- Regulatory consulting
- Specialized compliance services: FCPA, Anti-Money Laundering, Food and Product Safety,

FDA Compliance, Direct and Indirect Tax Compliance, etc.

D.IV. 6 Forensic services

- Financial reporting and securities fraud
- Bribery and corruption
- Money laundering
- Employee fraud
- Misappropriation and embezzlement
- Regulatory investigations.

D. V.   IT Advisory Services

Amid an evolving regulatory environment and increased oversight pressures, organizations face ongoing challenges to manage and comply with ever-mounting regulations that are coming their way.In the face of these challenges, managing IT risk and compliance has become even more critical, as IT failures can lead to reputational damage, customer and market valuation loss, and an increase in privacy issues and high-profile legal exposure. In this environment, enhancing IT controls is crucial to help ensure businesses are managed and controlled appropriately, and functioning reliably. Chartered Accountants can support their clients in the following areas:

- Developing an appropriate IT strategy
- IT Budgeting
- IT risk management and controls
- Selection of Software Tools
- Review of IT Organisational Structure
- Disaster Recovery Planning.

VI. Summary

As is clear from the above, there are a whole range of services that can be offered by Chartered Accountants given their knowledge of finance and the regulatory scenario. Aftercompleting the CA course, a member has to take decision whether togo in for practice or service in industry. There are many avenues for CAs to get into service. These are:

- Private Sector
- Public Sector
- Government Departments
- Cooperative Sector
- Non-Profit Organisation
- Multilateral Agencies like World Bank, ADB, IMF, etc.
- Accounting Firms – large and mid-sized

While setting up one's own practice is definitely an option, it is essential to focus on a few areas and become a specialist in them in order to compete with other medium and large size firms. Working with established firms in the beginning of one's career could help one develop the skill and know how to later set up an independent practice. In the end, it is very important to establish one's credentials in order to establish a practice.

AREAS OF SERVICES

I.   Introduction

Globalisation is driving cross-border investments and creating mammoth organisations operating across many countries. With globalisation comes the need for having financial statements and information at par with international standards.Given this scenario, the role of corporate accounting and finance professionals continues to evolve. To render world class service, the Chartered Accountants mustshift their priorities from merely analyzing pastevents to proactively acting as strategic partners, advisors and information providers for businesses. With the constantly evolving regulatory scenario, accounting and finance professionals have to keep themselves updated and be able to ensure that businesses are compliant. As the focus of corporate accounting shifts to risk management and greater transparency, so doesthe career landscape of Chartered Accountants. Technological advancements have also contributed to the changing work environment, making vast amounts of information being available and analyzable. Hence, Chartered Accountants need to keep pace with the developments in this front as well.

While the core competency of a professional accountant is inthe area of financial accounting, corporate reporting, and in-depth awareness of laws

and regulations related to businesses, their qualification, education and experience provides a foundation of knowledge, skills andprofessional ethics that enables them to continue to learn andadapt to emerging changes in their field.

II. Importance of Articleship Experience

Articleship experience is a critical building block in the career of Chartered Accountants. Articleship years are very important to get on the ground experience. Doing articleship from a reputed firm can make a huge difference to the professional experience of the articled trainee. At the same time taking articleship lightly would have an adverse impact on training and learning experience. Articleship experience also plays a vital role during the recruitment process. Several large and reputed organization look for candidates with exceptional Articleship experience.

Given the vast nature of the field, it is not feasible to ensure that every articled trainee is exposed to all areas of work experience during the training period. Some areas like accounting and auditing constitute the core of accounting services. On the other hand certain areas such as transfer pricing, project finance, etc. are emerging areas as a part of the consulting practice of chartered accountants. Effort should be made to get exposure to the emerging areas for Chartered Accountants so that the trainee is prepared for better opportunities in the future.

III. Emerging Areas for Articleship Experience

A. GST

Goods and Services Tax (GST) is one of the most significant reforms introduced in the history of the Indian tax system. Globally, GST is acknowledged as a progressive tax regime. It has inbuilt efficiencies to broaden the tax base and decrease cascading effect. It also helps in reducing revenue leakages. India is expected to adopt a dual GST model where the central and state governments will levy GST simultaneously, on a common taxable value, on the supply of goods and services. The proposed GST will obviate most of the existing central and state taxes

on the supply of goods and services including central excise, service tax, state level Value Added Tax (VAT) and other local levies.

Given the expertise of Chartered Accountants in understanding manufacturing, costing and pricing, they will get to play an important role once GST is implemented.

Some of the opportunities for practicing Chartered Accountants will be in the form oftax compliance, filing of returns, interpretation of law, advising dealers about the correct procedure for availing input tax credit, annual audit, etc.Chartered Accountants working in industry will have an important role in ensuring that all the complexity in GST is understood and implemented in the industry where they are employed.

The understanding of GST implications, especially prior to and in the transition period would be imperative.

As the likely implementation of GST becomes imminent, CA firms and industry have started preparing for the impending changes. Hence there would be opportunities around the following:

- Preliminary Study – once the bill is passed, the larger companies may start getting preliminary studies done. The mid- and smaller-sized companies may start preparing once the states pass the bill or once the implementation timelines are made know.

- Impact Analysis – Once the rates are in place, analysis of the structural changes required in marketing and procurement, including the effect on the cash flow, would need to be done.

- IT systems / Standard Operating Procedures modification –This would start several months before the implementation date.

- Reconciliation of books and returns filed under central excise, VAT and service tax and claim of credit on stocks in hand

- Training the personnel in marketing, purchase, finance and accounts – This would also start several months before the implementation date.

- Hand holding in first 3 months in terms of record maintenance, uploading returns and representing.

■ Internal audit of GST – Monthly or quarterly compliance checks and correction of errors on ongoing basis.

Given the huge opportunity that GST implementation offers, articled trainees would benefit tremendously from being fully clued in to the developments and explore opportunities with CA firms that have already started preparing for the impending opportunity.

B. Internal Audit

Internal audit is a strategic tool in the hands of management which supports decision making and contributes towards achieving the objectives of the organisation. With a changing and competitive environment, expectations from internal auditors are growing rapidly. Internal audit has become much moreimportant within large organizations as a tool for control and risk management. Internal auditors have to keep evolving the systems and processes to keep pace with the emerging business realities.

The Companies (Auditor's Report) Order, 2003 issued by theCentral Government requiresthat the auditor's report on the account of a company to which thisorder applies shall include a statement on various matters one ofwhich is "in the case of listed companies and/ or other companieshaving a paid-up capital and reserves exceeding Rs.50 lakhs as atthe commencement of the financial year concerned, or having anaverage annual turnover exceeding five crore rupees for a periodof three consecutive financial years immediately preceding thefinancial year concerned, whether the company has an internalaudit system commensurate with its size and nature of itsbusiness."This requirement has also created a greater awareness of theneed for having proper internal audit systems.

Specific Internal audit activities include:

■ Internal audit requirements under Companies (Auditor's Report) Order, 2003 (CARO, 2003)

■ Internal audit of Enterprise Risk Management process

■ Internal audit of Corporate Governance

■ Internal audit of Transactions of Depository Participants

■ Internal audit of Treasury Operations

■ Internal Audit of compliance with FEMA laws

■ Internal Audit of compliance with Labour Law

■ Internal audit in Banks

■ Internal audit of Mutual Funds

■ Internal Audit of NBFCs

■ Internal audit of compliance with KYC requirements/Anti-Money Laundering policy

■ Internal audit in Infrastructure Enterprises

■ Internal audit of a Not –for- Profit Organisation

■ Risk based Internal Audit

■ Internal Audit of Intellectual property

■ Internal audit of Stock and Inventories

■ Internal audit of adherence to Competition Law

■ Internal Audit - Controls due Diligence Reviews

■ Internal Audit of ESOP Transactions

■ Internal Audit of Financial Instruments

Chartered accountants can also assist in improving thequality and effectiveness of internal audit process by advising and assisting in the development of internal auditand risk management methodologies. They can assess whether the internal audit function is deliveringeffectively to stakeholders. They can provide training to the staff of the internal audit department. They can also help with the selection of software to support the internal audit functions.

Given the growing importance and immense opportunity in this area, experience of articled trainee in Internal Audit will stand them in good stead for a job in the future.

C. Ind AS

As businesses have become complex and global, India needs a comprehensive accounting standards on par with the rest of the world. The move towards IFRS is an attempt to bridge this gap. This move is not just an accounting move as it will impact business in many ways. Businesses will have to examine the implication of this move on their performance, credit rating, debt covenants, dividend distribution, employee KPI and bonuses, managerial remunerations, taxes, etc.

On 2 January 2015, the Press Information Bureau, Government of India, Ministry of Corporate Affairs (MCA) issued a note outlining the various phases in

which Indian Accounting Standards converged with IFRS (Ind AS) is proposed to be implemented in India, for Companies other than Banking Companies, Insurance Companies and NBFCs.

The application of Ind AS is based on the listing status and net worth of a company. Ind AS will first apply to companies with a net worth equal to or exceeding 500 crore INR beginning 1 April 2016. Listed companies as well as others having a net worth equal to or exceeding 250 crore INR will follow 1 April 2017 onwards. Companies impacted in the first phase will have to take a closer look at the details of the 39 new Ind AS currently notified. Ind AS will also apply to subsidiaries, joint ventures, associates as well as holding companies of the entities covered by the roadmap.

On 18 January 2016, the Press Information Bureau, Government of India, Ministry of Corporate Affairs (MCA) issued a note outlining the roadmap for implementation of Indian Accounting Standards (Ind AS) converged with International Financial Reporting Standards (IFRS) for Scheduled commercial banks (excluding RRBs), insurers/insurance companies and Non-Banking Financial Companies (NBFC's).

Scheduled commercial banks (excluding Regional Rural Banks (RRBs), All-India Term-lending Refinancing Institutions (i.e. Exim Bank, NABARD, NHB and SIDBI) and Insurers/Insurance companies would be required to prepare Ind AS based financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. Ind AS would be applicable to both consolidated and individual financial statements. This would be applicable to the holding, subsidiary, joint venture or associate companies of Scheduled commercial banks (excluding RRBs) as well, irrespective of the roadmap for companies. Urban Cooperative Banks (UCBs) and Regional Rural Banks (RRBs) have been keptout of the purview of Ind AS for the present.

NBFCs will be required to prepare Ind AS based financial statements in two phases. In Phase I, NBFCs having net worth of Rs.500 crores or more and their holding, subsidiary, joint venture or associate companies shall be required to prepare Ind AS based financial statements for accounting periods beginning

from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018 or thereafter.

In Phase II Ind AS based financial statements for accounting periods beginning from April 1, 2019 onwards would need to be prepared by NBFCs whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth less than Rs.500 crores and NBFCs that are unlisted companies, having net worth of Rs.250 crores or more but less than Rs.500 crores and their holding, subsidiary, joint venture or associate companies, other than those companies already covered under the corporate roadmap announced by the Ministry of Corporate Affairs.

It was clearly stated that scheduled commercial banks (excluding RRBs)/NBFCs/insurance companies/ insurers shall apply Indian Accounting Standards (Ind AS) only if they meet the specified criteria. They shall not be allowed to voluntarily adopt Indian Accounting Standards (Ind AS). This, however, does not preclude an insurer/insurance company/NBFC from providing Ind AS compliant financial statement data for the purposes of preparation of consolidated financial statements by its parent/investor, as required by the parent/investor to comply with the existing requirements of law.

This is huge opportunity for Chartered Accountants in terms of providing services to Indian organisations. At the same time convergence with IFRSs would benefit the CharteredAccountants, as now they would get global recognition. With convergence with IFRSs, mobility to work in different parts ofthe world would increase for members in industry as well as inpractice. Also the members in practice would have theprofessional opportunities to advise their clients with regard tochanges required in accounting systems, procedures, practicesand policies in accordance with the requirements of IFRSs issuedas Indian Accounting Standards.

Keeping these opportunities in mind, an opportunity to get experience of this transition to Ind AS would benefit articled trainees tremendously.

D. Project Finance

Project finance is the long-term financing of

infrastructure and industrial projects based upon the projected cash flows of the project rather than the balance sheets of its sponsors.Project finance structures usually involve a number of equity investors as well as a syndicate of banks who will provide loans to the project.

A Chartered Accountant can play an important role in helping the entrepreneur raise project finance from banks and financial institutions. Chartered Accountants have sound knowledge about preparation of financial statements. Banks needs actual, provisional and projected financials and also the basic ratios to decide about funding. Thesecan be prepared well with the support of a Chartered Accountant.

Project Finance is one of the key focus areas in today's world because of continuous growth and expansion of infrastructure and industries at a rapid rate.In the 12th Five-Year Plan, the Planning Commission of India has identified an infrastructure investment requirement of $1 trillion. The government of India alone cannot fund this requirement and it has to depend on the private sector either directly or through public-private partnership (PPP) initiatives to help finance nearly half of the investment needed. While government policies support the PPP model to meet the funding deficit, the bulk of private-sector funding for the PPP projects are through project financing by scheduled commercial banks, which on an average varies from 70-85% of their debt requirement.

Many Chartered Accountants in practice are involvedin project financing consultancy. They help their clients in planning, preparing the required documentation and liasioning withdifferent financial institutions. To be successful in this field, Chartered Accountants need to be not just good in their financial modeling and reporting but also have a strong relationship with financial institutions so that they can pitch the projects to them.

Gaining experience in Project Finance during articleship can provide trainees with the relevant experience to get opportunities in this area at a later stage.

E. Knowledge Process Outsourcing (KPO)

KnowledgeProcess Outsourcing (KPO) involves offshoring of knowledgeintensive business processes that require specialised domainexpertise. Theseprocesses demand advanced analytical abilities and specialized knowledge of the domain that the KPO operates in.

For Chartered Accountants there are opportunities on both fronts – as employees of KPOs and also as service providers to KPOs. Given India's established presence in Business Process Outsourcing (BPO), it is a natural corollary that the country can emerge as a large player in KPO as well. What is required in highly skilled workers, maintenance of high quality, investment in world class infrastructure and higher level ofcontrol, confidentiality and enhanced risk management.

Given the large talent pool, friendly government policies, quality ITtraining and low labour costs, Indian KPOs are emerging as competitive players in the global market. Many large financial organisations now have KPOs based in the India supporting their international operations.

Indian KPO are rendering services to international clients in the following areas:

1. Finance and accounts covering areas such as accounting and data preparation, maintenance of books and records, accounts receivables and payable, debtor management, fixed asset accounting, reconciliations, payroll management, internal financial report, expense analysis, and so on.

2. Research & Development based on secondary market research and analytical support. These typically include data search and collation, managing data, business analysis, market research, equity research, Intellectual Property (IP) Research, legal research and market analysis.

3. Financial Analysis which includes forecasting, budgetary and decision support, consolidation and analysis, MIS reporting, credit rating analysis, risk management, treasury and investment management, financial research and investigations, investment analysis, etc.

4. Consulting services which include financial modeling, remote diligence, preparing information memorandums, assistance and guidance in transfer of operations, valuations, mergers & acquisition support, preparation of company profiles/reports etc.

Working in a KPO environment with high quality standards can be a great learning experience for articled trainees. It can also provide an opportunity to understand the nuances of other markets and open the possibility of working with global organisations.

F. Fraud Investigation and Forensic Accounting

Investopedia defines forensic audit as an examination and evaluation of a firm's or individual's financial information for use as evidence in court. A forensic audit can be conducted in order to prosecute a party for fraud, embezzlement or other financial claims. Forensic Accounting and Fraud Detection specialisation has come into the forefront given the large scale scams and frauds that have been witnessed in the economy. Forensic accounting is the application of a specialized knowledgeand specific skills to analyse economic transactions to get to the bottom of such misrepresentations and frauds. Chartered Accountants are in huge demand for such forensic investigations. The clients could range from regulators to shareholders to investors and companies themselves.

Chartered Accountants can be called upon to conduct in-depth investigations as also background checks. They can also be hired for conducting fraud risk assessments and conducting fraud awareness workshops for authorities.

Given the specialised nature of this work and the growing importance of this areas, it is an appealing area to get some exposure to during articleship. There is a lot of scope to learn the ground realities and loopholes exploited by fraudsters.

G. Information Systems Audit

An information technology audit, or information systems audit, isan examination of the controls within an Information technology(IT) infrastructure. The reason why this field has grown is the increasing penetration of technology in the operations and financial system of businesses.

In many cases these reviews are performed in conjunctionwith a financial statement audit, internal audit, or other forms ofattestation engagement. This involves collectingand evaluating evidence of the effectiveness of the organization's information systems,practices, and operations. The report generated provides evidence of whether the information systems are safeguarding assets,maintaining data integrity, and operating effectively and efficientlyto achieve the organization's objectives.

Certified Information Systems Auditor (CISA) certificationis considered the world-standard for those who audit, control, monitor and assess an organization's information technology and business systems. For those planning to pursue this field, this certification can add a lot of credibility and enhance earning potential.

H. Private Equity Funding

Private equity investments in India have been strong despite the global economic slowdown over the past few years. India was the top destination for private equity (PE) and venture capital (VC) investors in 2015.The country received a record $22.4 billion in investments last year, 31.8% more than the previous highest of $17 billion in 2007, according to a report by Bain & Co. India Pvt. Ltd. The 2015 deal value grew 47% over the $15.2 billion investment India received in 2014.

With the strong focus on Startup India from the Government, it is likely that investments will continue to grow in the coming years. This offers a strong opportunity to Chartered Accountants.

Traditionally, Chartered Accountants tend to share a closer and long term relationship with promoters than investment bankers. They also have deep insights about the business performance and challenges. They are also good a financial modeling and awareness about the regulatory scenario.

Hence, there is a huge scope for Chartered Accountants to play an active role in private equity funding. They can work for the business owners in

terms of helping them prepare for investment, due diligence by investors, financial projections and preparing information memorandums. They can also help in capital and regulatory structuring of the deals.

On the other hand, they can also work for private equity investors in terms of doing a due diligence, helping in transaction structuring, advising on exit routes and doing independent reviews on the investee companies for their reporting requirements.

Opportunities in private equity funding are there for Chartered Accountants to leverage with their knowledge and relationships.

I. Energy Audit

The function of an energy auditor is comparable to that of a financial auditor. While energy auditor is not yet a mandatory requirement on an all-India basis, it is an emerging area as efficiency improvements can lead to monetary benefits. Chartered Accountants as energy auditor can

- quantify energy costs and quantities,
- correlate trends of production or activity to energy costs,
- devise energy database formats to ensure they depict the correct picture-by production, department, consumer etc.,
- advise and check the compliance of the organisation for policy and regulation aspects,
- highlight areas that need attention for detailed investigations, and
- conduct preliminary and detailed energy audits

An energy audit typically includes data collection and analysis, measurements, mass and energy balances, reviewing energy procurement practices, identification of energy efficiency projects and techno-economic evaluation, establishing action plan including energy saving targets, staffing requirements, implementation time requirements, procurement issues, details and cost estimates. It also includes recommendations on target for energy saving, record keeping, reporting and energy accounting, organisation requirements, and corporate communication.

This can become a rather specialised area of operation. However, given the strong demand for energy, limited resources and economic benefits related to energy saving, this is definitely and emerging area for getting experience.

J. Environmental Audit

Indiawas the first country in the world to make environmental audits compulsory in 1992-93. The government made it mandatory for all industries to provide annual environmental audit reports of their operations. This required industries to provide details of resources used such as water, raw materials and energy resources and the products and wastes generated by them. The basic aim of the audit is to facilitate management control on environmental impact and to enable the company to assess compliance with its own policies and regulatory requirements.

However, in 1993 the government revised its notification to replace the term Audit Report with Environmental Statement. This change toned down the impact of the regulation. Absence of specialised environmental auditors is another reason which hampers environmental audits in India.

Industries in developed countries conduct audits as part of their overall drive for quality assurance. It is inevitable that Indian industries will also be compelled to take up environment audits more seriously going forward.

Chartered Accountants can play an important role in

- Assisting organisations to formulate environmental policies and monitor adherence to such policies
- Ensuring compliance with the regulatory requirements both present and future
- Conducting other types of environmental audits such as waste audits, sites audits, activity audits, etc.
- Provide transparent information to stakeholders about the environmentalimpacts of the operations,protective measures being taken by those organisationsand also the possible strategic impact of suchimpacts and protective measures.

This area will emerge as India integrates with the rest of the world in environmental norms and Chartered Accountants specialising in this field can carve a niche for themselves.

K. Assurance on Sustainability Reporting

Sustainability reporting by companies aims at providing information on the economic, environmental, and social impact caused by their business activities. It also presents the organization's values and demonstrates the link between its strategy and its commitment to a sustainable global economy.

The years 2012 and 2013 were milestone years for Indian sustainability reporting, due to the introduction of various regulatory requirements such as Business Responsibility Reporting (BRR) arising out of the National Voluntary Guidelines for Social and Environmental

Responsibility (NVGs) and the Corporate Social Responsibility (CSR) provisions under the Companies Bill. For the top 100 organizations in India, publishing a basic sustainability report outlining policies, incremental progress and goals has almost become the norm.

Independent external assurances tend to add credibility and enhance the trustworthiness of Sustainability Reports. Hence, there is an opportunity for Chartered Accountants to expand their presence in this area.

Globally, the GRI (Global Reporting Initiative) Framework is well accepted as a format for preparing sustainability reports. The GRI guidelines recommend the following to be included in sustainability reports:

- Brief profile of an organization
- Vision and Strategy
- A statement from CEO of an organisation
- An executive summary and key indicators
- Policies, structure and management systems
- Performance

While Indian companies are gradually adopting sustainability reporting regulations and voluntary frameworks both at a local level and global level, they are still largely focused on disclosure rather than in-depth analysis of impact and building strategies for a more environmentally and socially sustainable business. The lack of credible data is a major handicap. Presence of third party independent auditors can help improve the quality of data collection, analysis and reporting.

IV. Summary

To summarize, articleship experience is very important in terms of building a solid base for Chartered Accountants. While the normal opportunities in terms of audit and tax exist, there are many new emerging areas also which can be explored such as GST, Ind AS, Project Financing, Private Equity Funding, Environmental Audits and Sustainability Reporting Assurance.

GENERAL MANAGEMENT

DEFINITION

- Management is an act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.

- Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal.

Evolution of Management

There are differing opinions on the history of management. Most people agree that modern management has been influenced by theories and books from very ancient history. Sun Tzu's *The Art of War* is one such book that is used by management leadership even today. Written by a Chinese general in the 6th century BC, *The Art of War* is a military strategy book that in the managerial context recommends being aware of the strengths and weaknesses of the organization as well as that of the competition. Chanakya wrote the *Arthashastra* around 300BC in which various strategies, techniques and management theories were written on the management of empires, economy and family. Adam Smith's *The Wealth of Nations,* written in 1776 is another such book, whose ideas on efficient organization of work through Specialization of Labor, have influenced modern organizations.

Modern Management Theories

In the field of management, the role of theory is to provide a means of classifying significant and pertinent management knowledge. Contemporary theories of management tend to account for and help interpret the rapidly changing nature of today's organizational environments.

1. Classical Theory

- Management is a process consisting of interrelated functions performed to achieve the desired goals

- From the experience of managers principles or guidelines can be derived

- Managers can be developed through formal education and training

- People are motivated mainly be incentives and penalties

- There should be no conflict between individuals and organization. In case of conflict interests of the organization should prevail.

2. Behavioural Theory

- An organization is a socio-technical system

- Money is not the only motivator, people respond to total work situation

- Individual differs in terms of their attitudes, perceptions and value systems. Therefore, they react differently to the same situation

- People working in an organization have their needs and goals which may differ from the organization's needs and goals. Management should achieve fusion between Organizational goals and human needs.

3. Systems Theory

Systems theory has had a significant effect on management science and understanding organizations. A system is a collection of parts unified to accomplish an overall goal. If one part of the system is removed, the nature of the system is changed as well. A system can be looked at as having inputs, processes, outputs and outcomes. For example in an organization inputs would include resources such as raw materials, money, technologies and people. These inputs go through a process where they're planned, organized, motivated or controlled, ultimately to meet the organization's goals. Outputs would be products or services to a market. Outcomes would be enhanced quality of life or productivity for customers/clients.

Systems share feedback among each of each four aspects. Feedback would be information from human resources carrying out the process, customers/clients using the products, etc. Feedback also comes from the larger environment of the organization, e.g.,

influences from government. This overall system framework applies to any system, including subsystems (departments, programs, etc.) in the overall organization.

4. Contingency Theory

Contingency theory asserts that when managers make a decision, they must take into account all aspects of the current situation and act on those aspects that are key to the situation at hand. Basically, it's the approach that "it depends." Example a government following a free market economic policy may have to change to a more regulated policy under the current fiscal crisis.

5. Management by Objectives

Management by objectives (MBO) is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization. The term "management by objectives" was first popularized by Peter Drucker in his 1954 book *'The Practice of Management'*.

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee's actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfil their responsibilities.

Unique features and advantages of the MBO process - The principle behind Management by Objectives (MBO) is for employees to have a clear understanding of the roles and responsibilities expected of them. They can then understand how their activities relate to the achievement of the organization's goal. MBO also places importance on fulfilling the personal goals of each employee.

Some of the important features and advantages of MBO are:

- Motivation – Involving employees in the whole process of goal setting and increasing employee empowerment. This increases employee job satisfaction and commitment.

- Better communication and Coordination – Frequent reviews and interactions between superiors and subordinates help to maintain harmonious relationships within the organization and also to solve many problems.

- Clarity of goals

- Subordinates tend to have a higher commitment to objectives they set for themselves than those imposed on them by another person.

- Managers can ensure that objectives of the subordinates are linked to the organization's objectives.

Art and Science

- Management is both an art and science. It is the art of making people more effective than they would have been without you.

- The science is in how you make people more effective. There are four basic pillars: plan, organize, direct, and monitor.

Basic Functions of Management

- Planning
- Organizing
- Staffing
- Directing
- Controlling/Evaluating.

Planning:

Planning is the management of the organization's future in an uncertain environment; deciding what needs to happen in the future (today, next week, next month, next year, over the next 5 years, etc.) and generating plans for action.

Management starts with planning. Good management starts with good planning. The first step is to determine what the goals of the organization are, and then figure out what is the best way to get there. This will involve determining what resources are available, what resources can be obtained, and allocating responsibilities according to the strengths and weaknesses of the employees. Will putting four workers on a task that takes 14 hours cost less than renting a machine that can do the same task with one worker in 6 hours? If the first shift is changed

from an 8 AM start to a 10 AM start, can they handle the early evening rush an extra person does not need to be hired for the second shift?

All probable scenarios need to be determined and planned for. Then an evaluation of the plans needs to be done and the plan with the highest probability of achieving the organizational goals should be selected.

Types of Plans

■ **Strategic:** Strategic plans are organization wide, establish overall objectives, and position the organization with relation to its environment.

■ **Operational Plans:** Operational plans specify details on how individual objectives are to be achieved.

Plans may be long-term or short-term, directional or specific.

Organizing

Organizing is making optimum use of the resources required to enable the successful carrying out of plan. Once you have a plan, you have to make it happen. Is everything ready ahead of your group so the right stuff will get to your group at the right time? Is your group prepared to do its part of the plan? Is the downstream organization ready for what your group will deliver and when it will arrive? Are the workers trained? Are they motivated? Do they have the equipment they need? Has purchasing ordered the material? Is it the right stuff? Will it get here on the appropriate schedule?

Legwork is required to make sure everything needed to execute the plan is ready to go. Check back to make sure that everyone understands their roles and the importance of their roles to the overall success.

Staffing

Staffing is the process of a) Deciding what human resources are needed, ideally in terms of knowledge, skills and abilities regarding specified roles, jobs and tasks (ideally these roles are determined on the basis of strategic planning and are defined in terms of competencies and/or on job descriptions) b) Recruiting the necessary human resources (sourcing, placing ads, etc.) and screening job candidates (interviewing, testing, etc.) c) Selecting candidates (via job offers) d) Equipping new hires (via orienting, training, facilities, assignments, etc.).

Directing

Directing is the process of exhibiting leadership and motivational skills in order to encourage others to play an effective part in achieving plans and ensure willing participation in the organization.

Controlling/Evaluating

Monitoring, checking progress against plans, which may need modification based on feedback. Because now when you have everything moving, you have to keep an eye on things. Make sure everything is going according to the plan. When it isn't going according to the plan, you need to step in and adjust the plan.

Management Styles

■ **Autocratic**
  - An Autocratic style means that the manager makes decisions unilaterally, without much regard for subordinates.
  - Decisions reflect the opinions and personality of the manager; this in turn can project an image of a confident, well managed business
  - **Disadvantage** strong and competent subordinates may feel annoyed because of limits on decision-making freedom, the organization will get limited initiatives from those "on the front lines", and turnover among the best subordinates will be higher.

■ **Paternalistic**
  - Decisions take into account the best interests of the employees as well as the business
  - Communication is downward, but feedback to the management is encouraged to maintain morale
  - This style can be advantageous when it gives rise to loyalty from the employees, leading to a lower labor turnover
  - The lack of worker motivation can be typical if no loyal connection is established between the manager and the people who are managed

- **Disadvantage -** Similar to an autocratic style, which is employees becoming dependent on the leader.

- **Democratic**
  - The manager allows the employees to take part in decision-making: therefore everything is agreed upon by the majority
  - The communication is extensive in both directions (from employees to leaders and vice-versa)
  - This style can be particularly useful when complex decisions need to be made that require a range of specialist skills
  - From the overall business's point of view, job satisfaction and quality of work will improve, and participatory contributions from subordinates will be much higher
  - **Disadvantage -** The decision-making process could be severely slowed if decision processes are not streamlined.

- **Laissez-faire**
  - In a **Laissez-faire** leadership style, the leader's role is as a mentor and stimulator, and staff manages their own areas of the business. It is only successful with inspirational leadership that understands the different areas of initiative being taken by subordinates, and strong and creative subordinates who share the same vision throughout the organization
  - It is a style that is best for strong, entre-preneurial subordinates in an organization with dynamic growth in multiple directions
  - This style brings out the best in highly professional and creative groups of employees
  - **Disadvantage –** In cases where the leader does not have broad expertise and ability to communicate a strong vision, it can degenerate into conflicting activities. Lacking a strong maestro as leader is a risk in both focus and direction.

Importance of Management

Management affects everyone because it is present in every aspect of the world. It applies to managing oneself – focusing our abilities towards our goals. It applies to our working relationships with others because it affects our choices about them. Management is about putting together organizations that work to accomplish a mission. Managing people is not easy task. However, when done successfully, it can be a rewarding experience. Remember that management is something that you can improve at with study and practice.

Managerial Levels and Hierarchy

The management of a large organization may have three levels:

1. Senior management (or "top management" or "upper management")
2. Middle management
3. Low-level management, such as supervisors or team-leaders.

Management Decisions can be classified as:

- **Strategic decisions** involve long-term commitment on the future of organization. Responsibility of such decision lies with top-management. These decisions define the relationship between the organization and its environment. Eg: Launching a new product, acquiring another firm etc.

- **Tactical decisions** involve the establishment of key initiatives to achieve the overall strategy. Primarily middle management oriented. This layer of decision-making is the glue that creates a strong connection between your long-term vision and your day-to-day activities.

- **Routine or Operational** concerned with routine or repetitive problems. They involve short term commitment. Usually concerned with maximizing the performance of current operations. These decisions exercise minor influence on the future of organization. Authority for such decision is delegated to lower level executives.

Top Level Management

■ Require an extensive knowledge of management roles and skills

■ They have to be very aware of external factors such as markets

■ Their decisions are generally of a long-term nature

■ Their decisions are made using analytic, directive, conceptual and/or behavioral/participative processes

■ They are responsible for **strategic** decisions

■ They have to chalk out the plan and see that plan may be effective in the future

■ They are executive in nature.

Middle Level Management

■ Mid-level managers have specialized understanding of certain managerial tasks

■ Responsible for carrying out the decisions made by top-level management

■ Link between Front Line staff and senior management.

Lower Level Management

■ Ensures that the decisions and plans taken by the other two are carried out

■ Lower-level managers' decisions are generally short-term ones or operational in nature.

New Paradigm in Management

Around the 1960s and on to today, the environment of today's organizations has changed a great deal. A variety of driving forces provoke this change. Increasing telecommunications has "shrunk" the world substantially. Increasing diversity of workers has brought in a wide array of differing values, perspectives and expectations among workers. Public consciousness has become much more sensitive and demanding that organizations be more socially responsible. Many of the third-world countries have joined the global marketplace, creating a wider arena for sales and services. Organizations became responsible not only to stockholders (those who owned stock) but to a wider community of "stakeholders."

As a result of the above driving forces, organizations were required to be more sensitive, flexible and adaptable to the demands and expectations of stakeholder demands. Many organizations have abandoned the traditional top-down, rigid and hierarchical structures to more fluid forms.

Today's leaders and/or managers must deal with continual, rapid change. Managers faced with a major decision can no longer refer back to an earlier developed plan for direction. Management techniques must continually notice changes in the environment and organization, assess this change and manage it. Managing change does not mean controlling it, rather understanding it, adapting to it where necessary and guiding it when possible. Managers must count on and listen more to their employees.

In recent times of course, we have seen many books and theories on management. Some of the more recent developments include TQM (Total Quality Management), management by objectives, re-engineering etc. A new trend of management fads has also emerged, where certain concepts gain currency very quickly, and fade just as fast. Unfortunately though, there is no formula for determining whether a concept is a fad or will establish itself in management theory –only time can tell. What is clear though is that the business environment is changing at a rate that has not been experienced before in the history of business organizations. The emerging theories and concepts are a response to these forces of change.

Traits of the New Paradigm

Old Paradigm	New Paradigm
Promote consumption at all costs	Appropriate consumption
People to fit jobs	Jobs to fit people
Imposed goals, top-down decision making	Autonomy, worker participation
Fragmentation in work and roles	Cross-fertilization by specialists
Identification with job	Identity transcends job description
Clock model of company	Recognition of uncertainty
Aggression, competition	Cooperation
Work and play separate	Blurring of work and play
Manipulation and dominance	Cooperation with nature
Struggle for stability	Sense of change, of becoming
Quantitative	Qualitative as well as quantitative
Strictly economic motives	Spiritual values transcend material gain
Polarized	Transcends polarities
Short-sighted	Ecologically sensitive
Rational	Rational and intuitive
Emphasis on short-term solutions	Emphasis on harmony with environment
Centralized operations	Decentralized operations when possible
Runaway, unbridled technology	Appropriate technology
Allopathic treatment of symptoms	Attempt to understand the whole

Top 10 Tips on Managing People

1. Don't hide behind email. E-mail is a convenient and quick way to disseminate information, but, it is impersonal. Spend more time managing by walking around and knowing employees. Find out what they're involved in, what is their aspiration, what motivates them. Let them know that you appreciate their efforts.

2. Give your staff enough information so they can see 'the big picture.' When employees don't have enough information to understand why certain things are happening a certain way, they will fill in the gaps - usually with wrong information. Let your employees know what matters most to you and the organization (vision and mission of the organization should be clear to employees) and what you're trying to accomplish.

3.   Take steps to help employees during times of need. Remember that Employees are people, not machines. Machines don't have emotions, but people definitely do. If your employee is in crisis, take the time needed to help in any way possible. Not only is this the right thing to do, but it will engender their loyalty for years to come.

4.   Treat employees fairly and respectfully. This has everything to do with trust. If your employees know they can trust you, they will move 'heaven and earth' to get the job done. Also, take sufficient time to assimilate new hires into the company culture, which will increase retention.

5.   Challenge and develop your employees. Invest in your employees. Get to know what their vocational goals are. A bored employee will eventually move on to a more challenging job. Employee retention isn't really all about the money, but it is your responsibility to make sure your employees are motivated and satisfied.

6.   Be question-friendly. Don't think of employees' questions as an interruption. Questions signal interest. An employee who has stopped asking questions is on the way to becoming a disengaged employee.

7.   Don't tell employees what to do - listen to what they want to do. If you spend more time listening and less time talking, your employees will tell you what they need. In addition, if they feel heard by you, they will be more open to listening when you do tell them to do something.

8.   Don't interrogate employees - investigate. When you need to deal with a problem situation, ask your employee to tell you what happened from his or her perspective. Then, address any problem issues directly with your employee.

9.   Be family friendly. Employees' families should be their first priority and they need time to live their lives. If you recognize this and validate your employee's concerns, you can then work together to find creative ways to provide needed work life balance.

10.   Be source of Inspiration.

Key-points

■   Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively

■   Planning, organizing, staffing, directing and controlling are functions of Management

■   In planning we establish objectives, and plans

■   In Organizing, activities are grouped

■   In staffing we recruit, select and train personnel required by the organization

■   In directing the manager leads, motivates and appraise personnel

■   Controlling is concerned with how well the organization is faring

Further Reading

1.   Essentials of Management by Koontz Harold and Weihrich Heinz
2.   The Practice of management by Peter Drucker
3.   The Effective Executive by Peter Drucker
4.   Management: Tasks, Responsibilities and Practices by Peter Drucker
5.   Competing for the future by C. K. Prahalad

ATTITUDE, VALUES AND ETHICS

DEFINITION

- Attitude is a mental position relative to a way of thinking or being.

- Attitude is a hypothetical construct that represents an individual's like or dislike for an item. Attitudes are positive, negative or neutral views of an "attitude object": i.e. a person, behavior or event. People can also be "ambivalent" towards a target, meaning that they simultaneously possess a positive and a negative bias towards the object in question. Attitudes are composed from various forms of judgements.

Positive Attitude

Attitude drives behavior. Our body language reflects our mental attitude. **By choosing our attitude (positive or negative)** we get in that mood and send out a message that everyone understands.

"**We always have a choice as to what attitude to adopt**. There is nothing in any situation that tells we must react one way or another. It is our choice. And since we have a choice, it will be **better if we choose to respond instead of reacting.**

Studies have suggested that people who maintain a positive attitude are significantly less likely to show signs of aging; they are less likely to become trail and are more likely to be stronger and healthier than those who possess a negative attitude.

Reactive
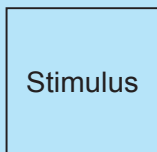
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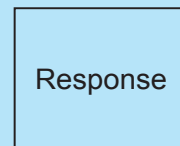
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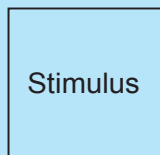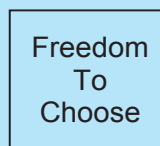
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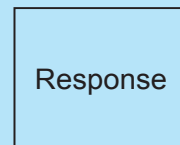
Tips to develop Positive Attitude

- Associate yourself with happy people
- Choose to be happy
- Choose to be and stay optimistic
- Find reasons to smile more often
- Learn to master your thoughts
- Learn concentration and meditation
- Look at the bright side of life
- Read inspiring stories/quotes
- Repeat affirmations that inspire and motivate you
- Visualize only what you want to happen.

Stephen Covey's Theory of Circle of Concern and Circle of Influence

The right attitude for long term success requires focussing energy and effort on where we can realistically make a difference, versus getting bogged down and frustrated over things where we have little control (even if we are concerned about them). In his international best-seller, *The Seven Habits Of Highly Effective People,* Stephen Covey made a distinction between proactive people and reactive people. Proactive and reactive people often have the same

concerns, but those who are proactive focus on what they *can* do, on what they *can* influence. By contrast, reactive people focus their mental, emotional and physical energy on things beyond their control. They maintain an attitude of victimization and blame.

Circle of Influence: Covey uses a model to illustrate the difference between what concerns us and what we have influence over. He describes two circles. The first is your circle of concern. Concerns may be minor, major or anywhere in between.

The second smaller circle is your circle of influence. It is narrower than your circle of concern and many of your concerns fall outside your circle of influence.

Circle of concern

Circle of influence
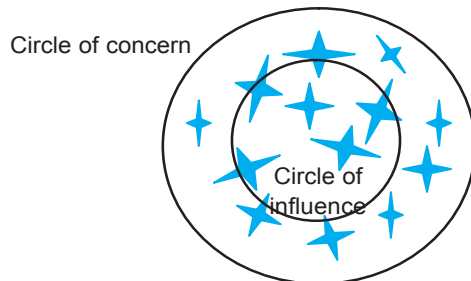
The circles offer a guide to where to focus your energy when you would like to bring about a change in something that concerns you. If you focus your energy *outside* your circle of influence, your capacity for influence will diminish, because you are wasting your time and energy on a concern over which you have no influence. Thus, your circle of influence shrinks. It is tempting to focus our energy (particularly our mental energy in the form of worry, frustration, irritation and complaining) on those things in life that most concern us. But if we have no influence over them, that energy is lost forever and cannot be used to change areas of concern over which we do have influence. It can also make us blind to those areas of influence, as they are in the shadows of the larger concerns. This approach leads to ineffectiveness.

Circle of concern

Circle of influence
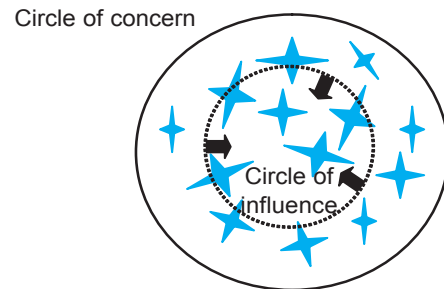
But if you focus your energy on concerns that are *within* your circle of influence, you will increase your capacity for influence: the more influence you effectively exercise, the more influence you will have. This is the core of personal effectiveness.

Circle of concern

Circle of influence
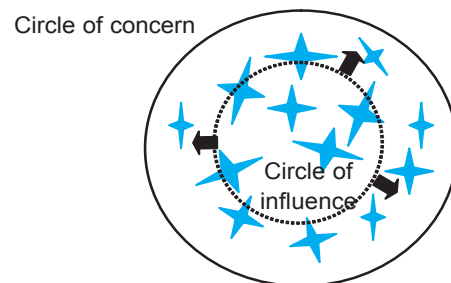
8 Steps to Developing the Right Attitudes

Choose your attitude › Set goal › Journalize › Visualize › Make time › Self-talk › Affirm › Act as if

(*Extracted From the Book: Change Your Attitude by Tom Bay and David Macpherson*)

1. Choosing the Attitude You Want to Develop

Decide which attitudes you want to develop. For example, you may desire to be more affectionate to your children or to be less critical. Although your attitude determines to what extent you develop your potential, nothing happens until you mix attitude and action.

2. Goal Setting

Goal Setting is essential to making a change. Consider where you are and where you want to be. By deciding on a specific attitude, you are establishing a place where you want to be. So begin by reviewing who you are right now and identifying any problem feeling or thoughts. Then develop appropriate goals to change your attitude.

3. Journaling

Journaling involves making notes about where you have been and where you are going. As you journal, you reinforce your determination to change; you also record for yourself how things have gone so far. Later, when you are working on a different facet of your overall attitude, you can review your earlier journal entries to learn what pitfalls to avoid.

4. Visualizing

Visual image stimulates growth; that's why visualizing is key to changing your attitude. The Stanford Research Institute found that "89 percent of what we learn is visual, ten percent of what we learn is auditory, and one percent of what we learn is through other senses". Relax and visualize yourself doing some thing that illustrates your new attitude. For example, if you want to stop slouching and look more confident, see yourself standing tall and looking others in the eye.

5. Making Time

Change requires a commitment of time - plan to spend at least 21 days working on a specific attitude characteristic. Also, resolve now to spend time on attitude changes throughout your life. Removing wrong attitude on a regular basis makes room for the right attitude to flourish.

6. Self-Talking

Learn to compliment yourself. People need positive strokes to equip themselves to repeatedly do their best work. It is not conceit, but a balanced self appraisal.

7. Affirming

Post your attitude affirmation on your bathroom mirrors. For example: I am healthy, I am patient, I am successful etc. The marvelous part of affirming is that your unconscious believes what you tell it and works to make that come true. Therefore, you do not have to believe what you say; you only need to really want it to become true.

8. Acting as If

Act like the person you want to be and that is what you will become. Acting as if may seem difficult the first time you do it, but like anything else, the more you act as if, the better you become.

VALUES

Definition

Values represent ideals or goals upon which we base decisions affecting our lives. Values provide criteria for making choices based on our ideas of right and wrong. We give expression to our values by the choices we make. It is through life and gained experiences that we develop our values. Some core values stay the same throughout our adult lives. Others, such as personal growth and career development values, evolve over a lifetime and are subject to change. Thus, some choices made later in life does not necessarily reflect the values held early on.

Formation of Values

Values are learned and acquired primarily through experiences with people and institutions. Parents will have substantial influence on their children's values. A parent's reaction to everyday events demonstrates what is good and bad, acceptable and unacceptable and important and unimportant. Values are also taught and reinforced in schools, religious organizations and social groups. As we grow and develop, each source of influence contributes to our definition of what is important of life. Cultural mores have influence of the formation of values. Basic convictions of what is good or bad are derived from one's own culture.

A value system is a set of consistent values and measures, which can apply to either one person or many.

- A personal value system is held by and applied to one individual only.
- A communal or cultural value system is held by and applied to a community/group/society. Some communal value systems are reflected in the form of legal codes or law, religion, etc.
- A corporate value system is said to consist of three value categories. The first value category

is Core Values, which prescribe the attitude and character of an organization. Then, Protected Values are protected through rules, standards and certifications. They are often concerned with areas such as health, environment and safety. The third category, Created Values are the values that stakeholders, including the shareholders expect in return for their contributions to the firm.

Types of Values

Personal Values

Personal values evolve from situations with the external world and can change over time.

Personal values developed early in life may be resistant to change. They may be derived from those of particular groups or systems, such as culture, religion etc. However, personal values are not universal; one's family, nation, generation and historical environment help determine one's personal values. This is not to say that the value concepts themselves are not universal, merely that each individual possess a unique conception of them i.e. a personal knowledge of the appropriate values for their own genes, feelings and experience.

Cultural Values

Groups, societies or cultures have values that are largely shared by their members. The values identify those objects, conditions or characteristics that members of the society consider important; that is, valuable. In the United States, for example, values might include material comfort, wealth, competition, individualism or religiosity.

The values of a society can often be identified by noting which people receive honour or respect. For example, in some countries, professional athletes are honoured (in the form of monetary payment) more than college professors, in part because the society respects personal values such as physical activity, fitness and competitiveness.

Values are related to the norms of a culture, but they are more general and abstract than norms. Norms are rules for behaviour in specific situations, while values identify what should be judged as good or bad.

Wearing white/dull colour clothing and appearing solemn are normative behaviours at a funeral. They reflect the values of respect and support of friends and family.

If a group member expresses a value that is in serious conflict with the group's norms, the group's authority may carry out various ways of encouraging conformity or stigmatizing the non-conforming behaviour of its members. For example, imprisonment can result from conflict with social norms that have been established as law.

Values across culture (Hofstede's cultural dimensions theory, source : Wikipedia and http://geert-hofstede.com)

- **Power distance index** (PDI): "Power distance is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally."

  In Cultures that endorse low power distance People relate to one another more as equals regardless of formal positions.

  In high power distance countries, less powerful accept power relations that are more autocratic and paternalistic. Subordinates acknowledge the power of others simply based on where they are situated in certain formal, hierarchical positions.

- **Individualism** (IDV) vs. collectivism: "The degree to which individuals are integrated into groups". In individualistic societies, the stress is put on personal achievements and individual rights. People are expected to stand up for themselves and their immediate family, and to choose their own affiliations.

  In collectivist societies, individuals act predominantly as members of a life-long and cohesive group or organization. People have large extended families, which are used as a protection in exchange for unquestioning loyalty.

- **Uncertainty avoidance index** (UAI): "A society's tolerance for uncertainty and ambiguity". It reflects the extent to which

members of a society attempt to cope with anxiety by minimizing uncertainty.

People in cultures with high uncertainty avoidance tend to be more emotional. They try to minimize the occurrence of unknown and unusual circumstances and to proceed with careful changes step by step by planning and by implementing rules, laws and regulations.

Low uncertainty avoidance cultures accept and feel comfortable in unstructured situations or changeable environments and try to have as few rules as possible. People in these cultures tend to be more pragmatic, they are more tolerant of change.

■ **Masculinity** (MAS) vs. femininity: "The distribution of emotional roles between the genders". Masculine cultures' values are competitiveness, assertiveness, materialism, ambition and power. In masculine cultures, the differences between gender roles are more dramatic and less fluid.

Feminine cultures place more value on relationships and quality of life. In feminine cultures men and women have the same values emphasizing modesty and caring.

■ **Long term orientation** (LTO) vs. short term orientation. Long term oriented societies attach more importance to the future. In short term oriented societies, values promoted are related to the past and the present, including steadiness, respect for tradition, preservation of one's face, reciprocation and fulfilling social obligations.

Corporate Values

Corporate values are often used interchangeably with the concept of corporate culture. Corporate values, usually chosen by senior executives, are adopted to prevailing business circumstances. To play a meaningful role in creating an enduring organization, corporate values must be "first-order values". Such values are not mere rankings of preference couched in operational phrases such as "getting close to the customer", but are derived from the fundamental philosophy about what constitutes the good for people inside and outside the organization. Visionary companies that succeeded for decades were guided by core ideologies that included a sense of purpose beyond making money.

Morality and ethics are central to the issue of meaning in corporate values. Too often, corporate executives justify a breach of ethics and morality on the basis of financial profit. While profits are the fuel that feeds the economic engine, it is not the sole essence of the corporation.

ETHICS

Ethics, originally a branch of philosophy, seeks to address questions about morality; that is, about concepts like good and bad, right and wrong, justice, virtue etc.

Business ethics (or corporate ethics) is a form of applied ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and business organizations as a whole.

Ethics refers to well based standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness or specific virtues. Ethical standards also include those that enjoin virtues of honesty, compassion, and loyalty.

Business Ethics

These are moral principles which guide an individual's action while working in a professional environment as to what is right and what is wrong. Business ethics which must be adhered to by you during your training period are listed below:

1. Confidentiality

Maintaining confidentiality of business information is the first moral principal of business code of ethics. During your work tenure as a trainee, you may be exposed to the most confidential data of your client's business operations. It is your foremost responsibility to respect the confidentiality of your client's business data and not to share it with your family and friends. Leakage of confidential business information may have serious implications in future. Further, you must

also respect the confidential information about your own organisation that comes to your knowledge.

2. Honesty

Always be honest to your seniors. Not disclosing any facts or camouflaging them to hide any mistake may have serious implications. Where any mistake has occurred or an important fact has come to your knowledge, you must disclose it to your senior so that appropriate action can be taken so as to rectify the same at the earliest.

3. Independence

Independence is the most important valued principle of our profession. If you are working with a client with whom you have any personal relations or with whom you may have financial interests, it is preferable that you may inform your senior about the same so that you are not assigned the work of that client. In case you are still deputed for such a client, you must ensure that your professional responsibilities shall not in any way be affected by your personal interests/relations and you should maintain your independence and objectivity.

4. Subordination of individual goals to organisational goals

When you are working for an organisation, you should keep your individual goals subordinate to the overall organisational goals. Prime condition for this subordination is to understand the goal of the organization properly. You should try to understand the goal of the organization first for which you can take help of the senior persons or the goal makers. For example: if your firm's goal is "to provide best quality service to the client" then you should always try to work in the manner so as to accomplish that goal.

"The productivity of a work group seems to depend on how the group members see their own goals in relation to the goals of the organization."

5. Do not accept gifts/favours from clients

In the profession, you may across situations where you may be offered gifts or other favours from clients. Good professional ethics demand that you should never accept any personal favours from clients. As professionals you must hold your dignity in the highest esteem.

Scope of Ethics encompasses

- Systematic issues include questions about the morality of the laws, regulations, industrial structures and social practices within which business operates.

- Corporate issues include questions about the morality of the activities, policies, practices or organizational structure of a company taken as a whole.

- Individual issues include questions about the morality of the decision, action or character of an individual.

Key Points

- Take responsibility for your attitude and stay positive
- Work to increase your circle of influence
- Values set the direction for one's life
- Being clear on our core values ensures that we maintain a meaningful balance in all areas of our life
- There is no right way to do a wrong thing

Further Reading

1. The seven habits of highly effective people by Stephan R. Covey
2. Don't sweat the small stuff by Richard Carlson
3. Change Your Attitude by Tom Bay and David Macpherson
4. You can win by Shiv Khera
5. Business Ethics by Milton Snoeyenbos, Robert Almeder and James Humber
6. Being Good by Simon Blackbwin
7. http://geert-hofstede.com/india.html

MOTIVATION-SELF AND OTHERS

DEFINITION

- Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is a set of reasons that determines one to engage in a particular behavior.

- Motivation is something that encourages action or feeling. By motivating, we mean to encourage and inspire. It is the process by which a person's efforts are energized, directed, and sustained towards attaining a goal.

What is the need of Motivation?

"Motivation is a fuel in us which needs to be ignited with sparks, without motivation the best powers of the mind remain in a deep sleep".

Often, a person has the desire and ambition to get something done or achieve a certain goal, but lacks the push, the initiative and the willingness to take action. This is due to lack of motivation and inner drive.

Motivation strengthens the ambition, increases initiative and gives direction, courage, energy and the persistence to follow one's goals. A motivated person takes action and does whatever it needs to achieve his/her goals.

Motivation is like a driving force in our lives. It comes from our desire to get success. Without success there is little pride in life; no enjoyment or excitement at work and at home. So it is very important for everybody to get motivated in order to get the excellent results, because Motivation creates the desire in the person to perform better than others or to perform in the best way. As we know every person is different so the right motivator is needed to motivate him.

The greatest enemy of motivation is complacence. Complacence leads to frustration, and when people are frustrated they give up because they cannot identify what is important.

Motivational Triggers

- **Achievement -** Acheivement motivation is the drive to pursue and attain goals to advance up the ladder of success. Accomplishment is important and not the rewards that accompany it.

- **Challenge** - Challenge only motivates if you can win. People want to be involved in something important.

- **Affiliation** - Affiliation motivation is a drive to relate people on a social basis. Group belongingness motivates.

- **Competence** - Competence motivation is the drive to be good at something, allowing an individual to perform high quality work.

- **Power** - Power motivation is the drive to influence people and change situations. Power motivated people wish to create an impact in their organization.

- **Growth** - Just as seeing ourselves progress motivates us, so it does for our subordinates.

- **Recognition** - Giving people recognition generates energy within them. They will then direct that energy towards increased productive work.

- **Participation** - Participation in a good activity or a project has a motivating effect on some people.

- **Appreciation** - Offering a few words of appreciation can be a huge motivation to some employees. They all need to be singled out from time to time and commended for their efforts in keeping the organization running smoothly.

- **Respect** - Treat your subordinates with dignity and respect. When you humiliate a person, you kill his self-respect, which in turn de-motivates him.

- **Fear** - Fear motivation and coercion are acts against the will of a person. It is instantaneous and gets the job done quickly, but helpful only for a short time.

- **Incentive** - Incentive motivation is where a person or a team reaps an award for performing an activity. It drives people to work a little harder in life.

Types of Motivation

There are two types of motivation, **Intrinsic** and **Extrinsic** motivation. It is important to understand both types of motivation, because some people respond best to intrinsic motivation, others may respond better to extrinsic motivation.

Intrinsic Motivation refers to motivation that exists within the individual rather than relying on any external pressures like money, reward, fame etc. In case of intrinsic motivation a person himself wants to do the task may be for taking pleasure in an activity, rather than working for the external reward means he/she would *not* be worried about external rewards such as praise or awards.

Managers may be interested in ways to increase intrinsic motivation. The ideal employee may be one who is self-motivated and does not require supervision. Intrinsically motivated employees may be more dedicated towards their work. It is possible that managers may increase intrinsic motivation by allowing employees to have greater autonomy, making the workplace fun, or encouraging creativity**.**

So basically the intrinsic motivation may be due to:

- Happiness
- Personal Goals
- Desire to learn
- Self-Improvement

Extrinsic Motivation refers to the type of motivation that is due to outside sources. In other words we can say that the desire of the person to do work is controlled by the outside sources like money, reward, fame etc.

These days extrinsic motivation is the tool used almost everywhere to increase the performance or to get the work done efficiently by the employees, students etc.

Employees can be extrinsically motivated by bonus, rewards, promotion because in order to get these things they will compete with each other and will try to perform better than others. But in extrinsic motivation if there is no bonus, rewards, money or fame the person is no more motivated this is the drawback of extrinsic motivation.

So basically the extrinsic motivation may be due to:

- Money
- Rewards
- Fame

Motivational Theories

Researchers have developed a number of different theories to explain motivation. With the help of these theories we can gain a better understanding of motivation as a whole. Basically these theories prepares the foundation for the learning how to motivate self and others. As we know people work to satisfy their needs, they work at their best when they are achieving the greatest satisfaction from their work.

So motivational theorists focuses on

- Examining human needs
- Considering how the needs are met and can be better met in work

There some are early Motivational theories that are valid till now

- Maslow's need hierarchy theory
- McGregor's theory X and theory Y
- Herzberg's motivation hygiene theory

Maslow's need Hierarchy Theory

This theory is given by the American psychologist Abraham Maslow in 1943. Maslow's hierarchy of needs is often portrayed in the shape of a pyramid. This figure shows the Maslow's model for **need hierarchy theory** .

The most fundamental and basic four layers of the pyramid contain what Maslow called "deficiency needs"

- **Biological and Physiological needs** - air, food, drink, shelter, warmth, sleep, etc.
- **Safety needs** - protection from elements, security, order, law, limits, stability, etc.
- **Belongingness and Love needs** - work group, family, affection, relationships, etc.
- **Esteem needs** - self-esteem, achievement, mastery, independence, status responsibility, etc.
- **Self-Actualization needs** - realizing personal potential, self-fulfilment, etc.

With the exception of the most fundamental (physiological) needs, if these "deficiency needs" are not met, the body gives no physical indication but the individual feels anxious and tense. Maslow's theory suggests that the most basic level of needs must be met before the individual will strongly desire the secondary or higher level needs.

The theory can be summarized as follows:

- Human beings have wants and desires which influence their behavior. Only unsatisfied needs influence behavior, satisfied needs do not.
- Since needs are many, they are arranged in order of importance, from the basic to the complex.
- The person advances to the next level of needs only after the lower level need is at least minimally satisfied.
- The further the progress up the hierarchy, the more individuality, humanness and psychological health a person will show.

McGregor's Theory X and Theory Y

These are the theories of human motivation created and developed by Douglas McGregor at the MIT School of Management in the 1960s.

In **theory x**, management assumes employees are inherently lazy and will avoid work if they can and that they inherently dislike work. In this, management believes that workers need to be closely supervised. A hierarchical structure may be implemented with control at each and every level. According to this theory, employees will show little ambition without an extrinsic motivation and will avoid responsibility whenever they can. The managers who follow **theory X** needs extrinsic motivators to get the work done efficiently. A Theory X manager believes that his or her employees do not really want to work, that they would rather avoid responsibility and that it is the manager's job to structure the work and energize the employee.

In **theory Y**, management assumes employees may be ambitious and self-motivated and exercise self-control. It is believed that employees enjoy their mental and physical work duties and work can be as natural as play and rest. Given the proper conditions, theory Y managers believe that employees will learn to seek out and accept responsibility and to exercise self-control and self-direction in accomplishing objectives to which they are committed.

Theory Y managers assume that people will be self-directed to meet their work objective if they are committed to them. So basically managers with this theory assumes that employees are intrinsically motivated and if provided with the work friendly environment they can produce the excellent results.

Though these theories are very basic in nature, they provide a platform for future generation to understand the changing dynamics of human behaviour. Theories X and Y seem to represent unrealistic extremes. Most employees (including managers) fall somewhere in between these extremes. Recent studies have questioned the rigidity of the model, yet McGregor's X-Y Theories act as guiding principles to the management to evolve processes which help in better organizational development. A mix of practices which provide a healthy environment the freedom to perform at the work place is likely to motivate the employees more.

Herzberg's Motivation-Hygiene Theory

States that there are certain factors in the work place

that causes job satisfaction and some set of factors that cause dissatisfaction. Because of this reason it is also called a **two factor theory.** Herzberg reasoned that because the factors causing satisfaction and dissatisfaction are different, the two feelings cannot simply be treated as opposites of one another. The opposite of satisfaction is not dissatisfaction and vice-versa. The figure given below shows how the Hygiene and Motivational factors are involved at different levels in **Herzberg's two factor theory.**

There are certain factors that may lead to dissatisfaction:

- Work conditions
- Salary
- Relationship with Boss/Manager
- Company policy

There are certain factors that may lead to satisfaction:

- Growth
- Good salary
- Advancement
- Achievements

Some key points in **Herzberg's Theory**:

- According to Herzberg hygiene factors are necessary to maintain a reasonable level of satisfaction among employees.
- These factors do not provide satisfaction to the employees but their absence will dissatisfy them.
- Motivational factors are intrinsic part of the job. Any increase in these factors will satisfy the employees but a decrease will not cause dissatisfaction.

Herzberg argued that job enrichment is required for intrinsic motivation, and that it is a continuous management process. According to Herzberg:

- "The job should have sufficient challenge to utilize the full ability of the employee."
- "Employees who demonstrate increasing levels of ability should be given increasing levels of responsibility."
- "If a job cannot be designed to use an employee's full abilities, then the firm should consider automating the task or replacing the employee with one who has a lower level of skill. If a person cannot be fully utilized, then there will be a motivation problem."

Key points

- Motivation is the process by which a person's efforts are energized, directed, and sustained towards attaining a goal
- Stay motivated and try to understand what motivates others

Further Reading

1. The Seven Hidden Secrets of Motivation - By Todd Beeler
2. The Power of Positive Thinking by Norman Vincent Peale
3. Think and Grow Rich by Napoleon Hill
4. Man's Search for Meaning by Viktar Frankl83

TIME MANAGEMENT

DEFINITION

- Time management is the act or process of planning and exercising conscious control over the amount of time spent on specific activities, especially to increase effectiveness, efficiency or productivity.

- Personal time management skills are essential skills for everybody. People who use these techniques regularly are the highest achievers in all walks of life.

Evolution of Time Management

While the traditional approach worked on being more efficient (do things faster using tools like automation, delegation etc.), the latest thinking focuses on being more effective (i.e. finding what are the right things to do in the given time). In other words, move away from time management and into self-management.

Logic is: You can't manage time, it just is. Everyone has the same 24 hours. So "time management" is a mislabelled problem, which has little chance of being an effective approach. What you really manage is your activity during the given time, and hence choosing the activities is most important.

Dr. Stephen Covey uses the phrase "**Compass, not the Clock**", *i.e.* focus on your life's direction (and do activities that further that direction) versus getting worried about the clock or specific minutes each activity is taking. Stephen R. Covey and his co-authors offered a categorization scheme for the hundreds of time management approaches that they reviewed (source: Wikipedia, *The seven habits of highly effective people* and *First thing First* by Stephan Covey)

First generation: Reminders (based on clocks and watches, but with computer implementation possible) can be used to alert of the time when a task is to be done.

Second generation: Planning and preparation (based on calendar and appointment books) includes setting goals.

Third generation: Planning, prioritizing, controlling (using a personal organizer, other paper-based objects, or computer or PDA based systems) activities on a daily basis. This approach implies spending some time in clarifying values and priorities.

Fourth generation: Being efficient and proactive (using any tools above) but placing goals and roles as the controlling element of the system and favours importance over urgency.

The 80:20 Rule

People spend their days doing tons of activity, but achieve very little, because they're not concentrating their effort on the things that matter the most. Shift in focus is required to understand that we need to "**Concentrate on Results, not on Being Busy".**

Pareto Principle or the '80:20 Rule' affirms the above statement. It says that approximately 20 percent of your efforts produce 80 percent of the results. While the ratio is not always 80:20, this broad pattern of a small proportion of activity generating non-scalar returns recurs so frequently that it is the norm in many situations.Learning to recognize and then focus on that 20 percent is the key to making the most effective use of your time.

By applying the time management tips and principles, you can optimize your effort and ensure that your time and energy is focused on high payoff tasks.

The Time Management Matrix

(Reference: '*Put First thing First*' by Stephan Covey)

Good time management means being effective as well as efficient. Managing time effectively and achieving the things that you want to achieve, means

spending your time on things that are important to you and not just urgent. To achieve this, and to minimize the stress of having too many deadlines, you need to distinguish clearly between what is urgent and what is important:

Important activities have an outcome that leads to the **achievement of your goals**.

Urgent activities demand **immediate attention**, and are usually associated with the achievement of someone else's goals, or with an uncomfortable problem or situation that needs to be resolved immediately.

Urgent activities are often the ones we concentrate on. They demand attention because the consequences of not dealing with them are immediate.

Popularized by Dr. Stephen Covey, the matrix below identifies the quadrants in which various activities fall.

	URGENT	NOT URGENT
IMPORTANT	**I (MANAGE)** Crisis Medical emergencies Pressing problems Deadline-driven projects Last-minute preparations for scheduled activities **Quadrant of Necessity**	**II (FOCUS)** Preparation/planning Prevention Values clarification Exercise Relationship-building True recreation/relaxation **Quadrant of Personal Leadership**
NOT IMPORTANT	**III (AVOID)** Interruptions, some calls Some mail & reports Some meetings Many "pressing" matters Many popular activities **Quadrant of Deception**	**IV (AVOID)** Trivia, busywork Junk mail Some phone messages/email Time wasters Escape activities Viewing mindless TV shows **Quadrant of Waste**

Different people in reality live in different quadrants with the following results. The recommendation is to live in Quadrant II (Not Urgent but Important).

	URGENT	NOT URGENT
IMPORTANT	**Quadrant 1** Stress Burnout Crisis management Always putting out fires	**Quadrant 2** Vision, perspective Balance Discipline Control (Few crises)
NOT IMPORTANT	**Quadrant 3** Short-term focus Crisis management Goals and plans as worthless Feel victimized, out of control Shallow/broken relationships	**Quadrant 3 and 4** Total irresponsibility Fired from jobs Dependent on others or institutions for basics

Time Management Process

1. Activity Logs: Find Out How You Really Spend Your Time

How long do you spend each day on things not important to you? Things that don't really contribute to your success at work. Do you KNOW how much time you've spent reading junk mail, talking to colleagues, surfing web and eating lunch? "And are you aware of when in the day you check your e-mail, write important articles or do your long-term planning? How often have you thought, "I could achieve so much more if I just had another half hour each day?

Activity logs help you to analyse how you actually spend your time. The first time you use an activity log you may be surprised to see the amount of time that you waste!

By analysing your activity log you will be able to identify and eliminate time-wasters. You will also know the times of day at which you are most effective, so that you can carry out your most important tasks during these times.

How to Use the Tool

Keeping an Activity Log for several days helps you to understand how you spend your time, and when you perform at your best. Without modifying your behaviour any further than you have to, note down the things you do as you do them on this template. Do this for at least one week (so you should have 7 tables like the below).

Day: _____

Serial Number	Activity	Time Taken	Value (High, Medium, Low)

Every time you change activities, whether opening mail, working, making coffee, gossiping with colleagues or whatever, note down the time of the change.

As well as recording activities, note how you feel, whether alert, flat, tired, energetic, etc. Do this periodically throughout the day.

2. Identify and Eliminate Time Wasters

Once you have logged your time for a few days, analyze your daily activity log. You may be alarmed to see the amount of time you spend doing low value jobs!

You may also see that you are energetic in some parts of the day, and flat in other parts. A lot of this can depend on the rest breaks you take, the times and amounts you eat, and quality of your nutrition. Your analysis should help you to free up extra time in your day by applying one of the following actions to most activities:

Eliminate jobs that you are not supposed to do. These may include tasks that someone else in the organization should be doing, possibly at a lower pay rate, or personal activities such as sending non-work e-mails.

Schedule your most challenging tasks for the times of day when your energy is highest. That way your work will be better and it should take you less time.

Try to minimize the number of times a day you switch between types of task. For example, read and reply to e-mails in blocks once in the morning and once in the afternoon only instead of checking them every 5-10 minutes.

Some Common time wasters are:

- Telephone interruption
- Inefficient delegation
- Extended lunch/breaks
- Cluttered work space
- Poorly run meeting
- Socializing on the job
- Misfiled information
- Poor planning
- Procrastination
- Drop-in visitors
- Not setting/sticking to priorities
- Crisis management.

3. Goal Setting

To start managing time effectively, you need to set goals. When you know where you're going, you can then figure out what exactly needs to be done, in what order. Without proper goal setting, you'll fritter your time away on a confusion of conflicting priorities.

People tend to neglect goal setting because it requires time and effort. What they fail to consider is that a little time and effort put in now saves an enormous amount of time, effort and frustration in the future.

4. Prioritization

Prioritizing what needs to be done is especially important. Without it, you may work very hard, but you won't be achieving the results you desire because what you are working on is not of importance.

Most people have a "to-do" list of some sort. The problem with many of these lists is they are just a collection of things that need to get done and there is no structure. So how do you work on such To Do List – top down, bottom up, easiest to hardest?

To work efficiently you need to work on the most important, highest value tasks. This way you won't get caught scrambling to get something critical done as the deadline approaches. One popular way to prioritize is to use the ABC analysis: categorization of large amount of activities into groups. These groups are often marked A, B, and C—hence the name. Activities are ranked upon these general criteria:

A – Tasks that are urgent and important.

B – Tasks that are important but not urgent.

C – Tasks that are neither urgent nor important.

Each group is then rank-ordered in priority.

5. Specific Scheduling

Much of time management comes down to effective scheduling of your time. When you know what your goals and priorities are, you then need to know how

to go about creating a schedule that keeps you on track, and protects you from stress.

This means understanding the factors that affect the time you have available for work. You not only have to schedule priority tasks, you have to leave room for interruptions, and contingency time for those unexpected events that otherwise wreak chaos with your schedule. By creating a robust schedule that reflects your priorities as well as supports your personal goals, you have a winning combination: One that will allow you to control your time and keep your life in balance.

Time Management Tips

(To Eliminate Time Wasters)

Learn to say 'NO'- Many people become overloaded with too much work because they overcommit; they say yes when they really should be saying **NO**. Learn to say no to low priority requests and you will free up time to spend on things that are more important.

Organize your work space - De- Clutter and file things properly so that you can access things easily without wasting your time. Organize to the point that you can quickly lay your hands on what you need.

Keep a log - Set your specific goals/task/To-do list, and track them over time to see whether or not you're accomplishing them. Commit to deadlines/ deliverables.

Work through Others (delegate) - Are you in the habit of doing other people's work because of a 'hero' mentality or of the opinion that you can do things better than others? There is no need for you to be a one-person show. Doing this takes up time that you may not have. Instead, focus on your own projects and goals, learn to delegate effectively, and teach others how to do their own work.

Manage distractions - Minimize the interruptions you face during your day. There are phone calls, visitors, questions from colleagues, and a whole list of events that can come unexpectedly. Some do need to be dealt with immediately, but others need to be managed. Some jobs need you to be available for people when they need help – interruption is a natural and necessary part of life. Here, do what you sensibly can to minimize it, but make sure you don't scare people away from interrupting you when they should.

Stop procrastination - "I'll get to it later" has led to the downfall of many a good employee. After too many "laters" the work piles up so high that any task seems insurmountable. Procrastination is as tempting as it is deadly. The best way to beat it is to recognize that you do indeed procrastinate. Once you know why you procrastinate then you can plan to get out of the habit.

You procrastinate when you put off things that you should be focusing on right now, usually in favour of doing something that is more enjoyable or that you're more comfortable doing.

Common causes of procrastination are:

- Feeling overwhelmed by the task. You may not know where to begin. Or you may doubt that you have the skills or resources you think you need. So you seek comfort in doing tasks you know you're capable of completing. Unfortunately, the big task isn't going to go away – truly important tasks rarely do
- Waiting for the "right" mood or the "right" time to tackle the important task at hand
- A fear of failure or success
- Underdeveloped decision making skills
- Poor organizational skills
- Perfectionism ("I don't have the right resources to do this now, so I won't do it at all.").

Use your waiting time - Always take something to do (such as a report you need to read, a check book that needs to be balanced or just a blank pad of paper that you can use to plan your next day) with you when you are waiting for someone.

Make a list of things to do. Reflect on things you might have been putting off. Jot them down. You now have a list you can work off and put your time later to good use.

Meeting Management

A meeting has to have: a **P**urpose, an **A**genda, and a **T**ime frame.

You should be able to define the **purpose** of the meeting in 1 or 2 sentences at most. "This meeting is to discuss new policy on tax" or "this meeting is to review the revenue generated for quarter 4." That way everyone knows why they are there, what needs to be done, and how to know if they are successful.

Set an **agenda**. List the items you are going to review/discuss/inspect. Assign a time limit to each agenda item (see below) and identify the person responsible to speak or moderate the discussion.

Set a **timeframe**; at the very least set a start and end time. Also set duration for each item in the agenda. These should total to the overall meeting timeframe.

Don't Wait

Meetings need to start on time. When someone arrives late, don't go back and review what has already been covered. That just wastes the time of the people who showed up on time for the meeting.

If the meeting organizer/sponsor doesn't show up on time, consider the meeting cancelled and go back to work. How long to wait for the organizer to show up varies among companies.

Keep and send minutes

Someone, other than the meeting organizer, should keep minutes of the meeting. How detailed these are depends on the nature of what is being discussed and the skill of the available note taker. The note taker can use the agenda as an outline. The minutes should record who attended, what was discussed, any agreements that were reached, and any action items that were assigned.

The minutes of the meeting should be distributed to all who attended soon after the meeting, any invitees who did not attend, and anyone else effected by the discussion. Email is a great vehicle for distributing them. Distributing the minutes informs those not at the meeting of the progress that was made, reminds everyone of their action items and keeps everyone on the same page.

Stay Focused

Stick the discussion to the items on the agenda. Interrupt politely whenever the discussion strays from the topic under discussion. The new topics can either be tabled later or scheduled in a new meeting. The meeting organizer can decide whether to discuss the new topics in a separate meeting or cover them in existing meeting. Also, it never hurts to say "let's take that up off-line".

Key Points

- Time is irreplaceable
- Manage our work using Time Management tool such as Time Management Matrix and Pareto (80/20) Principle

Further Reading

1. Put First Thing First By Stephen R. Covey
2. The Seven habits of highly effective people by Stephan R. Covey
3. The 15 Minute Rule: How to stop procrastinating and take charge of your life by Caroline Buchanan
4. The 80-20 Principle by Richard Koch
5. Where did time fly by John Swift

DEFINITION

■ Self Analysis is an independent methodical attempt to study and comprehend one's own personality, emotions, and behaviour without help of any other person.

Why is it required

In order to grow to be successful, one must be able to know oneself. Self analysis is the adventure of knowing yourself better. Your efficiency, your potentials, strengths and weaknesses all are revealed through self analysis. Self-analysis assessment and supervision help an individual get closer to his or her personality and repair what needs to be amended in order to face success.

Self Analysis through SWOT Analysis and JOHARI Window

SWOT analysis and JOHARI window are the tools for self-analysis.

SWOT Analysis

One should keep track of one's strengths and weaknesses every so often which will help realize and guide one to work on what needs to amended or permanently removed and develop one's talent and abilities.

SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats of an individual or of a business venture. It involves specifying the objective of an individual or a business venture and identifying the internal and external factors that are favourable and unfavourable to achieving that objective. The technique is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s.

If SWOT analysis does not start with defining a desired end state or objective, it runs the risk of being useless.

SWOT analysis provides a structure for analysing either your own strengths and weaknesses, and the opportunities and threats you face, or in a work context for analysing the strengths, weaknesses, opportunities and threats a business or event faces. Ideally it is one step in a process which helps you to :

1. Appreciate the strengths of a situation, and you may then decide to build on these

2. Define the weaknesses, which you might choose to minimise

3. Make the most of the opportunities that present themselves

4. Recognise the possible threats and treat them in a planned and organised way.

SWOT analysis are not ends in themselves but a step before some action planning.

SWOT analysis usually benefit from discussions and getting other people's perspectives. Remember to be realistic and focused on what really happens.

Strategic and Creative Use of SWOT Analysis

Illustrative diagram of SWOT analysis

A SWOT analysis must first start with defining a desired end state or objective.

■ **Strengths:** attributes of an individual that are helpful to achieving the objective.

■ **Weaknesses:** attributes of an individual that are harmful to achieving the objective.

- **Opportunities:** external conditions that are helpful to achieving the objective.
- **Threats:** external conditions which could do damage to achieving the objective.

Identification of SWOTs is essential because subsequent steps in the process of planning for achievement of the selected objective may be derived from the SWOTs.

First, the decision makers have to determine whether the objective is attainable, given the SWOTs. If the objective is NOT attainable a different objective must be selected and the process repeated.

SWOT Matrix

	Strengths	Weaknesses
Opportunities	S-O strategies	W-O strategies
Threats	S-T strategies	W-T strategies

- **S-O strategies:** pursue opportunities that are a good fit to your strengths.
- **W-O strategies:** overcome weaknesses to pursue opportunities.
- **S-T strategies:** use strengths to avoid threats.
- **W-T strategies:** establish a defensive plan to prevent your weaknesses from making it highly susceptible to external threats.

JOHARI Window

The **Johari window** technique was created by **Joseph Luft** and **Harry Ingham** in 1955 in the United States. When performing the exercise, subjects are given a list of 56 adjectives and pick five or six that they feel describe their own personality. Peers of the subject are then given the same list, and each pick five or six adjectives that describe the subject. These adjectives are then mapped onto a grid.

The **Johari Window** model is a simple and useful tool for illustrating and improving self-awareness, and mutual understanding between individuals within a group.

The **Johari Window** actually represents information - feelings, experience, views, attitudes, skills, intentions, motivation, etc - within or about a person - in relation to their group, from four perspectives, which are described below. The Johari Window model can also be used to represent the same information for a group in relation to other groups. Johari Window terminology refers to 'self' and 'others': 'self' means oneself, i.e., the person subject to the Johari Window analysis. 'Others' mean other people in the person's group or team.

The four Johari Window perspectives are called 'regions' or 'areas' or 'quadrants'. Each of these regions contains and represents the information - feelings, motivation etc - known about the person, in terms of whether the information is known or unknown by the person, and whether the information is known or unknown by others in the group.

The Johari Window's four regions, (areas, quadrants, or perspectives) are as follows, showing the quadrant numbers and commonly used names...

JOHARI Window Four Regions

1. What is known by the person about him/herself and is also known by others - open area, open self, free area, free self, or 'the arena'.
2. What is unknown by the person about him/herself but which others know - blind area, blind self or 'blindspot'.
3. What the person knows about him/herself that others do not know - hidden area, hidden self, avoided area, avoided self or 'facade'.
4. What is unknown by the person about him/herself and is also unknown by others - unknown area or unknown self.

JOHARI Window Four Regions - Model Diagram
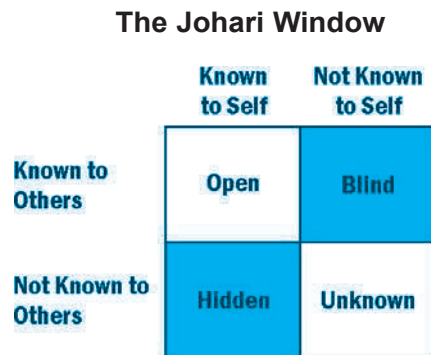
The Johari Window

The Johari Window is based on a four-square grid - the Johari Window is like a window with four 'panes'. Here's how the Johari Window is normally shown, with its four regions.

This is the standard representation of the Johari Window model, showing each quadrant of the same size.

The Johari Window 'panes' can be changed in size to reflect the relevant proportions of each type of 'knowledge' of/about a particular person in a given group or team situation.

In new groups or teams the open free space for any team member is small because shared awareness is relatively small.

As the team member becomes better established and known, so the size of the team member's open free area quadrant increases.

Key Points

- Self-analysis is the tool for people to better understand themselves
- SWOT analysis helps you to analyze your strength and weakness, identifying opportunities open to you and managing the threats
- JOHARI window analysis can be used to improve the relationship between an individual and a group or between groups

Further Reading

1. Self-Analysis by L Ron Hubbard
2. I am ok, you are OK by Thomas A Harris

PLANNING

Definition

"A process concerned with defining goals and deciding on the task and resources to be used in order to achieve the goals"

OR

"Planning is the time bound utilization of limited resources for meeting the needs on priority basis"

Planning is all about creating advantageous circumstances for oneself later in life. Planning is an important process that helps one in developing his goals for his future. Remember, if you are not planning for success, you are planning for failure. This means that to achieve success, planning is must for everyone.

Planning can be both long term and short term. In life, there are always goals that need to be

accomplished earlier than some goals that can be pushed back for later in life. For early goals there is short term planning and for later goals there is long term planning.

Action Plan

Depending on the goal, Action Plans could be a daily, weekly, monthly, quarterly, yearly or any other suitable time frame. For example, a healthy eating and exercise plan may have daily actions if you want to be very specific about your activities, where as a budgeting plan may only have weekly actions, and career development goals may be even longer.

It doesn't matter which timeframe you adopt – chose the one that best suits the level of control you want to have over the Action Plan. Daily action plans will have the highest level of control.

Importance of Planning

Twenty minutes of planning per day can improve your productivity many times. Affording yourself time to plan now will pay off in the future. Planning daily will ensure that you are staying on track with your goals and you will become more tasks oriented. By simply taking 15-20 minutes to go through what your objectives or outcomes are, you will be more likely to achieve them and not get side tracked which is quite easy to do when you have lots to do!

Planning provides the framework for informed decision making -By planning what you are going to do- you will be establishing a framework and will be able to tick off items from your "to do" list as you go along. Planning will minimize impulsive and arbitrary decisions.

Planning reduces crisis management and uncertainties – Planning provides clear sense of direction and when you plan effectively there is less likelihood of any critical/urgent issues coming up. Having a plan makes it much easier to deal with unexpected.

Why Planning Fails

1. Lack of Clarity
If goals are not clear, supporting action plans will fail.

Goals must be personal and meaningful; otherwise you'll have no reason to achieve them. You need to work out what YOU really want, not what other people think you want.

Example – Is popular Goal of "making more money" meaningful to you? This goal is meaningless unless you have a reason driven by your desires and needs. You need to ask yourself "Why do I want to make more money?" To keep up with your neighbour or friends is not a meaningful reason. To pay for better education for your kids or to live in a safer area or to provide security to your family and loved ones – they are all meaningful reasons, because they are personal to you.

2. Being unrealistic
Remember S.M.A.R.T. Goals! Just because you've written down a goal doesn't mean it is just going to happen. You need to put efforts to achieve your goals, and the only way you'll be able to get there is if the goals are **reasonable** and **realistic**. If you set unrealistic goals, you are just setting yourself up for failure.

For example we all know that you can't lose 10 kg overnight or you can't complete marathon if you haven't been practicing. You need to set realistic deadlines if you want to achieve these goals. Remember, it takes longer to learn new skill or to quit old habit. So set realistic deadline.

3. Not taking action
Having a meaningful goal in writing is only half the story – you need an **action plan** to tell you how to get there. All successful missions have had a plan or strategy. Analogy of the map – "the goal is the destination; the map is how to get there." Take the time to plan the journey so you take the best route.

Having a perfect plan aimed at getting you to that dream destination is not worth anything if it just sits with you – you must act on your plan! The plan will guide you and tell you what to do, if you are ready to take the first step. In the words of Nike *Just Do It!*

4. Getting Distracted

Success at achieving your goals requires single minded focus, commitment and perseverance. Sometimes your energy may be low and you can think of quitting, but it's important not to give up. Visualize the outcome of your goal and continue!

To help keep you focused, try taking help of a close friend or personal mentor. You can share you successes and failures with them to help you grow from these experiences.

5. No Follow-Through

Planning is a continuous process. This is your road map, your life guide, and needs to be referred to constantly to make sure you're continuing to go in the right direction.

Your priorities and your goals may change from time to time (for example if you start a family) and if this is the case, it is important to sit down and go through the goal setting process again to make sure your goals still have that personal meaning to make you WANT to achieve them.

PRIORITIZING

Prioritization is the essential skill to make the very best use of your own efforts and to get organized. It gives you control of your work responsibilities. It is particularly important when time is limited and demands are seemingly unlimited. It helps you to allocate your time where it is most-needed and most wisely spent, freeing you up from less important tasks that can be attended to later or dropped.

Techniques for setting priorities

There are several ways to set priorities. You need to keep in mind following when prioritizing – Deadlines, Importance and Impact.

ABC Analysis

The ABC analysis allows you to prioritize your tasks into three different categories:

- **A** – Tasks that are urgent and important,
- **B** – Tasks that are important but not urgent
- **C** – Tasks that are neither urgent nor important.

ABC analysis is frequently combined with Pareto analysis.

Pareto Analysis
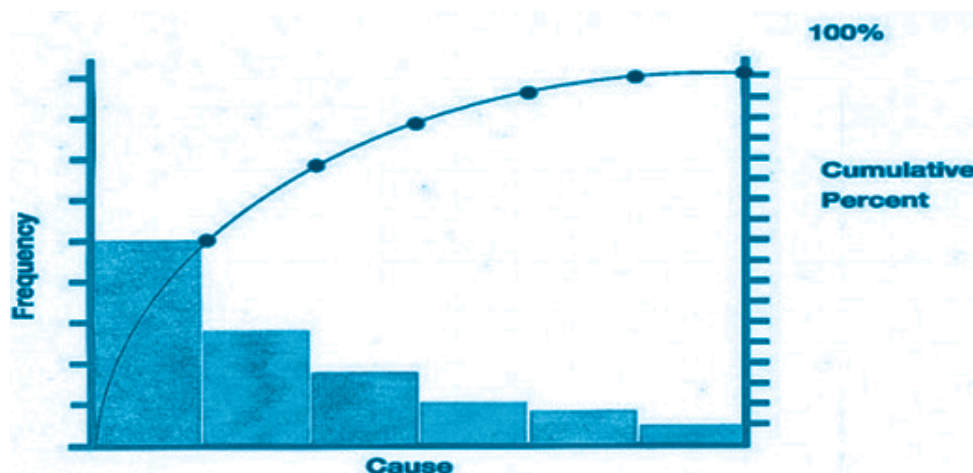
This is the idea that 80% of tasks can be completed in 20% of the disposable time. The remaining 20% of tasks will take up 80% of the time. This principle is used to sort tasks into two parts.

How to apply the Pareto analysis?

You can apply the Pareto analysis by writing down a list of tasks that need to be accomplished (to-do-list) that is ranked in order of their importance, with the

slight difference that importance in regards to the Pareto analysis means the contribution of this task to the overall outcome of your goal/project.

Put simple: you rank your tasks accordingly to their outcome. If a task does not contribute towards the aimed outcome it is regarded as unimportant. Once you have finished the list with all tasks ranked accordingly of their outcome you can spot the top 20% of all your activities that result in an outcome of 80%.

The Eisenhower Method (Time Management Matrix)

Although this method was made popular by Stephen Covey in his book "First Things First", the concept is originally credited to US President Dwight D. Eisenhower, pictured right.

- **Urgent and Important** – for example the kitchen catching fire, a deadline to submit tax reports or any deadline driven projects
- **Not Urgent and Important** – doing exercises, long term planning, working on a project, relationship building, new opportunities
- **Urgent and Not Important** – various interruptions- visitors, calls, some emails, some meetings *etc*.
- **Not Urgent and Not Important** – activities that just waste time, procrastination, office gossip, watching T.V. *etc.*

All tasks are evaluated using the criteria important/unimportant and urgent/not urgent and put in according quadrants. Tasks in unimportant/not urgent are dropped, tasks in important/urgent are done immediately and personally, tasks in unimportant/urgent are delegated and tasks in important/not urgent get an end date and are done personally. Eisenhower is quoted as saying: *What is important is seldom urgent and what is urgent is seldom important.*

POSEC Method

POSEC is an acronym for ***Prioritize by Organizing, Streamlining, Economizing and Contributing***.

The method dictates a template which emphasizes an average individual's immediate sense of emotional and monetary security. It suggests that by attending to one's personal responsibilities first, an individual is better positioned to shoulder collective responsibilities.

POSEC method is loosely based on Maslow's hierarchy of needs and it entails doing your tasks in order to fulfil all your needs.

1. **Prioritize -** Define your tasks according to your goals and prioritize your allocation of time. This means to tackle your daily tasks in order of importance so as to create personal efficiency and team effectiveness.

2. **Organizing -** Giving an orderly structure to the goals one has to accomplish regularly. By doing so, one gains a feeling of security and freedom by meeting the most basic needs such as food, shelter, and clothing among others.

3. **Streamlining -** Things you may not like to do, but must do. (Work and Chores)

4. **Economizing -** Creating economy involves those things that you must do or would like to do, but are not needed to be done with any degree of urgency. Economizing would entail such tasks as acquiring new skills, taking part in projects that you enjoy, and engaging in personal development, among others. (Pastimes and Socializing)

5. **Contributing -** Contribution can be done by paying attention to those tasks whose measure of benefit may not be evident immediately, but make a difference in the long run.　These contributions to humanity as acts such as kindness and thoughtfulness, among others (Social Obligations).

Key Points

■　Planning is about creating advantageous circumstances for oneself later in life

■　Prioritization is important when demands are unlimited and time is limited

Further Reading

1.　Put first things first by Stephan R Covey
2.　Eat that Frog!:21 great ways to stop procrastinating and get more done in less time by Brian Tracy

GOAL SETTING & ACCOUNTABILITY

DEFINITION

■   Goal Setting is the process of deciding what you want to achieve and devising a plan to achieve the result you desire.

Importance of Goal Setting

Goal setting is a process for thinking about your ideal future (what you desire to be), and for motivating yourself to turn this vision of the future into reality. When you know what you want to achieve, you know where you have to concentrate your efforts. You'll also be able to spot the distractions. Properly set goals can be incredibly motivating, and as you get into the habit of setting and achieving goals, you'll find that your self-confidence builds fast.

By setting sharp, clearly defined i.e., **specific** goals, you can measure and take pride in the achievement of those goals. You can see forward progress in what might previously have seemed a long pointless grind.

How to set Personal Goals

Goals are set on a number of different levels:

1.   **In your mind you create "big picture"** of what you want to do with your life, and decide what goals you want to achieve in short and long term.

2.   You **break these down into the smaller and smaller targets** that you must achieve first so that you reach your lifetime goals.

3.   **Finally you take action** i.e. once you have your plan, you start working to achieve it.

Goal setting starts with writing your personal vision and mission statement.

Your Personal Vision

A Personal Vision is a picture of your True Self in the future. An effective personal vision includes all the important elements of your life. It guides you to reach the destination you have set for yourself in life. It is a

statement of who you are, and who you are becoming. It is the framework for the process of creating your life. Your vision is where you are headed, how you get there is your mission statement.

Your Personal Mission

Writing a personal mission statement offers the opportunity to establish what's important and make a decision to stick to it. As per Steve Covey- "Personal mission statement is written to inspire you-not to impress anyone else. It communicates to you and inspires you on the most essential level."

Your Lifetime Goals

The first step in setting personal goals is to consider what you want to achieve in your lifetime (or 20-25 years in the future). Setting Lifetime Goals gives you the overall perspective that shapes all other aspects of your decision making.

To cover all important areas of your life, try setting goals in some of these categories (or add categories of your own depending on what is important to you):

■   **Attitude:** Do you want change any habits/ behaviour?

■   **Career:** What level do you want to reach in your career? Do you want to start your own company?

■   **Family:** Do you want to be a parent? If so, how are you going to be a good parent?

■   **Financial:** How much money you want to make? By when you want to retire?

■   **Knowledge/Skill:** Is there any knowledge you want to acquire in particular?

■   **Physical:** Are there any physical goals you want to achieve? What specific steps are you going to take to achieve this?

■   **Social Service:** Do you want to make the world a better place? If so, how?

Spend some time thinking on these, and then select one goal from each category that best reflects your vision. Think again and trim this list so that finally you have a small number of really significant goals on

which you can focus. Ensure that the goals that you have set are ones that YOU really want to achieve, not ones that your parents, friends, relatives or employers might want.

Breaking down your lifetime goal

Once you have set your lifetime goals, set a five year plan of smaller goals that you should complete if you are to reach your lifetime plan. Then set a one year plan, six month plan, and one month plan of progressively smaller goals that you should reach to achieve your lifetime goals. Each of these should be based on the previous plan. Now create a daily to-do list of things that you should do today to work towards your lifetime goals. Finally review your plans, and make sure that they fit with your personal vision.

Staying on Course

Once you have decided your first set of plans, keep the processes going by reviewing and updating your to-do list on a daily basis. Periodically review the longer term plans, and modify them to reflect your changing priorities and experience.

SMART Goals

"A goal properly set is halfway reached," – Abraham Lincoln

To make goals more powerful ensure they are SMART i.e. -

- ■ S - Specific
- ■ M - Measurable
- ■ A - Attainable
- ■ R - Relevant
- ■ T - Time-bound

Let us now understand each of the above in detail.

1. Specific
Goals should be straightforward and emphasize what you want to happen. Specifics help us to focus our efforts and clearly define what we are going to do.

Specific is the What, Why, and How of the SMART model.

WHAT are you going to do? Use action words such as direct, organize, coordinate, lead, develop, plan and build etc.

WHY is this important to do at this time? What do you want to ultimately accomplish?

HOW are you going to do it? (By...)

2. Measurable
Choose a goal with measurable progress, so you can see the change occur. How will you see when you reach your goal? Be specific! "I want to read 3 chapter of XYZ book before my birthday" shows the specific target to be measure. "I want to be a good reader" is not as measurable.

Establish concrete criteria for measuring progress toward the attainment of each goal you set. When you measure your progress, you stay on track, reach your target dates, and experience the exhilaration of achievement.

3. Attainable
If goals you set are too far out of your reach, you probably won't commit to doing. Although you may start with the best of intentions, the knowledge that it's too much means your subconscious will keep reminding you of this fact and will stop you from even giving it your best.A goal needs to stretch you slightly so you feel you can do it. For instance, if you aim to lose 15Kg in one week, we all know that isn't achievable. But setting a goal to lose 1Kg and when you've achieved that, aiming to lose a further 1Kg, will keep it achievable for you.

The feeling of success which this brings helps you to remain motivated.

4. Relevant
Relevant goals means "choosing goals that matter". A relevant goal will receive the support of others and will help you achieve your bigger objective.

5. Timely

Set a timeframe for the goal: for next week, in three months, in one year. Putting an end point on your goal gives you a clear target to work towards.

Achieving Goals

When you have achieved a goal, take the time to enjoy the satisfaction of having done so. Celebrate your achievement and if the goal you achieved was a significant one, reward yourself.

Key Points

Goal setting is an important method of:

- Deciding what is important for you to achieve in your life
- Separating what is important from what is irrelevant, or a distraction
- Building your self-confidence, based on successful achievement of goals

Further Reading

1. The 7 habits of highly effective people by Stephan R Covey
2. Seven Steps to Successful Goal Setting (http://www.briantracy.com/blog/general/7-steps-to-successful-goal-setting/)

ACCOUNTABILITY

Definition

Accountability is a concept in ethics and governance with several meanings. It is often used synonymously with such concepts as responsibility, answerability and blameworthiness, liability.

Accountability can be defined as ultimate responsibility. Although responsibility can be shared, Accountability cannot!

Types of Accountability

1. Personal Accountability

You are accountable for yourself. You are responsible for your success and failure. We have a lot of different layers of values and desires and our needs in the moment can take us away from our short or long term goals. A structure that really works for personal accountability is to schedule something or buy something that will force you to keep to your goal.

2. Group Accountability

Everyone in the group is working on similar goals as you are. This could be in the form of a mastermind group, a board of directors, a support group, a club, a team or some other group of peers. You just don't want to let the group down, so you keep your word and do your best.

3. Professional Accountability

Paying someone or getting paid by someone to get results. This type of accountability can come from an employer or a customer who is paying you to achieve some result for them such as auditing , Filing taxes, Financial Planning *etc.* and you are accountable in that way.

How to create Accountability in an Organization

- **Establish the organizations objectives.** This means the significant few, not the important many. Once identified, objectives must be clear, concise, measurable and obtainable. Organization culture should be helpful for the growth and development of people.
- **Assign each team member his or her respective objectives.** Ensure team members understand exactly what they are responsible for and their objectives. These objectives when combined must allow the organization to achieve its top objectives. Ask each team member what he or she needs to win. Also let the team members understand that what they do affects everyone else in the company.
- **Agree on what the leader will do to help.** To help people win, leaders must remove the

roadblocks that stand in the way. Meet individually with each team member to clarify the roadblocks and agree on what's needed to win and who will be responsible for making it happen.

- **Follow up.** Each direct report should schedule a 30-minute weekly/monthly update using a standard status report. Results at or above the plan could be green and any area behind plan in red. Focus the conversation on what was done to achieve green and if the results will remain green in the next update. When discussing red results focus on what will be done to achieve green status, when it will be achieved and any help that's needed.

- **Share lessons learned.** Hold monthly/quarterly meetings with all direct reports present to discuss lessons learned, identify critical roadblocks and make specific offers to help. Sharing lessons learned is a great way to help save time and help you to reduce cost (avoid the similar mistake and implement the success stories).

- **Measure Performance and Reward.** When objectives are achieved, ensure team members are rewarded. Those who achieve the most get rewarded the most—and everyone should know that. Ensure that people at the bottom are improving their performance. No one with poor performance gets to remain on the bottom for more than a year without action being taken.

Self-Accountability: The Ultimate Leadership Tool

Having a strong sense of self-accountability is the cornerstone of success and productivity. Self-accountability simply means you are holding yourself responsible for your successes and failures. Most of us feel a sense of accountability towards our managers, co-workers, clients, customers, friends, family, and even society in general.

Self-accountability requires a constant mindful examination of your own values and motivations. Having strong core values makes it easier to make

tough decisions. Strong core values make it easier to focus on the things that are important, and ignore the things that are not. Without knowing what your core values are, it is easy to get lost in a sea of decisions, and the onslaught of the daily grind. Be mindful of your decisions and actions and making sure that you are not out of integrity with your core values.

Laws of irresponsibility

Law 1 : I have many rights but no duties.

Law 2: I have the right to feel good, If I don't feel good , it's not my fault, it is the fault of government, the politician, society and the company I am working for.

Law 3: I have many talents and needs, It is the responsibility of the society and the company to develop my talents and meet my needs.

Law 4: When my company has problems, the responsibilities rest solely with management. I am a back bencher.

Law 5: It is the duty of the management to involve me in their decisions. However, I do not need to commit myself. I do not need to come up with constructive criticism or alternative suggestions. It is sufficient for me to point out mistakes and omissions in their proposal.

Law 6: I have the right to feel secure – if I do not, I cannot work effectively. I am under no obligation to work effectively in order to feel secure.

Above laws can't help anyone so let's take charge and be responsible3 for our actions.

Key Points

- As an individual hold yourself responsible for your success and failure
- In organization ensure objectives are assigned and proper power is given to employees to achieve their objective. Reward the employees when they meet their objectives

Further Reading

1.   Winning with Accountability by Henry J Evans

CRITICAL AND INDEPENDENT THINKING

Edward Glaser defines **Critical Thinking** as including the following **THREE** things**:**

1. An attitude to consider in a **thoughtful way** the problems and subjects that come within the range of one's experiences
2. Knowledge of the methods of **logical inquiry and reasoning, and**
3. Some skill in **applying** those **methods**.

Critical thinking is NOT negative thinking. It fosters the ability

- to be creative and constructive
- to generate possible explanations for findings and think of implications, and
- to apply new knowledge to find practicable solutions

to business, societal and human problems.

Independent Thinking is Owning your own mind.

- Making sense of the world based on your own **observations** and **experiences** rather than just depending on the word of others.
- Trusting your own ability to **make judgments**, even if they contradict what others say.
- Acting in accordance with these judgments, even if you sometimes make mistakes. (it's better to make your own mistakes than someone else's!)

Independent Thinking is a Judgment based on your observations and experiences

Critical Thinking is application of tool or a process to convert judgments into solutions

Independent Thinking **does NOT** mean **- Being contrary or reacting** against the wishes of your parents, teachers or peers, simply because they say

something is right. This is termed as "anti-conformity" rather than non-conformity.

Always note, making up your own mind is not a reaction, it is an action. It needs to be open minded and willing to receive inputs/ judgments from others

Few Examples of Critical thinking in practice:

- An applicant preparing for a job interview thinking about how to explain his or her particular skills and experiences in a way that will be relevant and of value to the prospective employer
- Parents anticipating the costs of sending their young child to college, analyzing the family's projected income, and budgeting projected household expenses in an effort to put aside some money for that child's future education
- A person running a small business trying to anticipate the possible economic and human consequences of various ways to increase sales or reduce costs

Credible Problem Solving Techniques

1. IBPS – Issue based Problem Solving
2. SCQ framework
3. Analytical Tools
4. Deductive vs. Inductive Reasoning

What is IBPS?

Issue based Problem Solving (IBPS) is the mmethodology that enables definition, Analysis and obtaining Solutions to problems in a structured and Analytical manner.
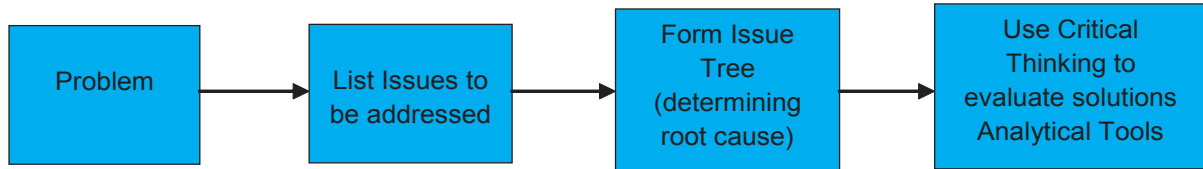
Situation	Acknowledged	Credible	Communication	Desired position
Where is the Client	**Problem**	**Solution**	**Answer**	**Final Client Position**

Step – 1: **Understanding the Problem and its constituents through SCQ Framework:**

■ **Situation:** Describe the current Situation

■ **Complication:** Describe the tension/issue which is causing discomfort

■ **Question:** Describe the question that would reduce/eliminate the discomfort

Step – 2: Breakdown the problem to determine the root cause and determine the solution using Critical Thinking through an Iterative process

Problem → List Issues to be addressed → Form Issue Tree (determining root cause) → Use Critical Thinking to evaluate solutions Analytical Tools

Step – 2: Identify the root causes of the Problem using Issue Tree

■ Define Problem using Issue Tree

■ Break-down issues into sub-issues

■ Continue till sub-issues can be answered individually

■ Breaking down of issues shall be – **mutually exclusive, collectively exhaustive**

For effectiveness, an Issue Tree must obey the below 4 rules

■ Consistently answer a why or how question

■ Progresses from key question to Analysis as we move to the right

■ Have branches that are mutually exclusive and collectively exhaustive (MECE)

■ Each step is an insightful breakdown

Step – 2: Evaluate Solutions using Critical Thinking

Critical Thinking is the mental process of logically conceptualizing or hypothesizing, applying, analyzing, synthesizing and evaluating information to reach possible and plausible answers.

Development in thinking requires a gradual process requiring plateaus of learning and just plain hard work. It is not possible to become an excellent thinker simply because one wills it. Changing one's habits of thought is a long-range project, happening over years, not weeks or months. The essential traits of a critical thinker require an extended period of development.

How, then, can we develop as critical thinkers? How can we help ourselves and our students to practice better thinking in everyday life?

First, we must understand that there are stages required for development as a critical thinker:

Stage One: The Unreflective Thinker (we are unaware of significant problems in our thinking)

Stage Two: The Challenged Thinker (we become aware of problems in our thinking)

Stage Three: The Beginning Thinker (we try to improve but without regular practice)

Stage Four: The Practicing Thinker (we recognize the necessity of regular practice)

Stage Five: The Advanced Thinker (we advance in accordance with our practice)

Stage Six: The Master Thinker (skilled & insightful thinking become second nature to us)

We develop through these stages if we:

1. Accept the fact that there are serious problems in our thinking (accepting the challenge to our thinking) and

2. Begin regular practice.

Critical Thinking applies the following approach:

Purpose, Information, Predisposition, Conceptualization, Drawing Inferences, Implications

Step – 2: Solutions - Analytical Tools

SI No	Focus Area	Tool to be Used
1	What are the Issues?	Fish Bone
2	What are the most important issues?	Pareto
3	What Performance Areas are weak?	Benchmarking
4	What are the core competencies?	SWOT Analysis
5	What forces can influence the problem?	Force Field Analysis

Step – 2: Solutions - Analytical Tools - Fishbone Analysis

Fishbone 4S technique prevalent in Service Industry comprises of Systems, Surroundings, Skills & Suppliers.

The purpose of this analysis is to break down (in successive layers of detail) root causes that potentially contribute to a particular effect

Step – 2: Solutions - Analytical Tools - Pareto Analysis **(80:20 rule)**

Pareto analysis is a formal technique useful where many possible courses of action are competing for attention. In essence, the problem-solver estimates the benefit delivered by each action, then selects a number of the most effective actions that deliver a total benefit reasonably close to the maximal possible one.

Step – 2: Solutions - Analytical Tools - Benchmarking

- **Benchmarking** is the process of comparing one's business processes and performance metrics to industry bests or best practices from other industries.
- Dimensions typically measured are quality, time and cost.
- In the process of best practice benchmarking, management identifies the best firms in their industry, or in another industry where similar processes exist, and compares the results and processes of those studied (the "targets") to

one's own results and processes. In this way, they learn how well the targets perform and, more importantly, the business processes that explain why these firms are successful.

Step – 2: Solutions - Analytical Tools – SWOT Analysis

A **SWOT analysis** (alternatively **SWOT matrix**) is a structured planning method used to evaluatethe strengths, weaknesses,opportunities, and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieve that objective.

Step – 2: Solutions - Analytical Tools – Force-field Analysis

1. **Force-field analysis** is an influential development in the field of social science. It provides a framework for looking at the factors (*forces*) that influence a situation, originally social situations.
2. It looks at forces that are either driving movement toward a goal (helping forces) or blocking movement toward a goal (hindering forces).
3. The principle, developed by Kurt Lewin, is a significant contribution to the fields of social science, psychology, social psychology, organizational development, process management, and change management.

Step – 3: Arriving at the answer (Deductive versus Inductive Logic)

Step – 3: Arriving at the answer (Deductive Logic)

- **Deductive reasoning** is a basic form of valid reasoning. Deductive reasoning, or deduction, starts out with a general statement, or hypothesis, and examines the possibilities to reach a specific, logical conclusion. The scientific method uses deduction to test hypotheses and theories.

- In deductive reasoning, if something is true of a class of things in general, it is also true for all members of that class. For example, "All men are mortal. Harold is a man. Therefore, Harold is mortal." For deductive reasoning to be sound, the hypothesis must be correct. It is assumed that the premises, "All men are mortal" and "Harold is a man" are true. Therefore, the conclusion is logical and true.

- It's possible to come to a logical conclusion even if the generalization is not true. If the generalization is wrong, the conclusion may be logical, but it may also be untrue. For example, the argument, "All bald men are grandfathers. Harold is bald. Therefore, Harold is a grandfather," is valid logically but it is untrue because the original statement is false.

Step – 3: Arriving at the answer (Inductive Logic)

- **Inductive reasoning** is the opposite of deductive reasoning. Inductive reasoning makes broad generalizations from specific observations. Even if all of the premises are true in a statement, inductive reasoning allows for the conclusion to be false. Here's an example: "Harold is a grandfather. Harold is bald. Therefore, all grandfathers are bald." The conclusion does not follow logically from the statements.

- Inductive reasoning has its place in the scientific method. Scientists use it to form hypotheses and theories. Deductive reasoning allows them to apply the theories to specific situations.

Arriving at the answer - Recommended Communication logic: Inductive

Step – 3: Communicating the Answer: Pyramid Principle

The holistic view, construct the pyramid based on outcomes from individual frameworks – SCQ, list down the broad questions that should be addressed on priority, and then communicate the answer and message

The Client has an immediate grasp of the Answer, context and the logical flow.

- Every document or presentation can and should be reduced to a single main message

- We should state the answer as soon as possible; immediately after a short and suitably structured introduction

Communicating the Answer: Pyramid Principle - logic

- The Client is interested first and foremost in what the answer is. Interest is the derivation process is secondary

- People absorb information and ideas better and draw the desired conclusions much more easily if they know why all the inputs are being shared with them. In other words, detail is handled better in the context of the big picture.

Cultivating Independent Thinking

- **Know your worth:** When you cultivate & blossom a sense of self-worth and polish your special talents, you are confident and less vulnerable to suppression or manipulative behavior

- **Know your values:** Let your principles be your guiding light. If you know what you stand for, others can't exploit or pressure you as easily.

- **Nurture your critical thinking skills:** Analyze problems and issues, build your own arguments based on logical reasoning. Hypothesize issues and brainstorm to derive new ideas and creative solutions.

- **Expand your knowledge:** Interact with peers and teachers to understand diverse opinions. Use curious questioning techniques to get your

desired responses. Research & read views published and shared in forums. Be receptive and seek counter opinions and analyze them to better your understanding. This may be helpful in changing your opinion to a better option.

- **Analyze your bias and assumptions:** Be honest with yourself. Don't make excuses for assumptions that make you uncomfortable if you stop to analyze them. Put yourself to test and answer back why you feel or think in a particular way?

- **Be assertive:** When you are assertive, you convey your views confidently and are received pleasantly. If you feel you are passive or timid, you should get trained on & practice assertiveness techniques, to stand up for what you believe in.

- **Drop your inhibitions:** Low self-confidence, negative self belief & attitudes, fears, or anxieties make you vulnerable to pressures from your peers or others. Read books on cognitive therapy, seek professional counseling to overcome your irrational beliefs.

- **Be yourself:** Practice being different from what you "**should be**" or "**are expected to be**". Dress differently than you usually do or differently than a social group, strike conversations on topics you need diversity or clarity of views. You may find out that the consequences of being different are not as painful as you imagine. Even if you get flak, it's a psychologically stretching exercise.

EFFECTIVE COMMUNICATION

INTRODUCTION

People in organizations typically spend over 75% of their time in an interpersonal situation; thus it is no surprise to find that at the root of a large number of organizational problems is poor communication. Effective communi-cation is an essential component of organizational success whether it is at the interpersonal, intergroup, intragroup, organizational, or external level.

In a recent survey of recruiters from companies with more than 50,000 employees, communication skills were cited as the single more important decisive factor in choosing managers. The survey, conducted by the University of Pittsburgh's Katz Business School, points out that communication skills, including written and oral presentations, as well as an ability to work with others, are the main factors contributing to job success.

One of the major facts for increasing interpersonal conflicts is poor communication. A recent study of 1200 CEOs of major Corporates reported that communication problems are the primary reason that many of the most capable business people failed or floundered.

"Communication is also the most profound way to change brain chemistry" says Steven Paul, Chief of Clinical Neuroscience of the National Institute of Mental Health, USA. As people begin to speak, their blood pressure goes up, and microscopic blood vessels' changes are delectable at far distant point in the body. Conversely, when people listen attentively or tune in to the external environment in a relaxed manner, their blood pressure falls and heart rate slow, often slightly below normal resting levels.

The Communication Process

Although all of us have been communicating with others since our infancy, the process of transmitting information from an individual (or group) to another is a very complex process with many sources of potential error.

The Communication Process
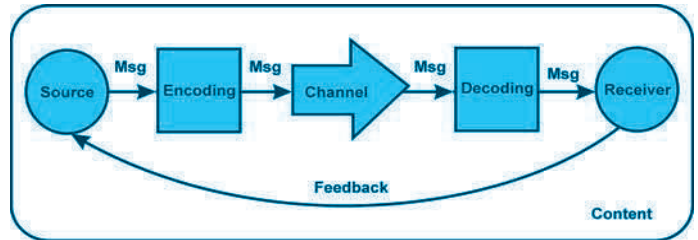
In any communication, at least some of the "meaning" is lost in simple transmission of a message from the sender to the receiver. In many situations a lot of the true message is lost and the message that is heard is often far different than the one intended. This is most obvious in cross-cultural situations where language is an issue. But it is also common among people of the same culture.

Communication is so difficult because at each step in the process there is major potential for error. By the time a message gets from a sender to a receiver, there are four basic places where transmission errors can take place and at each place, there are a multitude of potential sources of error. Thus it is no surprise that social psychologists estimate that there is usually a 40-60% loss of meaning in the transmission of messages from sender to receiver.

It is critical to understand this process, understand and be aware of the potential sources of errors and constantly counteract these tendencies by making a conscientious effort to make sure there is a minimal loss of meaning in your conversation. It is also very important to understand that a majoring of communication is non-verbal. This means that when we attribute meaning to what someone else is saying, the verbal part of the message actually means less than the non-verbal part. The non-verbal part includes such things as body language and tone.

The 7Cs of Effective Communication

The 7Cs of effective Communication, apply to both written as well as oral communication.

Completeness - The communication must be complete and it should convey all facts required by the audience. Complete Communication leaves no questions in the mind of receiver.

Conciseness - Conciseness means wordiness, *i.e.*, communicating what you want to convey in least possible words.

Consideration - Effective communication must take the audience into consideration, i.e, the audience's view points, background, mind-set, education level, etc. Ensure that the self-respect of the audience is maintained and their emotions are not at harm. Emphasize on "you" approach.

Clarity - Clarity implies emphasizing on a specific message or goal at a time, rather than trying to achieve too much at once. It makes understanding easier.

Concreteness - Concrete communication implies being particular and clear rather than fuzzy and general. Concreteness strengthens the confidence. Concrete message is supported with specific facts and figures. Concrete messages cannot be misinterpreted.

Courtesy - Courtesy implies taking into consideration both viewpoints as well as feelings of the receiver of the message.

Correctness - Correctness in communication implies that there are no grammatical errors in communication. Correct communication message is exact, correct and well-timed. It checks for the precision and accurateness of facts and figures used in the message.

Communication Style

Every time we speak, we choose and use one of the four basic communication styles: assertive, aggressive, passive and passive-aggressive.

1. Assertive Communication

The most effective and healthiest form of communication is the assertive style. It's how we naturally express ourselves when our self-esteem is intact, giving us the confidence to communicate without games and manipulation.

When we are being assertive, we work hard to create mutually satisfying solutions. We communicate our needs clearly and forthrightly. We care about the relationship and strive for a win-win situation. We know our limits and refuse to be pushed beyond them just because someone else wants or needs something from us. Surprisingly,assertive is the style most people use least.

Assertive communicators will:

- State needs and wants clearly, appropriately, and respectfully
- Express feelings clearly, appropriately, and respectfully
- Use "I" statements
- Communicate respect for others
- Listen well without interrupting
- Feel in control of self
- Have good eye contact
- Speak in a calm and clear tone of voice
- Have a relaxed body posture
- Feel connected to others
- Feel competent and in control
- Not allow others to abuse or manipulate them
- Stand up for their rights

2. Aggressive Communication

Aggressive communication always involves manipulation. We may attempt to make people do what we want by inducing guilt (hurt) or by using intimidation and control tactics (anger). Covert or overt, we simply want our needs met - and right now! Although there are a few areas where aggressive behavior is called for (i.e., sports or war), it will never work in a relationship. Ironically, the more aggressive sports rely heavily on team members and rational coaching strategies. Even war might be avoided if we could learn to be more assertive and negotiate to solve our problems.

Aggressive communicators will often:

- Try to dominate others
- Use humiliation to control others

- Criticize, blame, or attack others
- Be very impulsive
- Have low frustration tolerance
- Speak in a loud, demanding, and overbearing voice
- Act threateningly and rudely
- Not listen well
- Interrupt frequently
- Use "you" statements
- Have piercing eye contact and an overbearing posture

3. Passive Communication

Passive communication is based on compliance and hopes to avoid confrontation at all costs. In this mode we don't talk much, question even less, and actually do very little. We just don't want to rock the boat. Passives have learned that it is safer not to react and better to disappear than to stand up and be noticed.

Passive communicators will often:

- Fail to assert for themselves
- Allow others to deliberately or inadvertently infringe on their rights
- Fail to express their feelings, needs, or opinions
- Tend to speak softly or apologetically
- Exhibit poor eye contact and slumped body posture

4. Passive-Aggressive Communication

A combination of styles, passive-aggressive avoids direct confrontation (passive), but attempts to get even through manipulation (aggressive). If you've ever thought about making that certain someone who needs to be "taught a thing or two" suffer (even just a teeny bit), you've stepped pretty close to (if not on into) the devious and sneaky world of the passive-aggressive. This style of communication often leads to office politics and rumour-mongering.

Passive-Aggressive communicators will often:

- Mutter to themselves rather than confront the person or issue
- Have difficulty acknowledging their anger
- Use facial expressions that don't match how they feel - i.e., smiling when angry
- Use sarcasm
- Deny there is a problem
- Appear cooperative while purposely doing things to annoy and disrupt
- Use subtle sabotage to get even

Importance of Communication

The ability to communicate effectively is necessary to carry out the thoughts and visions of an organization to the people. The importance of speech and words whether through a paper or a voice is a communication medium to convey directions and provide synchronization. Without communication, there is no way to express thoughts, ideas and feelings.

The ability and the importance of communication become much more crucial when you are on a mission or need to fulfill a goal. Without a means to communicate, your organization will become isolated. The ability to effectively communicate is very important when it is usually underestimated and overlooked.

Communication is a necessity as we use it to network, spread ideas, and promote. Communicate effectively through well known mediums and convey it simply and precisely. The importance of communication is crucial to the success of your organization because you need to reach out in order to fulfill your mission.

Barriers to Effective Communication

There are a wide number of sources of noise or interference that can enter into the communication process. This can occur when people know each other very well and should understand the sources of error. In a work setting, it is even more common since interactions involve people who not only don't have years of experience with each other, but communication is complicated by the complex and often conflicting relationships that exist at work. In a work setting, the following suggests a number of sources of noise:

- Language: The choice of words or language in which a sender encodes a message will influence the quality of communication. Use simple language.

- Defensiveness, distorted perceptions, guilt, transference, distortions from the past.

- Misreading of body language, tone and other non-verbal forms of communication (see section below).

- Noisy transmission (unreliable messages, inconsistency).

- Receiver distortion: selective hearing, ignoring non-verbal cues.

- Power struggles.

- Self-fulfilling assumptions.

- Language-different levels of meaning.

- Managers hesitation to be candid.

- Assumptions e.g. assuming others see situation same as you, has same feelings as you.

- Distrusted source, erroneous translation, value judgment, state of mind of two people.

- Interpersonal Relationships: How we perceive communication is affected by the past experience with the individual. Perception is also affected by the organizational relationship two people have. For example, communication from a superior may be perceived differently than that from a subordinate or peer.

- Cultural Differences: Effective communication requires deciphering the basic values, motives, aspirations, and assumptions that operate across geographical lines. Given some dramatic differences across cultures in approaches to such areas as time, space, and privacy, the opportunities for miscommunication while we are in cross-cultural situations are plentiful.

Reading Nonverbal Communication Cues

A large percentage (studies suggest over 90%) of the meaning we derive from communication, we derive from the non-verbal cues that the other person gives. Often a person says one thing but communicates something totally different through vocal intonation and body language. These mixed signals force the receiver to choose between the verbal and nonverbal parts of the message. Most often, the receiver chooses the nonverbal aspects. Mixed messages create tension and distrust because the receiver senses that the communicator is hiding something or is being less than candid.

Nonverbal communication is made up of the following parts:

1. Visual
2. Tactile
3. Vocal
4. Use of time, space and image

Visual:

This is often called body language and includes facial expression, eye movement, posture, and gestures. The face is the biggest part of this. All of us "read" people's faces for ways to interpret what they say and feel. This fact becomes very apparent when we deal with someone with dark sunglasses. Of course we can easily misread these cues especially when communicating across cultures where gestures can mean something very different in another culture. For example, in American culture agreement might be indicated by the head going up and down whereas in India, a side-to-side head movement might mean the same thing.

We also look at posture to provide cues about the communicator; posture can indicate self-confidence, aggressiveness, fear, guilt, or anxiety. Similarly, we look at gestures such as how we hold our hands, or a handshake. Many gestures are culture bound and susceptible to misinterpretation.

Tactile:

This involves the use of touch to impart meaning as in a handshake, a pat on the back, an arm around the shoulder, a kiss, or a hug.

Vocal:

The meaning of words can be altered significantly by changing the intonation of one's voice. Think of how many ways you can say "no"-you could express mild doubt, terror, amazement, anger among other emotions. Vocal meanings vary across cultures.

Intonation in one culture can mean support; another anger.

Use of Time as Nonverbal Communication

Use of time can communicate how we view our own status and power in relation to others. Think about how a subordinate and his/her boss would view arriving at a place for an agreed upon meeting.

Physical Space

For most of us, someone standing very close to us makes us uncomfortable. We feel our "space" has been invaded. We tend to mark our territory either with permanent walls, or in a classroom with our coat, pen, paper, etc. The "personal zone" from about 2-4 feet usually is reserved for family and friends. The social zone (4-12 feet) is where most business transactions take place. The "public zone" (over 12 feet) is used for lectures.

Image

We use clothing and other dimensions of physical appearance to communicate our values and expectations. Similarly, we use "things" to communicate. This can involve expensive things, neat or messy things, photographs, plants, etc.

The use of gestures, movements, material things, time, and space can clarify or confuse the meaning of verbal communication.

A "majority" of the meaning we attribute to words comes not from the words themselves, but from nonverbal factors such as gestures, facial expressions, tone, body language, etc. Nonverbal cues can play five roles:

1. **Repetition:** They can repeat the message the person is making verbally

2. **Contradiction:** They can contradict a message the individual is trying to convey

3. **Substitution:** They can substitute for a verbal message. For example, a person's eyes can often convey a far more vivid message than words and often do

4. **Complementing:** They may add to or complement a verbal message. A boss who pats a person on the back in addition to giving praise can increase the impact of the message

5. **Accenting:** Non-verbal communication may accept or underline a verbal message. Pounding the table, for example, can underline a message.

Skillful communicators understand the importance of nonverbal communication and use it to increase their effectiveness, as well as use it to understand more clearly what someone else is really saying.

Effective Listening

Listening is a learnable skill. Unfortunately, it is not typically taught along with other communication skills at home or in school. We spend more time listening than using any other form of communication, yet as a youngster we were never taught the skill. We spent long hours learning to read and write and even had classroom training in public speaking, but we never had a lesson in listening or thought of listening as a learnable skill. While some may have had better experiences during their formative years, for many, listening is often treated the same as "hearing." We do not ordinarily receive instruction in using our other senses - smell, sight, touch and taste — so why give lessons in hearing (sound)?

However, recent researches prove that listening is a core skill required to succeed in corporate world and in life in general.

The Basic Listening Modes

1. **Active Listening** is the single most useful and important listening skill. In active listening we are also genuinely interested in understanding what the other person is thinking, feeling, wanting or what the message means, and we are active in checking out our understanding before we respond with our own new message. We restate or paraphrase our understanding of their message and reflect it back to the sender for verification. This verification or feedback process is what distinguishes active listening and

makes it effective. Reflective or Empathic Listening (Sometimes called a different level) takes this one step further and does the verification from the other person's point of view.

2. **Competitive or Selective Listening** happens when we are more interested in promoting our own point of view than in understanding or exploring someone else's view. We either listen for openings to take the floor, or for flaws or weak points we can attack. As we pretend to pay attention we are impatiently waiting for an opening, or internally formulating our rebuttal and planning our devastating comeback that will destroy their argument and make us the victor.

3. **In Passive Listening** we are interested in hearing without reacting. We are attentive and passively listen. We assume that we heard and understand correctly. We stay passive and do not verify it. Most importantly, we listen from our frame of reference. We filter whatever is said based on our beliefs, values and experiences.

4. **Reflective or Empathic Listening** takes Active Listening one step further and does the verification from the other person's point of view.

Characteristics of Active Listening Are:

■ Emphasising on listening than talking.
■ Understanding personal feeling, beliefs and positions rather than obstruct ideas.
■ Following the speaker rather than leading the area, we think we should be exploring.
■ Clarifying the speakers' thoughts and feelings.
■ Responding to speakers' feelings, beliefs and positions.

There are five essential factors, which influence active listening. They are:

■ Motivation
■ Concentration
■ Empathy
■ Knowledge
■ Emotion

Motivation

Motivation is the single most important factor. The need to listen and a willingness to understand others. If motivation is absent the interest for listening declines and consequently the ability to sustain attention diminishes.

Concentration

Lack of concentration can also be the result of poor motivation. However, another important factor is the rate of speed between the speaker and the listener. Most speakers speak at about 150 to 175 words a minute and the mind listens at a rate equivalent to 400 to 500 words per minute. So the mind works faster than the speaker can speak which means the mind has an opportunity to wander or to get diverted. Unless the listener uses his spare listening time in reflection & interpretation of the speaker's message, he will soon be lost.

Empathy

The key to effective interpersonal communication is this: "Seek first to understand then to be understood" says Steven R Covey, author of Seven Habits Of Highly Effective People. Empathic listening involves more than understanding the words that are said. You listen with your ears but also, more importantly listen with your eyes and with your heart. You listen for feeling, you listen for meaning, and you listen for behaviour.

Knowledge

A listener with no knowledge of speaker's immediate subject or experience misinterprets the information and unless he understands the speaker's communication codes or language, the communication breakdown will occur.

Emotion

The listeners' values and attitudes constitute emotional filters through which all messages pass through to his mind. The immediate emotional state of the listener can be a major communication constraint. For example a person saddened by a tragedy can be very poor listener or conversely emotionally upbeat person can be extremely receptive.

During communication process, perhaps it is good to remind ourselves, "We have two ears and one mouth so that we may listen more and talk less."

What is Empathic Listening?

The American College dictionary describes *empathy* as "mentally entering into the feeling of a person..., appreciative perception or understanding." Typical (non-empathic) listening usually focuses passively on what the speaker says.

Empathic listening is periodically saying a summary of what you sense the speaker thinks, feels, and needs at the moment, without judgment. Doing this does not mean you're agreeing with the speaker! Listening empathically to ensure clear understanding can be called a "hearing check."

Benefits of Empathic Listening

Empathic listening (also called the next stage of active listening or reflective listening) is a way of listening and responding to another person that improves mutual understanding and trust. The response is an integral part of the listening process and can be critical to the success of a negotiation or mediation. Among its benefits, empathic listening :

1. Builds trust and respect
2. Enables speakers to release their emotions
3. Reduces tensions
4. Encourages the surfacing of information, and
5. Creates a safe environment that is conducive to collaborative problem solving.

Among its other advantages empathic listening has empowering qualities. Providing an opportunity for people to talk through their problem may clarify their thinking as well as provide a necessary emotional release.

Rules of Good Listening

Rule #1:Stop Talking!

You can't multi-task speaking and listening. If you're talking, you're not listening. This rule also applies to the talking inside your head. If you're thinking intently about what you want to say, you're not listening to what is being said.

Rule #2: Create a Space

Create a physical space. Focus on reacting and responding to the speaker. Create, too, a space in your mind for what the speaker has to say. Create a space between your thoughts. Think of listening as a form of meditation. Quiet your mind and focus your attention on listening.

Rule #3: Hold Your Judgments

How often have you passionately expressed a gut reaction only to become turned around and regret what we said after hearing more of the facts? Allow for a thoughtful pause between reacting, a space in which to ask yourself, "Do I have the whole story?"

Rule #4: Don't Be Defensive

Do you ever take what another person says personally when what he or she is saying is not meant to be personal? Do you ever become angry at what another person says? Careful listening does not mean that you will always agree with the other party's point of view, but it does mean that you will try to listen to what the other person is saying without becoming overly defensive. Too much time spent explaining, elaborating, and defending your decision or position is a sure sign that you are not listening. This is because your role has changed from one of listening to a role of convincing others they are wrong. After listening to a position or suggestion with which you disagree, simply respond with something like, "I understand your point. We just disagree on this one." Effective listeners can listen calmly to another person even when that person is offering unjust criticism.

Rule #5: Open Your Mind

While we may not consciously feel the need to be right, we tend to have certain ideas about reality and feel groundless when they're threatened. Groundless now and then isn't a bad thing. Without is we can't break new ground or find common ground; it's okay to be unsure.

Rule #6: Focus

When someone is speaking, focus. If you're paying attention, you'll likely be showing signs of focus – such

as making eye contact – without thinking about it at all. Below are some of the ways we show we're listening.

Maintain Eye Contact

■ Not making eye contact has the connotation of someone untrustworthy. [Caution: steady eye contact maybe considered impolite or aggressive.]

■ Give non-verbal clues. Nod, lean toward the speaker, show you are interested.

■ Encourage the speaker to go on. Especially over the phone, hearing no response feels like no one is listening.

■ Don't be a verbal trespasser. Do not interrupt or jump to finishe the speaker's sentences.

■ Ask open questions. Open questions encourage the speaker. They elicit a more detailed response than closed questions. "What" and "Why" are usually helpful starts.

■ **Summarize.** Summarizing is often helpful, especially if you have had a misunderstanding, are unsure of expectations, or have just reached an agreement. Ensure that everyone is coming away with the same idea.

Rule #7: Paraphrase

Paraphrasing is the art of putting into your own words what you thought you heard and saying it back to the sender. For example, a subordinate might say: "You have been unfair to rate me so low on my performance appraisal. You have rated me lower than Jim. I can do the job better than him, and I've been here longer." A paraphrased response might be: "I can see that you are upset about your rating. You think it was unfair for me to rate you as I did."

Paraphrasing is a great technique for improving your listening and problem-solving skills. First, you have to listen very carefully if you are going to accurately paraphrase what you heard. Second, the paraphrasing response will clarify for the sender that his or her message was correctly received and encourage the sender to expand on what he or she is trying to communicate.

Rule #8: Remember Names

The first step in remembering names is deciding that they are important to remember. Listen when you're told about someone prior to introductions. Repeat the names when you are introduced. Make associations to remember names.

Rule #9: Question

Going into a listening situation with questions in your mind will help you remember and, often, put information into the framework of your existing knowledge. Listen to body language and be quick to clarify assumptions if you are unsure or are getting a negative message. Observe. Listen. Ask.

Rule #10: Be Aware

We must be aware of the speaker, aware of verbal and non-verbal cues, and aware of our own listening strengths and challenges.

Key Points

■ Effective communication occurs when there is shared meaning. There should be mutual understand between the sender and receiver

■ Actions speak louder than words

■ Listening is twice as hard as talking

Further Reading

1. How to win Friends and Influence People by Dale Carnegie

CONVERSATIONAL SKILLS

Purpose

There are three aims and purposes of conversation. The first is the plain enjoyment and pleasure of self-expression and interaction with other people. One of the most enjoyable things we ever do is to spend time with people we like and whose company we find stimulating.

The second aim or purpose of conversation is to get to know the other person better.

The third aim of conversation is to build trust and credibility between the two people. This is perhaps the most important thing we do as we proceed through life and it is only possible with the kind of continuous conversation that reveals us to each other.

In our personal relationships, there is no substitute for extended periods of conversation in the development of friendships and more intimate relationships. People who get along very well together have almost invariably spent a lot of time just talking about various subjects as they come up. One of the very best ways to learn about another person is to spend unbroken time in their company.

Handling Difficult Conversation

Delivering unpleasant news, correcting misunderstandings, confronting a friend or family member, and dealing with hard-to-talk-about issues are the kinds of conversations most of us dread. They're a part of life, however, and you can't avoid them. Although you may never be 100 percent comfortable in these situations, there are a number of things you can do to make these necessary talks as productive and painless as possible.

When handled calmly and with respect for the other person, even the most challenging conversations can lead to an improved state of affairs for all involved. When you practice the art of handling difficult conversations, you learn valuable lessons about interpersonal communication that can be applied in many different circumstances. In addition, your ability to influence others grows, and so does their respect for you.

Below are ten guidelines to help you confront challenging situations'

1. Choose the right time and place

If you are initiating the conversation, take the "emotional climate" into account. Don't hold the conversation when the other party is upset or angry. Respect the other person's privacy by minimizing the chance that you may be overheard. Whenever possible, have these conversations face-to-face.

2. Anticipate that you may not be on the same page

Different perceptions of intent, interpretations of the facts, and judgment about what is right or best are usually at the root of all sensitive conversations. When you begin with this in mind, you will not be surprised when these root issues arise. Remember, what may be logical to you make not be logical to others.

3. Use a respectful tone

The tone in which you communicate is as important as what you say. Speak calmly with kindness and respect. Your tone should reflect your willingness for a good outcome which increases the likelihood that your message will be received in the manner in which you intend.

4. Genuinely desire a win-win outcome

If you begin the conversation with the intent to win the other party to your point of view, you'll often be disappointed. Instead, aim for a compromise or resolution that satisfies your goal and the needs of the other person.

5. Be empathetic

Try to understand the point of view as well the emotional state of the other person. Ask questions to learn their perspective. Understanding the other party's position, helps you make better decisions on how to address the situation. I have found that, in most cases, the other person is aware of what happened and usually accepts responsibility to correct the situation. When you show genuine interest in understanding the other person's side of the story, you are more effective in resolving the matter.

6. Maintain eye contact

As in any constructive face-to-face communication, maintaining eye contact helps you gauge the receptivity of the other person throughout the conversation and demonstrates your honesty and desire to listen to the other person.

7. Stay in control

If you express anger, it is natural for the other person to respond accordingly to match your emotional state. Do whatever it takes to remain calm.

8. Write it out

If time permits, it is helpful to put the details of the situation in writing. Include what you wish both parties to achieve. Doing so gives you an opportunity to consider all views and nuances of the situation. Taking the time to properly prepare for any important conversation yields better results.

9. Don't interrupt

When the other person is speaking, never interrupt. Show other person the respect you want to be shown when you are talking. In addition, don't appear like you are anxious to respond. People who can't wait to speak generally aren't listening because they are so focused on what they want to say.

10. Don't team up

Avoid saying things like, "Everyone in the department feels the same way," or "I have heard about this from countless people." When I hear these kinds of statements, I immediately discount what is being said because in most cases they are exaggerations. If there is an issue that needs to be addressed, resist the temptation to strengthen your position by including others. If the issue is so serious that you need to bring others into the discussion, make sure they are present.

How to Hold a Good Conversation

Many people think that the art of good conversation is to speak in an interesting and arresting fashion, to be noted for your humor, ability to tell stories and your general knowledge of a variety of subjects. Many people feel that, if they want to be better at conversation, they must become more articulate, outgoing and expressive. They must become better talkers.

Nothing could be further from the truth. As you've heard many times before, we come into this world with two ears and one mouth and we should use them in that same proportion. In conversation, this simply means that you should listen twice as much as you talk if you want to get a reputation for being an enjoyable person with whom to converse.

The major reason why most people are poor listeners is that they are busy preparing a reply while the other person is still speaking. In fact, they are not even listening closely to what the other person is saying. They are very much like boxers waiting for the other person to let their guard down so they can jump in with a quick verbal punch and take over the conversation.

The art of good conversation centers very much on your ability to ask questions and to listen attentively to the answers. You can lace the conversation with your insights, ideas, and opinions, but you perfect the art and skill of conversation by perfecting the art and skill of asking good, well-worded questions that direct the conversation and give other people an opportunity to express themselves.

Ask open-ended questions that cannot be answered with a simple yes or no. Open-ended questions encourage the speaker to expand on his thoughts and comments. And one question will lead to another. You can ask open-ended questions almost endlessly, drawing out of the other person everything that he or she has to say on a particular subject.

In order to be an excellent conversationalist, you must **resist the urge to dominate the discussion.** The very best conversationalists seem to be low-key, easy-going, cheerful, and **genuinely interested in the other person**. They seem to be quite content to listen when other people are talking and they make their own contributions to the dialogue rather short and to the point.

If you feel that you have been talking for too long, you should stop and ask a question of someone in the group. You will be tossing the conversational ball and giving that individual an opportunity to converse.

Listening is the most important of all skills for successful conversation. Many people are very poor listeners. Since everyone enjoys talking, it takes a real effort to practice the fundamentals of excellent listening and to make them a habit.

Here are the four major rules for active listening in a conversation.

Effective listening requires that you lean slightly forward, face the other person directly, and hang on every word. Listen as though there were nothing else in the world more fascinating to you than what the other person is saying. The very best listeners seem to have developed the knack of making the person who is speaking feel as if he or she were the only person in the world. Good conversationalists can even do this in the middle of a crowded room.

In addition to **listening without interrupting**, you should also **nod, smile and agree** with what the person is saying. Be active rather than passive. Indicate that you are totally engaged in the conversation. Make eye contact as the other person talks. Relax your body and, if you are standing, allow your weight to roll forward onto the toes of your feet. Only you will know that you have done this, but the overall impression you will give is that your whole energy is now forward and focused on what the speaker is saying. The second key to effective listening is to pause before replying. A short pause, of three to five seconds, is a very classy thing to do in a conversation. When you pause, you accomplish three goals simultaneously.

First, you avoid running the risk of interrupting if the other person is just catching his or her breath before continuing. Second, you show the other person that you are giving careful consideration to his or her words by not jumping in with your own comments at the earliest opportunity. The third benefit of pausing is that you will actually hear the other person better. His or her words will soak into a deeper level of your mind and you will understand what he or she is saying with greater clarity. By pausing, you mark yourself as a brilliant conversationalist.

The third key to effective listening is to **question for clarification**. Never assume that you understand what the person is saying or trying to say. Instead, ask, What do you mean, exactly? This is the most powerful question I've ever learned for controlling a conversation. It is almost impossible not to answer. When you ask, What do you mean? the other person cannot stop himself or herself from answering more extensively. You can then follow up with other open-ended questions and keep the conversation rolling along. The fourth key to effective listening is to **paraphrase the speaker's words in your own words**. After you've nodded and smiled, you can then say, "Let me see if I've got this right", "What you're saying is . . ."

By paraphrasing the speaker's words, you demonstrate in no uncertain terms that you are genuinely paying attention and making every effort to understand his or her thoughts or feelings. And the wonderful thing is, when you practice effective listening, other people will begin to find you fascinating. They will want to be around you. They will feel relaxed and happy in your presence.

The reason why listening is such a powerful tool in developing the art and skill of conversation is because listening builds trust. The more you listen to another person, the more he or she trusts you and believes in you.

Listening also builds self-esteem. When you listen attentively to another person, his or her self-esteem will naturally increase. Finally, listening builds self-discipline in the listener. Because your mind can process words at 500-600 words per minute, and we can only talk at about 150 words per minute, it takes a real effort to keep your attention focused on another person's words. If you do not practice self-discipline in conversation, your mind will wander in a hundred different directions. The more you work at paying close attention to what the other person is saying, the more self-disciplined you will become. In other words, by learning to listen well, you actually develop your own character and your own personality.

The final key to becoming a great conversationalist is to practice the friendship factor. It is based on the three Cs of caring, courtesy and consideration.

People don't care how much you know until they know

how much you care. Caring is the catalyst in all good relationships. The people you like the best and who like you the best are the ones with whom you have the most caring relationships. Whenever you show another person that you genuinely care about him or her, you come across better as a conversationalist and as a friend.

The second C in the friendship factor is courtesy. It is a magic quality of politeness that causes people to want to be around you. All good conversationalists make other people feel calm and comfortable in their presence. They never do or say anything that could hurt or offend the other person in any way. They always remain warm and friendly.

The third C in the friendship factor is consideration. One of the major sources of positive emotions is the feeling that we are respected and considered highly by other people. Whenever you treat another person as an important and worthwhile human being, you

trigger this consideration factor. You show that you not only value the conversation, but you value the speaker as well.

Becoming a good conversationalist is based on learning and practicing the Golden Rule. This simply says that you treat other people the way you would like them to treat you. Just as you would like other people to ask you questions about yourself and to listen attentively to you when you talk, others would like the same courtesy extended to them. Remember, the purpose of conversation is not to dominate, control, or be right. The purpose of conversation is to enjoy yourself and to make sure that others enjoy themselves when they are with you.

Key Points

- Be genuinely interested in other people
- Listening is the most important skill for successful conversation

Further Reading

1. How to Win Friends and Influence People by Dale Carnegie
2. Good conversation is for everyone by Renate Zorn

INTERPERSONAL SKILLS

Definition

Interpersonal skills are the skills we use every day to communicate and interact with other people. A number of studies (Appleby, 2000; Johanson & Fried, 2002; Yancey, 2001) have found that the most critical job skill a new employee needs to possess is good interpersonal skills. Drew Appleby asked 39 employers what job skills were most important in making hiring decisions. Social skills ranked first. George Yancey asked 76 recent BA psychology graduates and 44 recent master's psychology graduates what job skills were most useful to them in their current jobs. Interpersonal skills ranked first. John Johanson and Carrie Fried asked 144 psychology graduates what job skills were most useful to them in their current jobs. Again, interpersonal skills ranked first.

Interpersonal skills include not only how we communicate with others, but also our confidence, and how we deal with others. Problem solving, decision making and personal stress management are also part of interpersonal skills. People with good interpersonal skill are good leaders as well as they use their interpersonal skill to understand and motivate others.

People with strong interpersonal skills are perceived as more calm, confident and charismatic, qualities that are often appealing to others. They are also usually more successful in both their professional and personal lives. By being aware of your interpersonal skills can help you improve and develop them.

Importance of Interpersonal Skills

Strong positive interpersonal relationships are essential to achieving our success – whether they be work relationships, family relationships or relationships with others in our communities. We're in almost constant contact with others and we should make every contact an opportunity to strengthen our social skills and reinforce our relationships.

Individuals may be accustomed to doing things on their own, but often "two heads are better than one." Considering the ideas of co-workers, even if they are different from yours, leads to creative and effective approaches to solving problems and getting work done. Employers appreciate employees who get along with people at all levels; therefore, they seek employees who have good interpersonal skills. Interpersonal skills enable you to work with others harmoniously and efficiently. Working well with others involves understanding and appreciating individual differences. It also means using those differences to your best advantage. Of all the challenges faced by professionals today, developing Strong Interpersonal Skills ranks as one of the biggest – and most critical. In fact, studies show their ability to work with people can MAKE THE DIFFERENCE between project failure and success.

Benefits of Interpersonal Skills

■　　Helpful in relationship building
■　　Reduces conflicts
■　　Increases the productivity
■　　Happiness/satisfaction

Using good interpersonal skills is often the difference between effectively communicating, and building barriers to the communication process. Understanding the individual and creating an environment conducive to effective communication is an efficient means to developing valuable relationships.

Tips for improving your interpersonal skills

■　　**Be genuinely interested in other people.** Observe what's going on in other people's lives. Acknowledge their happy milestones, celebrate their success and express concern and sympathy for difficult situations. Make eye contact and remember their names. Ask others for their opinions.

■　　**Smile.** Few people want to be around someone who is always depressed. Do your best to be friendly and happy around coworkers. Maintain a positive, cheerful attitude about work and about life. Smile often. The positive energy you radiate will draw others to you.

■　　**Listen.** To actively listen is to demonstrate that you intend to hear and understand another's point of view. If you can restate, in your own words, what the other person has said- it means you are LISTENING. Your coworkers will appreciate you more when they know that you really do listen to what they have to say.

■　　**Be generous with praise and cautious with criticism.** Find one positive thing about everyone you work with and let them hear it. Be generous with praise and kind words of encouragement. Say thank you when someone helps you.

■　　**Build Trust**. Trust is a major part in the foundation of interpersonal relationships, whether it is between parents and children, friends, or in our profession. To build trust - do what you say, never lie,if you do lie - admit to it show openness, do not break promises, however small they may seem, demonstrate a strong moral ethic.

■　　**Don't Complain.** There is nothing worse than a chronic complainer or whiner. If you simply have to vent about something, save it for your diary. If you must verbalize your grievances, vent to your personal friends and family, and keep it short. Spare those around you, or else you'll get a bad reputation.

- **Talk in terms of the other person's interest.** In your dealings with people both in and out of the office, remember to talk to them in terms of their interests and you'll find a lot more people paying close attention to you.

- **Call people by their name.** Remember that a person's name is, to that person, the sweetest and most important sound in any language. People feel bigger and better when called by name because it is their most valuable possession. It gives them a sense of individuality – a feeling of being unique. So call people by their name and also make the other person feel important. Always show respect to others. Fill your vocabulary with phases such as "*I'm sorry to trouble you,*" "*Would you be so kind as to -*" "*Won't you please?*" "*Would you mind*" and "*Thank you.*"

- **Empathy.** Empathy means being able to put yourself in someone else's shoes and understand how they feel. Try to view situations and responses from another person's perspective. This can be accomplished through staying in touch with your own emotions; those who are cut off from their own feelings are often unable to empathize with others.

Key Points

- The ability to communicate and connect with others at work will make you happier
- Interpersonal skills will help you build a sense of community and gain the support of others when you need it

"The most important single ingredient in the formula of success is knowing how to get along with people." *(Teddy Roosevelt)*

Further Reading

1. The 5 Essential People Skills by Dale Carnegie
2. Interpersonal Skills in Organization by Suzanne de Janasz
3. Messages: Building Interpersonal Communication Skills by Joseph A. Devito

BUSINESS COMMUNICATION

DEFINITION

- It is the communication between the people in or out of an organization for the purpose of carrying out the business activities.

Benefits of Effective Business Communication

Effective business communication is important to create, manage and work in a productive and proficient working environment. Effective business communication in a professional set up results in several benefits to the business.

1. Builds better customer relationships

Effective business communication strengthens relationships with customer, which are vital part of an organization's success.

2. Saves time – Increases productivity

A right choice of method of communication can save a lot of organization's time and money. Effective communication between employees can save unnecessary time spent on clearing confusions or multiple communications, thus increasing productivity.

3. Maintains clarity

Ineffective communication breakdown causes confusions and unclear messages are shared.

4. Empowers partnerships

Clear communication between employees and partners of an organization helps in building stronger relationships. Transparent communication builds trust and thus makes stronger partnerships with organizations.

Business Communication – Writing Skills

Writing is a method of representing language in visual or tactile form. Effective writing is writing which has a logical flow of ideas.

Writing skills are specific abilities which help writers put their thoughts into words in a meaningful form.

Writing skills are an important way of making effective communication. These are essentially important in business communication like emails, reports, presentations, etc.

Rules of Effective Writing - Composition and Writing

- **Audience Analysis.** Your readers may not know anything about what you're telling them. What do they need to know first?

- **Create an outline.** If you're writing a longer document such as a report, presentation, or speech creating an outline really helps. Outlines help you identify which steps to take in which order, and they help you break the task up into manageable pieces of information.

- **Use AIDA.** If you're writing something that must inspire action in the reader, follow the **A**ttention-**I**nterest - **D**esire-**A**ction (AIDA) formula. These four steps can help guide you through the writing process.

  Attention - Use powerful words, or a picture that will catch the reader's eye and make them stop and read what you have to say next.

  Interest - Gaining the reader's interest is a deeper process than grabbing their attention. They will give you a little more time to do it, but you must stay focused on their needs. This means helping them to pick out the messages that are relevant to them quickly. So use bullets and subheadings, and break up the text to make your points stand out.

  Desire - As you're building the reader's interest, you also need to help them understand how what you're offering can help them in a real way. The main way of doing this is by appealing to their personal needs and wants.

Action - Be very clear about what action you want your readers to take

■ **Try some empathy** – Remember your audience's needs at all times. What's the benefit for them?

■ **Rational, Emotional and Ethical Appeal** – If you're trying to persuade someone to do something make sure that you communicate why people should listen to you, pitch your message in a way that engages your audience, and present information rationally and coherently.

■ **Identify your main theme** – If you're having trouble defining the main theme of your message, pretend that you have 15 seconds to explain your position. What do you say? This is likely to be your main theme.

■ **Use simple language** – In Business Communication always use simple, direct language. Don't use long words just to impress people.

Few other Rules

1. Getting to the point: The purpose of the writing must be clear and compact. The writing should always be broken into paragraphs to give a clear message. Sentences must be short and meaningful. Repetitive or unnecessary words must be avoided from the writing.

2. Use of non-discriminatory language: A language that is acceptable and unbiased must be considered for the writing. A language that addresses and describes people regardless of their gender, religion, age, ethnicity or other characteristics must be used.

3. Punctuation, Grammar and Spelling : Use of spell check and correct grammar are basic steps of writing skills. Common punctuation errors must be recognized and corrected in the writing. The writing must be proofread and thoroughly revised. (see the end of chapter for common errors in English)

4. Tone : Tone of the writing shows what the author feels about the subject. A clear and concise tone

must be adopted. The tone should be confident but courteous. Special care must be taken when conveying a negative message. The author must not make direct accusations, rather only the faults and issue must be discussed.

Key Areas of Writing Skills

In a professional setup, writing skills are required in certain areas:

a.   Business Letters, Emails and Reports

b.   Essays

c.   Minutes of Meeting

1. Business Letters, Emails and Reports

Business letters - Business letters are formal letters used for business-to-business, business-to-client, or client-to-business correspondence.

Emails. Emails are method of exchanging digital messages from an author to one or more recipients.

Reports. Reports are detailed account, statement or information of an event or situation.

Steps to remember while writing business letters and emails:

a.   **Clear purpose of writing:** The purpose of the letter must be stated clearly. The purpose must be mentioned in the introduction of the writing. The author's thoughts must come across clear.

b.   **Follow a simple and straight tone:** The tone of the writing must be courteous, simple and straight forward. The tone should be clear and concise and easy to understand. Positive sentences must be used in the writing. Even if negative messages are to be conveyed, it must be done in a non-accusing manner.

c.   **Salutations; Beginning of a letter:** Business letter must be started with a date on left corner followed by sender's address and organisation's name. This is followed by recipient's name and address. The recipient should be addressed by

using "Dear" followed by their name. The recipient can be address just by their name with title in order to remain formal.

d. **Body:** Formal and courteous language must be used in the body of the business letter. The content must be broken into paragraphs. The body must have a proper structure. The main parts of the letter must be as follows:

   i. First Part: The introduction and purpose of the writing the letter.

   ii. Second Part: The points must be stated and necessary information must be given and explained.

   iii. Last Part: The letter must summarize the content of the letter and action points must be clearly stated.

e. **Valediction and Signature:** The letter must be concluded by thanking the reader for their time and end with signature greetings. 'Regards' or 'Thanks' may be used.

f. **Proofreading:** The letter must be proofread and necessary checks must be done. The letter must be checked for incorrect spellings or grammatical mistakes. Make sure if necessary information is passed correctly. Check if the letter maintains a simple and clear tone.

2. Essays

Business Essay: A business essay shows the author's point of view on any specific business strategies. The primary keys in writing a business essay are to analyse, interpret and construct business viewpoints.

Format of a Business Essay

a. **Title:** The business essay should have an appropriate heading that depicts the content's purpose in a concise manner.

b. **Outline:** The essay should have a well-defined structure so that the content can be sub-divided easily for better understanding of the reader.

c. **Introduction:** Introduction of the essay must contain a brief abstract of the topic of the essay. The subject must be explained briefly at the beginning of the essay write up.

d. **Content Body:** The content section is main part of any essay. A detailed discussion on the subject must be presented here. All the arguments, points, plans, action points must be stated and clearly defined in the main body. All the explanation must be well-defined and formatted.

e. **Conclusion:** It is essential to end the essay with a brief summary of the subject and key points of the write up. The conclusion gives the reader a general idea on the subject of the essay.

f. **Reference Page:** List of any references used must also be included at the end of the essay.

General Techniques of Writing a Business Essay

1. Build a structure
2. Have subject based relevant content
3. Give an essay title
4. Avoid one-sided essay and include evaluations or arguments
5. Demonstrate subject knowledge in the essay
6. Analyze and evaluate the chosen subject of the essay
7. Conclude

3. Minutes of Meeting (MoM)

Minutes are instant written record of happenings of a meeting. MoM describes the events of a meeting, starting with a list of attendees, a statement of the issues considered by the participants and related responses or decisions for the issues.

Writing Minutes of a Meeting

1. **Before Meeting:** Use pen and paper or a laptop or computer to take down the MoMs. To make the writing process of MoMs easy, prepare an outline based on the meeting agenda. This must be done before the meeting to have a clear understanding of the points to be written during the meeting.

2. During Meeting: List of attendees and time can be easily noted by passing an attendance sheet. Make a list of issues addressed and their respective resolutions. A list with action points must be prepared. Only the main points must be briefly noted, not the entire process of meeting.

3. After Meeting: Once all the points are in place, type it quickly after the meeting. The name of the organisation, type and purpose of the meeting must be mentioned. Before sharing the MoMs, proofread the draft.

Format of Minutes of Meeting:

```
Name of Organisation:
Date, Time:
Minutes prepared by:
─────────────────────────────────────────────
Agenda:                      Attendees:
1.                           1.
2.                           2.
3.                           3.
─────────────────────────────────────────────
No. Item        Details        Action to be taken by
1.
2.
3.
```

Common Errors in English

Error #1: Run-on Sentence or Comma Splice
A run-on sentence is a sentence that joins two independent clauses without punctuation or the appropriate conjunction. A comma splice is similar to a run-on sentence, but it uses a comma to join two clauses that have no appropriate conjunction.

Fixing this error can be accomplished in one of the following five different ways:

■ Separate the clauses into two sentences.
■ Replace the comma with a semi-colon.
■ Replace the comma with a coordinating conjunction—and, but, for, yet, nor, so.
■ Replace the comma with a subordinating conjunction—after, although, before, unless, as, because, even though, if, since, until, when, while.
■ Replace the comma with a semi-colon and transitional word—however, moreover, on the other hand, nevertheless, instead, also, therefore, consequently, otherwise, as a result.

For example:

■ Incorrect: Rachel is very smart, she began reading when she was three years old.
■ Correct: Rachel is very smart. She began reading when she was three years old.
■ Correct: Rachel is very smart; she began reading when she was three years old.
■ Correct: Rachel is very smart, and she began reading when she was three years old.
■ Correct: Because Rachel is very smart, she began reading when she was three years old.

Error #2: Pronoun Errors
Pronoun errors occur when pronouns do not agree in number with the nouns to which they refer. If the noun is singular, the pronoun must be singular. If the noun is plural, however, the pronoun must be plural as well. For example:

■ Incorrect: Everybody must bring their own lunch.
■ Correct: Everybody must bring his or her own lunch.

Error #3: Mistakes in Apostrophe Usage
Apostrophes are used to show possession. However, you do not use an apostrophe after a possessive pronoun such as my, mine, our, ours, his, hers, its, their, or theirs (it's is a contraction for 'it is'). For example:

■ Incorrect: My cat finishes it's food fast.
■ Correct: My cat finishes its food fast.

Apostrophes are also used in contractions. A contraction is a word (or set of numbers) in which one or more letters (or numbers) have been omitted. The apostrophe shows this omission. Contractions are common in speaking and in informal writing. To use an apostrophe to create a contraction, place an apostrophe where the omitted letter(s) would go.

■ Incorrect: Its a cold day in October.
■ Correct: It's a cold day in October.

Error #4: Lack of Subject/Verb Agreement
When speaking or writing in the present tense, a sentence must have subjects and verbs that agree in

number. If the subject is singular, the verb must be singular. If the subject is plural, the verb must be plural as well. Similarly the form should be same too. For example:

■ Incorrect: The recipes is good for beginning chefs.
■ Correct: The recipes are good for beginning chefs.
■ Incorrect: At the end of session, participants should learn communicating effectively.
■ Correct: At the end of session, participants should learn to communicate effectively.
■ Incorrect: I look forward to seeing you next week.
■ Correct: Looking forward to seeing you next week (or I look forward to see you…)

Error #5: Misplaced Modifiers

To communicate your ideas clearly, you must place a modifier directly next to the word it is supposed to modify. The modifier should clearly refer to a specific word in the sentence. For example:

■ Incorrect: At eight years old, my father gave me a pony for Christmas.
■ Correct: When I was eight years old, my father gave me a pony for Christmas.

Error #6: Me, Myself and I

One of the most common causes of grammatical pain is the choice between "me" and "I." Too often people use "I" when they should use "me," because since "I" sounds stilted and proper, it must be right, right? Nope.

The easy way to get this one right is to simply remove the other person from the sentence and then do what sounds correct. You would never say "Give I a call," so you also wouldn't say "Give Chris and I a call." Don't be afraid of *me*.

And whatever you do, don't punt and say "myself" because you're not sure whether "me" or "I" is the correct choice. "Myself" is only proper in two contexts, both of which are demonstrated below.

■ Correct: Many consider Chris a punk, but I myself tolerate him. Which brings me to ask myself, why?

Error #7: Article Errors

A and **An** are the indefinite articles. They refer to something not specifically known to the person you are communicating with. **A** and **An** are used before nouns that introduce something or someone you have not mentioned before.

Example:

■ I saw *an* elephant this morning.
■ I ate *a* banana for lunch.

'*The'* is used when the listener knows or can work out what particular person/thing is being talked about.

Example:

■ **The** apple you ate was rotten.
■ Did you lock **the** car?

'The' should be used when the thing being talked about has already been mentioned.

Example: She's got two children; **a** girl and **a** boy. **The** girl's eight and **the** boy's fourteen.

Articles are not used while talking about sports or uncountable nouns

Example:

■ My son plays football
■ Tennis is expensive
■ Coffee is bad for you.

Articles are not used before the names of countries except where they indicate multiple areas or contain the words (state(s), kingdom, republic, union). Kingdom, state, republic and union are nouns, so they need an article.

Examples:

■ No article - Italy, Mexico, Bolivia, England
■ Use the - the UK (United *Kingdom*), the USA (United *States* of America) , the Irish Republic
■ Multiple areas - the Netherlands, the Philippines, the British Isles
■ Incorrect: the Germany, United Kingdom
■ Correct: Germany, the United Kingdom

Error #8: Informal/ Redundant words

- Incorrect: The company owns approximately 53 production facilities in 26 countries and employs approximately 320,800 people worldwide.
- Correct: The company owns 53 production facilities in 26 countries and employs approximately 320,800 people worldwide.
- Incorrect: The downturn also curtailed the production capacity of many printing firms.
- Correct: The downturn curtailed the production capacity of many printing firms.

Error #8: Comma Errors

1. Commas are used to separate independent clauses (a part of sentence that has a subject and a verb) when they are joined by any of these seven coordinating conjunctions: *and, but, for, or, nor, so, yet.*

- The game was over, but the crowd refused to leave.
- The student explained her question, yet the instructor still didn't seem to understand.

2. Commas are used after introductory a) clauses, b) phrases

a. Common starter words for introductory clauses that should be followed by a comma include *after, although, as, because, if, since, when, while.*

- While I was eating, the cat scratched at the door.
- Because her alarm clock was broken, she was late for class.

However, don't put a comma after the main clause when a dependent clause follows it (except for cases of extreme contrast).

- **Incorrect:** She was late for class, because her alarm clock was broken.
- **Incorrect:** The cat scratched at the door, while I was eating.
- **Correct:** She was still quite upset, although she had won the Oscar. (This comma use is correct because it is an example of extreme contrast)

3. Use commas to separate three or more words, phrases, or clauses written in a series

- The Constitution establishes the legislative, executive, and judicial branches of government.
- The candidate promised to lower taxes, protect the environment, reduce crime, and end unemployment.
- The prosecutor argued that the defendant, who was at the scene of the crime, who had a strong revenge motive, and who had access to the murder weapon, was guilty of homicide.

Examples

- Incorrect: Established in 1967, Toyota Plc is, Toyota's retail subsidiary in the UK.
- Correct: Established in 1967, Toyota Plc is Toyota's retail subsidiary in the UK.
- Incorrect: Net worth decreased by 15.2% due to an increase in other losses.
- Correct: Net worth decreased by 15.2%, due to an increase in other losses.
- Incorrect: MAP enables the company to manage variable costs (including sales and marketing costs; food and unit costs; and overheads).
- Correct: MAP enables the company to manage variable costs (including sales and marketing costs, food and unit costs, and overheads).
- Incorrect: During 06-09, the company's revenue grew at 7.6% while the end market grew at 5.6%.
- Correct: During 06-09, the company's revenue grew at 7.6%, while the end market grew at 5.6%.
- Incorrect: There were a lot of people in the room, teachers, students and parents.
- Correct: There were a lot of people in the room: teachers, students and parents.

Error #9: Which versus That

"That" is used to introduce a "restrictive clause."

A restrictive phrase, as its name suggests, restricts the meaning of the person or thing that came before it—in other words, it specifically identifies who or what you're talking about.

"I'd like an avocado that is not too ripe." The restrictive clause here, "that is not too ripe," is essential to the sentence's meaning. If you remove it, the meaning changes and loses specificity.

"Which" is used to introduce a "non restrictive clause"

A non restrictive clause describes the person or thing you're discussing, but it is not essential to the meaning of your sentence. You should be able to remove the "which" clause without altering the meaning.

For example: "I like avocados, which have a buttery, nutty taste." If you take out the "which" clause, the meaning of this sentence remains the same—the speaker still likes avocados just as much as she did before.

Use of punctuation before that and which:

A comma is not used before "that" whereas a comma is used before "which"

- Correct: The dog that I loved the most was a poodle.
- Correct: "Our poodle, which lived to be 16, was the best pet I've ever had." Or, "Our poodle lived for 16 years, which is a long time for a small dog."

Consider the two sentences:

- Correct: "I love cats that don't scratch rowdy children."
- Incorrect: "I love cats, which don't scratch rowdy children."

Why? Because "that don't scratch rowdy children" identifies the kind of cats he loves. You can't remove the clause from the sentence and retain the sentence's meaning. The second sentence is incorrect for two reasons. First, many cats do scratch rowdy children; the clause "which don't scratch rowdy children" suggests otherwise. Second, the meaning of the sentence changes if you take out the clause: "I love cats" implies that the speaker likes all cats, when the truth is that she likes only those cats that do not scratch children. A vital meaning of the sentence is at stake here, and it's imperative to use that/which properly.

Error #10: Use of Ellipses

Ellipses consist of three spaced periods, or full stops, and are used to show omission of a word or words from a text or a quotation.

Put spaces before and between each full stop and after the last. When condensing text, put other required punctuation before or after the ellipsis. Hence, four periods end a sentence.

- The decision . . . rests solely with the task force . . . However, others can provide their input.
- What is the answer? . . . We must work harder to produce more . . . and move further ahead.

Key Points

Essential features of effective Business Communication are:

- Excelling in Business Communication skills adds advantage to businesses, its employees and partnerships
- Writing skills is one of the important communication skill. It is primarily used in business areas like business letters, emails, essays and meeting minutes
- Any written letter, email or article has a proper structure, clear and concise content and a formal language and tone is maintained

Further Reading

1. Essentials of Business Communication by Mary Ellen Guffey
2. Successful writing at work by Philip C. Kolin
3. Harvard Business Essentials – Business Communication
4. Empower Your Writing : A Manifesto by Farnoosh Brock

ARTICULATION SKILLS

DEFINITION

■ It is the ability to speak clearly and distinctly and pronounce with clarity in a verbal communication.

Public speaking articulation is the art of expressing speech in a clear and orderly manner so that your point gets across effectively. Excelling articulation skill is essential for a public speaker or presenter for better understanding and creating right impact on audience. Articulation comes from pronunciation feature of speech that combines the articulatory organs to shape the sounds of words in presentation better. Listed below are some benefits of gaining better articulate skills and gain control over verbal communication.

Importance of Articulation Skills

Articulation skills help an individual in not only a professional set up but also other areas:

■ Improves verbal communication skills
■ Better understanding
■ Improves presentation skills
■ Ability to convey the thoughts convincingly

How to Articulate?

1. Know the Subject

A right choice must be made while selecting a topic or subject. Only a subject of which an individual has either thorough knowledge or expertise must be chosen to speak. This brings confidence in the speaker and thus helps in attempts of speech articulation. A clear thought must be given to judge the points that are added by one's speech. The content or subject matter must be researched well before speaking. Prepare a mental outline of the structure of speech.

a. Choose the right subject
b. Research
c. Prepare

2. Eliminate verbal pauses

People often have the habit of using words such as um, a, like, etc. repeatedly in their speech. However this practice degrades the quality of speech and often detracts the audience. These verbal pauses hinder the sentence flow and the meaning of the words is broken and lost. In case, the speaker needs a pause, a nonverbal pause is better option. Correctly placed nonverbal pause, gives the listener time to catch up with the speaker's pace and gives an impression of a thoughtful pause. It also helps the speaker maintain a control over the speech.

3. Use Voice Modulation

Voice Modulation is using pace, pitch, pausing, volume, and emphasis, which gives the voice/speech mood and meaning. Keeping an even pitch throughout the sentence will make the speech sound dull and boring. To maintain a dramatic interest of the audience in speech, frequency of speaking tone is modulated to emphasize on certain parts or words of sentences.

Example: *Now you understand how important it is to work hard, so you can support your family.*

In the above sentence, the marked words are the low-pitched words. These words give the key message of the sentence.

I was just wondering...if you would like...maybe to go to Delhi tomorrow.

In the above sentence, the marked words are the high-pitched words. These words and pitch add interest to the sentence.

Following techniques are used to create right modulation in a speech:

a. Control the speech pace.
b. Use a comfortable pitch of voice.
c. Give regular pauses.
d. Speak with power.

4. Think before you speak

This helps to eliminate the verbal pauses and may prevent you from saying something that does not

make sense. A mental picture of structure of speech such as *what comes next? Should this be the end? Is this already spoken?* helps in figuring out the basic sentence arrangement. It is essential that the speaker has a clear perspective of the speech. A very good idea to think while speaking is use of non-verbal pauses, which has more than one advantages. Following are the key points to remember to stay clear of the words:

a. Structure the speech.
b. State clear purpose.
c. Build the words accurately.

5. Enhance vocabulary

Sentences can be made more interesting by using variety of words. This also adds colour to the sentences and thus entire speech. However, expanding vocabulary is not a day's task, it requires lot of reading aids to add new words and remember them.

Using dictionary for new and unknown words is the most traditional and effective method. Writing down the new learnt words helps one to memorize it and use effectively on need**.** To sum up, there are two ways of adding new words in the sentences and increasing its quality:

a. Expand vocabulary.
b. Use variety of words.

6. Use real words

Slang or colloquial language should be completely avoided. It is a common practice to use the day-today used regular words in public speaking forum.

Example: Using *hi* instead of *hello* or using *yeah*, instead of yes is a wrong practice.

Real words must be used in speeches. Example: Never use *huh, huh-ah, aa.* So, to make an appropriate speech, two points must be remembered:

a. Avoid use of slang.

b. Make right choice of real words.

7. Command over Grammar

Some of the basic words like I, me, him, his, he, no, not are sometimes used incorrectly. These words must be used to correctly. Mistakes are caused on usage of these words especially when addressing people or stating first hand or second hand experiences.

Example: When reiterating a fact you already stated, always say "*as I said*", never, "*like I said*".

8. Be concise

It is very important to stay clear of words and purpose of the speech to engage audience. Condensed content should be added and the content should be properly organized. Vague content should be avoided. Speaking to the point and addressing the purpose helps in keeping the audience tuned. Stating the point up front will help the audience to be interested in the further elaborations. Being concise in a speech is an essential skill and requires following the below mentioned points:

a. Frame organized thoughts.
b. Speak to the point.
c. Avoid adding vague content.

Techniques for better articulation

■ Radio repeat
■ Reading out loud
■ Using tongue twisters

Key Points

■ Articulation skill is the ability of delivering clear and distinct speech and pronouncing certain words strongly to create an effective impression
■ Excelling articulation skill empowers one's verbal communication which helps in better understanding and putting across strong and clear viewpoints

Further Reading

1. The Articulate Executive in Action: How the Best Leaders Get Things Done by Granville N. Toogood
2. How to develop self confidence by Dale Carnegie

READING AND COMPREHENSION SKILLS

DEFINITION

- Reading and Comprehension skills are based on earlier stages of reading development, including oral reading and reading speed/fluency.

Importance of Reading Skills

Better reading skills provide greater understanding, analyzing and learning of what is read. Reading skill is the most basic and essential skill set, excelling which empowers an individual. There are several benefits of developing reading skills.

- **Develops ability to comprehend concepts and ideas**
- **Develops critical thinking:** The information can be critically analyzed for its quality.
- **Improves communication skills:** Better reading skills leads to better understanding of subjects and topics. This leads to better writing, speaking and presentation skills.
- **Broadens interests and opportunities:** Better reading skills gives exposure to many sources of information. This helps in identifying interests and gives opportunity to pursue it.
- **Helps in mental development**
- **Develops vocabulary and Language skills**
- **Enhances knowledge**

Strategies for Developing Reading Skills

Several strategies are adopted to develop reading skills. These strategies help in quick and effective reading of text content.

1. Preview

Title, headings, section-wise captions can be reviewed to get a general idea of the content and structure of a reading material. This helps in getting a first overview of the reading material, which leads to faster grasping of the content.

Example: A work can be scanned through with its various headings and sub-headings to get its general idea. A text material has following headings:

Title - 'Working of an engine', Sub-headings - 'History of engines', 'Types of engine', 'Advantages of Petrol engine over Diesel engine', a quick look at these easily gives an idea of the main concept of the material.

2. Predict

Prior knowledge of a subject helps in predicting the content structure and main idea conveyed in the material. Predictions can be based on clues appearing in a text like pictures, images, illustrations, etc. Prior knowledge is combined with these clues and the meaning is constructed.

Example: A text has a picture of Eiffel Tower, then the reader quickly predicts that the plot could be based on Paris and its characters French or visiting tourists.

3. Quick Scan

A quick scan of the text before the actual reading can give the general idea of the text, and confirm the earlier made predictions.

Scanning is often used before reading to:

- evaluate the purpose of text;
- determine the difficulty of text material;
- review its structure;
- activate prior knowledge associated with text;
- filter the most relevant parts of the text.

4. Guess

Context clues can be used to determine the meaning of difficult, new or unknown meaning. Often meaning of unknown words or text is guessed from the words accompanying it.

Example: *"After seeing the picture of the starving children, we all felt compassion or pity for their suffering."*

The meaning of word compassion can be guessed by other word appearing 'pity'.

5. Paraphrase

At each section end, rephrasing the read text in simpler way enables better understanding of the reading material. Difficult sections of text can be rephrased to bring better understanding.

Building Vocabulary for Better Reading Skills

1. Include more reading activities

The best way to expand vocabulary is to read more. Many reading activities can be included to learn new words. Apart from reading books, newspapers or informative magazines can also be read to introduce one to new words.

2. Use dictionary for new or unknown words

Use of dictionary on encounter of difficult or new words is recommended for anyone trying to expand his/her vocabulary. This is the oldest and most popular way of learning new words.

3. Make a note of difficult or unknown words

Writing new learnt words with their meaning helps in retaining it for a long time.

4. Use context clues to determine word's meaning

Sometimes correct meaning of an unknown word is identified using other words in the sentence.

Example: The long travel left me exhausted and tired and I just wanted to rest now.

The meaning of word exhausted can be guessed by using the other words like 'tired', and using one's prior knowledge of state like 'wanted to rest now'. So the roughly the word 'exhausted' would mean 'out of energy'.

Speed Reading for Better Reading Skills

Speed reading includes reading methods that increases rate of reading and grasping of the text content. Following reading methods helps in developing reading skills:

1. Quit subvocalizing

Reading words aloud in mind is called subvocalizing. It is a general and natural habit to read aloud in mind. But it is evident that subvocalizing slows down the reading speed.

To break this habit, humming or counting "1, 2, 3, 4" while reading can be tried. Practicing these techniques can greatly reduce sub vocalizing.

2. Read in blocks

Reading text word-by-word is the most traditional way reading a text. However, this method is known to reduce reading speed. To read quickly, words can be grouped at a glance and the meaning of the sentence can be interpreted. Practice viewing the words in blocks and not letter-by-letter or word-by-word.

3. Use fingers to point to text while reading

Scanning though text using fingers helps in focusing and maintaining consistent eye motion. Constant eye motion helps in increasing the speed of reading.

Comprehension Reading

Comprehension Reading is defined as the act of understanding a text. It is the ability to understand the meaning of a written passage of text. The understanding comes from the interaction between the words and associated information outside the text. Comprehension reading requires combination of effective reading skills such as focus, memory, processing speed, and visualization. However, there are seven strategies that can be used to develop one's comprehension reading skills.

Seven Strategies of Comprehension Reading

1. Make Connections

Prior knowledge or experiences can be used to relate a text to self or other events/facts. Earlier read books or a piece of information is also helpful in constructing meaning of a text. Good readers make connection with the read text to self –knowledge for better understanding. While reading, the readers are

reminded of similar things that they have read previously.

Example: If one comes across reading about a village set up, his/her prior knowledge will work to create interpretations about lifestyle of a village, and people of village.

2. Generate Questions

Questioning the text before, during and after reading helps to maintain a consistent focus. And various components of the text are addressed with help of these basic questions. A question-answer relationship helps in grasping the text quickly. Self-questioning helps readers to seek answers while reading.

Example: *The Taj Mahal known as "crown of palaces", is a white marble mausoleum located in Agra, India. It was built in 1632-1653, by Mughal emperor Shah Jahan in memory of his third wife, Mumtaz Mahal.*

While reading this passage, the readers must question like:

What is Taj mahal?
Where is it located?
When was it buit?
Who built it?

3. Draw Inference

Prior subject/topic knowledge and clues from text helps in predicting conclusions and creating new interpretations of the text.

4. Determine Importance

A text always contains important key information and some supporting information. The text should be read keeping in mind the idea to identify the important information. The relevance of information should be determined while reading the text.

5. Visualize

Building mental pictures of various components of text like characters, plot, events and actions helps in quick understanding. The practice of creating mental images while reading helps in constructing meaning of text.

6. Restore an Understanding

Paraphrasing the difficult portions of a text gives a better understanding. The meaning of the text must be monitored across sections and adjust it accordingly when there is a breakdown.

7. Synthesize Information

Synthesizing is to gather new information and combine it with read text to create new insights/ideas. New concepts are often generated on reviewing the information.

Key Points

Essential features of developing reading skills are:

- Reading skill is most essential skill in any personal/professional setup
- Adoption of several techniques to develop reading skills can improve one's overall skill set
- Excelling reading skills can act as building block of several other primary skills like writing skills, communication skills and presentation skills

Further Reading

1. Improve your Reading by Ron Fry

BOOK REVIEW

DEFINITION

■ A book review is a form of literary criticism in which a book is analyzed based on content, style and merit.

Critical Review

A critical review is to critically analyze and evaluate the quality, style and merit of text content.

It is the evaluation of a text material (book, article, report, or essay). The reviewer has to present an opinion – negative or positive about the text. The reviewer has to decide on the strengths and weakness of the work. Review writing requires one to follow a basic structure and guidelines.

Writing a Critical Review

Certain steps are to be followed to write a good book review:

■ **Understand the material:** Right selection of the subject or topic is important. An attempt to critically review the material should be made only with thorough knowledge of the subject (book).

■ **Know how to analyze:** The author must have a clear understanding of evidences and reasoning used in the work. The author should be well-versed in subject to support his/her arguments strongly.

■ **Evaluate:** The scales of evaluation of the work must be well-defined. Evaluation of a work is done based on criteria like relevance of the content, its purpose, intended audience and its structure.

■ **Follow a structure:** The book review must always have a proper outline followed by a defined structure. The pieces of the review must be placed in a recommended structure.

Structure of Book Review

1. Title and Introduction

The title, name of the book, author and date must be mentioned at the starting of the review. The review must be given a suitable topic/heading. The introduction must have a line or two stating the topic. The introduction must contain brief background and importance of the work. The introduction must give a general impression of the work (book).

Example: Title: Jack Welch, 2001, 'Jack: Straight from the gut'

Introduction: Jack Welch's memoir, JACK: Straight from the Gut, is part autobiography and part business theory text. Welch covers his fast trip from General Electric employee to General Electric CEO.

2. Body

The body is the actual content of the review. The body must present a detailed description and critical arguments about the work. The content body of a review is sub-divided into two major parts:

a. **Summary or Description:** The summary contains a brief description of key points of the work. Only the outline of the work must be stated here not a recount of entire work. Summarizing in a review is to briefly introduce the highlights of a piece of work.

Example: (Sample Review of Book: Jack: Straight from the Gut)

Summary: The book is filled to bursting with anecdotes about the men and women who work at GE. Spreading the credit liberally, Welch tells stories of top–flight executives and union production workers with equal gusto, relishing the successes at every level of the vast company and its many divisions.

b. **Evaluation or Arguments:** This section includes the detailed evaluation of the work from the reviewer's perspective. All the arguments and

counter facts should be stated here. Example, this section can have critical analysis like: Is the work well-written and organized? How is the subject important and do facts cater to the actual meaning of work?

However, all the arguments must be presented with supporting points from the work. The reviewer often attempts to compare and contrast the primary source of work. Evidences from the work must be stated to support reviewer's position in the arguments.

Example: (Sample Review of Book: Jack: Straight from the Gut)

Evaluation: This engaging storytelling keeps the book afloat during extended passages detailing the terms of leveraged buyouts, contract negotiations, or how GE increased its margins in this or that industry. However, it is not necessarily a general interest business book.

3. Conclusion

Conclusion of a review is a short paragraph restating overall view of the text. This section can also include any recommendations by the reviewer.

Example: (Sample Review of Book: Jack: Straight from the Gut)

Conclusion: If one word could sum up Jack Welch's career at GE it might be "results". Those readers expecting a lot of new business theory or to learn how to repeat Jack's performance by reading about his secret methodology may be disappointed.

4. References

The end of review can include the sources or references used by the reviewer.

Example: (Sample Review of Book: Jack: Straight from the Gut)

References: Rob Cline review - 'Jack: Straight from the Gut', 2011

Bradley A. Swope Review, State College, PA USA, 2001

Key Questions to write a review

Answering some basic questions can bring out opinions easily for a reviewer. These questions complete the various criteria based on which a work (book/ article) is evaluated.

■   What are author's main points?
■   What evidence does the author use?
■   Is the text relevant to the topic?
■   What is the quality of evidence used by author?
■   What are strengths and weaknesses of text?
■   Is the aim of text clearly mentioned?
■   What are author's major findings and conclusions?
■   Is the objective of text obtained?

Key Points

Necessary points to remember while writing a review are:

■   A good book review must critically present judgements
■   The review must not necessarily be negative but it must state fair and analytical opinions

Further Reading

1.   Book Reviewing by Sylvia E. Kamerman
2.   Writing Book Review by John Drewry

PREPARATION OF PROJECT REPORT

DEFINITION

■ A project report is a formal, approved document used to guide both project execution and project control.

The primary uses of a project plan is to document planning assumptions and decisions, facilitate communication among *stakeholders*, and document approved scope, cost, and schedule *baselines*. A project plan may be summarized or detailed.

Some important points that should be kept in mind before preparing a project report are as follows.

■ What is Project Report?

■ How to prepare a Project Report?

■ What are all points to be covered in the Project Report?

■ Whether any consultant or auditor has to be contracted to prepare the Project Report?

■ How to present the report before prospective fund-providers and convince them about the proposed project for which financial assistance is required?

Following are the **steps involved** in preparation of a Project report.

1. Study of background and business description.

2. Market Analysis.

3. Understanding the project i.e. vision, value being added, competition etc.

4. Study of sorting of project implementation activites.

5. Project Financials.

   ■ Project Costs
   ■ Project revenues.
   ■ Project Funding.
   ■ Important Numbers and ratios.

Following **types of financing are available** in market for projects.

■ Trade Finance
■ Channel Finance (Creditor's funding)
■ Factoring (Debtor's Funding)
■ Export Finance
■ Working Capital Finance

Following is the **checklist** which must be referred to while making and finalizing the project report.

■ Clear and complete understanding of project
■ Reliable sources of information
■ Precise but presentable data
■ Command over numbers
■ Credible client and credible investor
■ Confidentiality

Role of Chartered Accountants in project report preparation.

■ A Chartered Accountant is valuable coordinator between entrepreneur and bank, in case of syndication of funds.

■ Chartered Accountants possess sound knowledge about preparation of financials.

■ Bank needs actual, provisional and projected financials and also the basic ratios to decide about funding, the same can be easily prepared with the help of a Chartered Accountant.

■ Chartered Accountants may also help with compliances under various laws of the land required for the project.

■ By virtue of their experience Chartered Accountant can easily convince to banker about feasibility of project as well as communicate the correct funding requirements, whether it is Term Loan (TL) , Cash Credit (CC), Bank Guarantee (BG), letter of Credit (LC) or any other facility.

Key Points

■ A good project report must give clear and complete understanding of the project

■ Confidentiality must be maintained while creating a project report

DATA ANALYSIS AND RESEARCH METHODOLOGY

DEFINITION

■ Data Analysis is a practice in which raw data is ordered and organized so that useful information can be extracted from it.

■ Research refers to search for knowledge.

Benefits of Data Analysis

Data analysis can offer the following benefits:

■ Structuring the findings from survey research or other means of data collection.

■ Break a macro picture into a micro one.

■ Acquiring meaningful insights from the dataset.

■ Basing critical decisions from the findings.

■ Ruling out human bias through proper statistical treatment.

The process of Data Analysis can broadly be divided in two major categories which have further sub-divisions in various steps.

Initial Data Analysis

1. Quality of data
2. Quality of measurements
3. Initial transformations
4. Did the implementation of the study fulfill the intentions of the research design?
5. Characteristics of data sample
6. Final stage of the initial data analysis
7. Analyses

Main Data Analysis

1. Exploratory and confirmatory approaches
2. Stability of results
3. Statistical methods

Meaning of Research

Research in common parlance refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation. The Advanced Learner's Dictionary of Current English lays down the meaning of research as "a careful investigation or inquiry specially through search for new facts in any branch of knowledge." Research is, thus, an original contribution to the existing stock of knowledge making for its advancement. It is the pursuit of truth with the help of study, observation, comparison and experiment.

Research has following characteristics

■ Controlled
■ Rigorous
■ Systematic
■ Valid and verifiable
■ Empirical

Following are the objectives of Research.

1. To gain familiarity with a phenomenon or to achieve new insights into it (studies with this object in view are termed as *exploratory or formulative research studies)*

2. To portray accurately the characteristics of a particular individual, situation or a group (studies with this object in view are known as *descriptive research studies)*

3. To determine the frequency with which something occurs or with which it is associated with something else (studies with this object in view are known as *diagnostic research studies*)

4. To test a hypothesis of a causal relationship between variables (such studies are known as *hypothesis-testing research studies).*

Steps in Research Process

Following are the steps which may be listed in the process of research. **(Research Methodology)**

1. Formulating the Research Problem
2. Extensive Literature Review
3. Developing the objectives
4. Preparing the Research Design including Sample Design
5. Collecting the Data
6. Analysis of Data
7. Generalization and Interpretation
8. Preparation of the Report or Presentation of Results-Formal write-ups of conclusions reached.

Key Points

- Complete data must be analyzed to extract useful information
- Research is basically data analysis in a specific direction

POWERPOINT PRESENTATIONS

INTRODUCTION

Presentation is a way of communicating ideas and information to a group. Certain basic skills and comprehensive information helps in developing effective presentations.

Presentations are an important part of corporate life. A more work becomes teamwork, what you know is often less important than how well you communicate it.

The best presentations may seem effortless, but they're the results of well-designed techniques and lots of practice.

To make a great presentation on any topic, following elements are required: **Content**, **Design** and **Delivery**.

Content include research and organization of materials. **Design** is the architecture of the slides and **delivery** is how you voice your message.

Content

When you plan your presentation, be sure to answer these five important questions:

- **Why** do you do the presentation and **why** does your audience attend? This is the question that investigates the *motivation* of all parties involved and is the most important one to get things right. The answers here will help deciding on the *messages* and *content* of your presentation.

- **Who** is your audience? The answer here will guide you to pick the right *level of content*. E.g., if your audience is a bunch of R&D engineers you can have a more detailed and technical level of content whereas if you are speaking to senior executives your content needs to be more high-level and the focus needs to be on impact on company strategy.

- **Where** will you present? Are you going to present face-to-face in a boardroom or in a conference room? Maybe you are presenting in a conference call using a web tool? You need to know this because the location and way of delivery will dictate the tools that are available to you and the format of your delivery.

- **When** do you present? Are you presenting at a conference? Will you be the first speaker or the last? Who is resenting before you and which content? If you know this in advance you might be able to relate to previous speeches. How are you going to wake your audience up if you are on right after lunch or at the end of the day? The best speaking slots are the *first* and, believe it or not, the *last*. People retain best what is said first and last. This is valid for a whole day of presentations but also for each individual speech.

- **What** do you present? Based on your audience and your subject what exactly will form your content? If you know your audience and subject you might be able to form a effective content.

Using PowerPoint to DESIGN your presentation

PowerPoint is an excellent resource for presenters. If used well, it can help to organize and communicate complex information, clearly and concisely.

PowerPoint as a tool

PowerPoint is designed specifically for use during live presentations. Therefore, the design considerations are fundamentally different to those for print or web. Colours, font size, and layout should be quite different for a live presentation.

PowerPoint Structure

1. Outline
2. Slide Structure
3. Typefaces (Fonts), Colours, Background
4. Bullet and Numbers
5. Graphs
6. Proofreading

1. Outline

Presentations are great tools for sharing information. The best way to make sure your presentation gets the points across you want, and to verify you will properly cover all the topics is to create a presentation outline first. Remember- the layout of the slides should be simple and uncluttered.

Steps to create an outline:

- Assign a presentation topic and title to your outline
- Determine the key point you want to cover in your presentation
- Include high level list of detail
- Plan for demonstration
- Provide a conclusion

2. Slide Structure

- Compose slide in thoughtful way
- Use 1-2 slides per minute of your presentation
- Write in point form, not complete sentences
- Include 5-6 points per slide
- Avoid wordiness: use key words and phrases only
- Keep the slide layout consistent throughout the presentation

How to use Slide Master

Master slide allows you to make changes that are reflected in every slide in your Presentation. You can change the font, color, background, header, footer at the master slide level.

- With a presentation open, go to View -> Slide Master. You will now see the slide master.
- Any settings you make now, such as font, font size, font colour, bullet colour, text placeholder position etc. will apply to all new slides.

Your settings will apply to all slide layouts except the title slide layout, which has its own master, and called the Title Master. Once you are happy with the way you have defined your masters, you should save your presentation as a template for future use.

Note: To get back to a normal slide after defining your master, go to View -> Normal.

3. Typefaces (Fonts), Colours and Background

There are at least 100 different fonts on your computer. Use just one or two fonts throughout your presentation. Follow these guidelines:

Fonts

- Use large, bold type for titles and headings, plain text for the body of your slides. Colour or making the text bold can be used for highlighting a point, but use restraint.
- Don't go for funky fonts that look like very artistic or hand writing. They are too hard to read on a slide.
- Use standard fonts, such as Arial, Calibri or Helvetica (Sans Serif) or Times New Roman (Serif). As a rule, the Sans-Serif fonts are easier to read.
- Don't make all text bold.
- Don't make your text all upper case, as too much of it is too hard to read.

Colours

- Use a color of font that contrasts sharply with the background - black font on white background or deep blue or green background colour, with white, yellow, orange and cyan text and lines. Don't use blue letters on a black background or black letters on blue as our eyes are not very sensitive to blue and there is not enough contrast between these colours to make these combinations easy to read.
- Use color to reinforce the logic of your structuregreen title and black text
- Use color to emphasize a point. But only use this occasionally
- Don't be tempted to create RAINBOW EFFECT. Just because you can use 27 different colour combinations on a single slide doesn't mean you have to.
- If you are not sure a good starting point is to have a look at the templates supplied with PowerPoint, as most of the colour schemes work well when projected.

Background

- In a darkened room, darker backgrounds with lighter text tend to be easier to read than light backgrounds with dark or black text.
- Avoid using a graduation of two colours for a

background.

- Keep the same background throughout the presentation.
- Stick to plain background. Simple, light textured backgrounds works well. Complicated texture makes the content hard to read.
- Avoid unnecessary images or clip art in the background.

4. Bullets and Numbers
- Use Bullets for list without sequence, priority or hierarchy.
- Use Numbers for list with sequence.

5. Graphs and Charts
- Graphs and charts are great way to present a great deal of information to your audience. The use of graphs or graphics can add interest as well as simplify the information.
- It is much easier to view a graph than digest a series of numbers in a table. Don't include complex graphs or diagrams that the audiences is expected to decipher.
- The right graphic can add impact to a slide, and if it is clear, you will immediately understand its purpose, and it will strengthen your presentation.

6. Proofreading

Use Spell-check in PowerPoint for errors. It is under the Tools menu so it's an easy final step to run a spell-check to find out wrong phrase or word.

It may help to print out your presentation, and get someone else to read it. Often after looking at your presentation for hours on end, you may not see a mistake that someone else will instantly pick up.

DELIVERY - Perform, Don't Present

It's comforting to think that if you master the substance of a presentation by developing a great content and design, you'll be guaranteed to wow your audience. But, it's wrong! The impact of a typical presentation is 55% visual, 38% vocal and only 7% verbal. In other words, you don't deliver presentations, you perform them.

The most important attribute of a good performance is avoiding the pitfalls of a bad performance. You need to work on following when delivering your presentation – Voice, Language, Movement, and Body Language

Voice - Try to sound natural, speak loudly and avoid speaking in monotone. Put more feeling in your voice.

Language - Use short sentences. Use short, simple words. Convey confidence and show interest when you are presenting.

Movement – Move appropriately and with purpose. Don't move constantly. Pause for effect. Stand still to make an important point.

Body Language – Stand straight, be relaxed, and make good eye contact.

And finally, practice a lot!

Remember when Presenting
- Speak loudly and clearly with voice modulation
- Direct your words to all members of the room
- Maintain eye contact with your audience
- Keep audience engaged
- Don't read the slides word-for-word, use them for reference
- Use PowerPoint to enhance your talk

Key Points
- PowerPoint is a tool to help you communicate and organize complex information clearly and concisely
- PowerPoint should be used to enhance your talk

Further Reading

1. Presentation Zen by Garr Reynolds
2. Slide:ology – The Art and Science of creating great presentation by Nancy Duarte
3. Cutting Edge PowerPoint for Dummies by Geetesh Bajaj

Importance of Presentation Skills

Communication is a vast ocean and an ever-learning skill. 'Communication is Life', is one of the first learnings for people while growing up to start higher education, and surely while getting ready to take up a career for themselves. While there are varied dimensions of communication, Presentation is, in fact, one of the essential dimensions and is now a skill by itself. Everyone has to focus on and learn Presentation Skills in today's connected world.

'Presentation' is more than power point skills. In a way, it is said that 'you present yourself' to others when you are communicating! Presentation subconsciously or consciously happens all the time when a person is communicating with another. How you organize your messages in such interactions makes all the difference between success or otherwise.

Let's clarify the statement "Presentation skills are important". What we really mean is, "Effective presentation skills are important". "Presentation skills" is not a black and white picture - it is a rainbow of colors. Everybody has presentation skills. Some are better than others. The primary goal is for your presentation skills to be able to communicate clear messages and win the hearts and minds of people who you are interacting with, whoever and whatever that is. The secondary goal is for your presentations to get better with every presentation that you deliver.

The key benefits of Presentation Skills are:

1.   Important to Individual Success: For many individuals the first important presentation they deliver might be to the selection committee. It might be called as a "job or placement interview" but it's really a presentation. Success rides on their presentation outshining the remaining candidates.

2.   Important for Team Work & Career Growth: In most organizations day-to-day business entails teamwork. That means presenting to your team or on behalf of your team. Career growth necessitates

presenting your ideas to others. If you want to fast track your career - volunteer to work on projects and deliver more presentations.

3.   Important to Business Success: Business leaders are often expected to present their message with confidence and clarity to staff, clients, partners, investors and sometimes the public. Millions of dollars can ride on these presentations.

4.   Important to Leadership: Winston Churchill was praised for his inspiring presentations that helped England fight back against Nazi Germany. Every leader needs to be able to stand up and deliver a clear and inspiring message. The team and followers will often judge the leader and the cause on the presentation skills of that spokesperson.

5.   Important to Public Image & Opinion: Most often a leader, the organization, the product, or the executives are judged based on how a presentation is delivered. We will tend to remember the extremes - really bad or really good. Our perception is relative to how everyone presented.

There are two big parts for Effective Presentation

(a)   Planning the Presentation (Building the Communication Model into Presentation)

(b)   Delivery of the Presentations

(A) Planning the Presentation

The POW – Purpose, Outcome and Why

■ **Purpose**
- What we want to happen in the presentation to call it a success?
- Who are the people we are addressing?
- What details are we supposed to give them?

■ **Outcome**
- What will the outcome of this presentation be used for?

- Is the plan of this presentation taking into account what will happen if we are not successful with the presentation?

■ Why

- Why are we having this presentation? The Big picture?

The Communication model:

This is guided by the 4S Model – Strategy, Substance, Structure, Style. Each of the elements is described below:

4S-Strategy

■ Questions to be addressed **(How)**;

- Presentation Objectives
- Length
- Detail

Answer the following Questions tobuild the knowledge of the audience on the Communication Continuum – Awareness, Understanding, Belief, Action

1. Where is the audience today on the Continuum?
2. Where would you like to take them?
3. What do you want them to do after this presentation?

4S – Substance

■ Content

- Preparation requires focus on Content
- Research & be sure of the information
- Ensure that the message is coming out clear

■ Rule of Three

- People tend to only remember three things. Plan out the three key takeaway messages and structure your presentation around them.
- There are three parts to your presentation – The beginning, the middle and the end.
- Use lists of three - very important when you want to sell your ideas (Remember the movie dialog - Entertainment, Entertainment & Entertainment)

■ Don't Overload the Content

4S – Structure

■ Purpose for Presentation

- **Persuasive:** Goal is to convince the audience to accept a belief/position or take some action
- **Informative:** Mostly to increase the audience knowledge on a particular topic

■ Informative:

- **Introduction:** WIIFT(What's In It For Them)– Get attention, Establish your credibility, Preview your main Points
- **Body:** Deliver 3 Main Points
- **Conclusion:** Summarize your message, Close with Conviction

■ Map your structure:

- **Appetizer** (INTRODUCTION): Tell them what you are going to tell them
- **Main course** (BODY) : Tell them
- **Deserts** (CONCLUSION) : Tell them what you told them.

Opening a Persuasive Presentation: **Situation, Complication, Question, Answer (SCQA)** framework

4S – Style:

■ It is the brief Summary of the key points
■ It should not be more than one slide
■ It should show a compelling optimistic story (no pessimism, no fallback strategies, no risk statements, no ifs/buts)

4S – Style Approach:

■ Form Structure
■ Plan the Story
■ Where words are not enough plan for charts, pictures, etc.

4S – Style Guidelines

1. Communicate one major Idea per page
2. Introduce the idea in one complete but short sentence
3. Communicate and focus on how the idea is connected or leads to results

4. Limit Text Support to 5 bullets
5. Let one page be a complete story in Itself
6. Just by reading the headers, the story should unfold

4S - Style: Page Design

■ **Text:** Can give full explanation, Hard to make memorable, Too much makes people forget

■ **Tables:** Can show a lot of information, Relationships may not be easily communicated

■ **Visuals or Cues:** Can make complex concepts be assimilated quickly, A good icon can become the symbol of your efforts, Often open to many interpretations

■ **Charts:** Conveys clearly relationships among data points, Easy to remember, Usually need explanation

4S – Style: Other points

1. Use Sober Colours
2. Use detailed slides only in Appendix (for one-one explanations or for fetching critical details necessary for explanation when asked for.
3. Use borders to enclose connected/related topics.
4. Use same font size where possible
5. Use highlights sparingly
6. Use bullets to separate points

(B) Delivery of the Presentations

■ Basics
■ Managing Nervousness
■ OMG moments

Basics% Impact – Verbal, Visual, Vocal

Before the Presentation

■ Know your content, audience and venue well

■ Memorize the first two minutes (SCQA and Pyramid introduction). Well begun is half done Go through the whole presentation in your mind. Focus on the sections that make you uncomfortable.

■ Practice with neutral friends.

■ Watch what you eat and drink

■ Try relaxation exercises.

■ Visualize success. It makes the worst ordeal seem worthwhile.

During the Presentation

■ Increase volume (if you are feeling low).
■ Use large gestures
■ Don't repeat what is written in slides
■ Find a friendly face in the crowd (can backfire if done for long)
■ Use notes

There is a need to manage the 'nervousness' before and during a presentation.

The 5Ps of Presentation: Delivery Essentials

■ Profile
  ● Who is your audience? Awareness is the key to your delivery
  ● Who all are attending
  ● Research about your presentation audience
  ● Functional background of the audience
  ● Know the purpose of the presentation

■ Pitch
  ● How does the tone of your speech vary and carry the importance of the message with your emotional feelings?
  ● Vary the tone of your Speech
  ● See that your pitch does not drop of at the end of your sentence
  ● Varying Pitch more than necessary can sound patronizing

■ Pace
  ● How fast are you? Not too slow. Not too fast.
  ● Vary the Pace throughout
  ● Avoid extreme pace

■ Pause
  ● How are you permitting the audience to gain conviction, assimilate what you are presenting, gauge your audience reaction and re-strategize and repeat if necessary
  ● How well you take Questions and respond?

- Give Chance for Audience to catch up and reflect
- Give chance to yourself to judge where you have reached with the audience
- Use pauses to eliminate filler words

■ Practice
- How confident are you about the substance of your presentation?
- How many times have you rehearsed your script before the actual presentation?
- Practice makes for perfect performance.
- Rehearsal is the biggest single thing that you can do to improve your performance.
- Perform your presentation out loud at least four times. One of these should be in front of a real scary audience. Family, friends or colleagues. Even the dog is better than nothing.
- Know what slide is coming next

■ Types of Closing :

■ **Action Oriented:**

- Ask audience to take a specific action
- Outline alternate actions
- Express confidence in what they will do
- Express confidence that the issue will be met / solved
- Compliment the audience

■ **Do's & Don'ts**
■ Words
- Do not use non-words: hmmm…, aahhnn.., ahan, etc.
- Do not use anchor words – like, you know, etc.
- Do not use hip words – LOL, blah-blah, etc.

■ Eye Contact
- Go through Individual audience members
- One complete sentence/thought/3-5 seconds

■ Arms & Hands
- Large gestures show calmness and control
- Return arms to Neutral when not gesturing

■ Feet
- Stand solid when not moving
- Do not lean

■ Avoid
- Attire that distracts
- Shakes

Dealing with Questions
- If they are premature and dealing with a point that is coming across, tell them it is a good question and you will be coming to it in the next few minutes.
- Set rules beforehand about when the Q & A session happens
- Always set time for Q & A.

OMG! Moments
Apply 4D (Delay, Detour, Defuse, Dismiss) strategy to deal with the following OMG! Moments

- A heckler in the audience
- Latecomers
- Interruptions
- Questions you cannot answer satisfactorily OR are not prepared for
- Equipment malfunction
- Missing materials
- Where was ?
- Expect the Unexpected

TEN COMMANDMENTS OF GOOD PRESENTATION
- Thou shalt not commence thy presentation with apologies
- Thou shalt not fill thy presentation with statistics
- Thou shalt not forget to relax
- Thou shalt not keep a poker face
- Thou shalt not be sarcastic or unfair
- Thou shalt not be dull
- Thou shalt not murder the language
- Thou shalt not forget to be brief
- Thou shalt not forget to smile
- Thou shalt not forget to **STOP!**

Effective Decision Making

One of the greatest skills a leader can have is the ability to make effective business decisions. Decision making is one of the basic cognitive processes of human behaviors by which a preferred option or a course of actions is chosen from among a set of alternatives based on certain criteria. It is a thought process of selecting a logical choice from the available options.Decision making can be hard. Almost any decision involves some conflicts or dissatisfaction. The difficult part is to pick one solution where the positive outcome can outweigh possible losses. Avoiding decisions often seems easier. Yet, making our own decisions and accepting the consequence is the only way to stay in control of our time, our success, and our life.

A significant part of decision making skills is in knowing and practicing good decision making techniques and also developing such a skill requires a combination of education, experience and intuition. There are many things that influence how an individual makes decisions. They include emotions, personal perceptions, professional risks and rewards, preparation through experience or education, deadlines, stress and a host of others. It is important to mitigate the irrational and embrace the rational.

Whether decision-makers realize it or not, myriad factors must be taken into consideration before coming to a conclusion. Whether the decision-making skill is an innate gut feeling or one learned over the years, the bottom line is that being an effective decision-maker requires practice.While decision making and problem solving processes are systematic, problem solving requires defining a problem and creating solutions for it. Decision making is selecting a course of actions from among available alternatives and options. Problem solving always involves decision making.However, not all decision making involves solving a problem. For example, a manager / supervisor may have to make decisions about employees, resources, workload etc, without having a problem to solve on regular basis.

One of the most practical decision making can be summarized in simple decision making steps as below:

- *Identify the Problem*
- *Define the Problem*
- *Identify Decision Criteria*
- *Allocate Weights to Criteria*
- *Determine Alternatives*
- *Analyze Alternatives*
- *Tools for Decision Making*
- *Select an Alternative (Make the decision)*
- *Implement Alternative (Implement Decision)*
- *Evaluation (of decision effectiveness)*

As President Theodore Roosevelt said, "In any moment of decision, the best you can do is the right thing, the next best thing is the wrong thing, and the worst thing you can do is nothing." When it comes down to it, the answer may not always be clear, even when using a rational decision-making process. But the only way forward is take a deep breath, gather courage and make the decision.

The decisions we make decide our destiny so it is important to make decisions.

- *More the number of decisions we make, higher the probability of knowing our self better.*
- *By experimenting with our decisions, we would know – What we like &whatwe don't?*
- *Our personal choices / preferences make the decisions making easier.*
- *Helps hone our decision making skills.*
- *Focus changes from Short term to Long term.*

Being Decisive, doesn't require any exact SCIENCE

Keep your eyes on the prize and "Be clear on the ultimate objective". When faced with choices or options, you need to choose the one that will most quickly achieve it, therefore we need to have

- *Desire: There should be a desire to make decisions. we should feel motivated to take our*

decisions and be willing to put in the required effort

■ **Practice Area:** *Determine areas of our life where we can exercise our decision making skills to make the preliminary decisions of our life and the cost of being wrong might not be too huge – what we want to wear or want to eat, or to pick up a movie to watch or where to go for vacation.*

■ **Own your Decision:** *We should be aware of the pros and cons of the decisions we make – what will happen if decision goes wrong? If you are adventurous, you might feel like forgetting about the con part and tell yourself that whatever happens, you are ready for it. But you should not do so. At times, the consequences may be too dark to forget. Hence, we should always analyze our decisions.*

■ **Follow the Iteration:** *Practice – Reflect – Learn – Practice*

Stephen Covey says "While we might not consider certain choices because of consequences, the choices are always there. We are free to choose whatever we want to as long as we take responsibility for the consequences of that choice".

Sometimes it is very easy to recognize a good decision and some decisions may require more reflection to determine if it is the right decision or if another option is better. Everybody prefers a different way to contemplate a decision. The four styles of decision making are **Rational, Dependant, Intuitive and Spontaneous**. Each style is a different method of weighing alternatives and examining solutions.

■ **Rational:** *This approach is characterised by using a logical and structured approach to decision making such as using ideas like SWOT etc.*

■ **Dependant:** *This approach is characterized by reliance upon the advice, direction and support of others. You will find you are more comfortable making a decision when you have discussed the options with others, and are uncomfortable making decisions alone.*

■ **Intuitive:** *This approach is characterized by reliance upon hunches, feelings and impressions. You will go with 'gut instinct' or with*

what feels right, rather than taking a logical approach to the decision making.

■ **Spontaneous:** *This is where the decision maker is impulsive and prone to making 'snap' or ' spur' of the moment decisions. This can be valuable trait in terms of not over planning the future, but it is not always a good idea to leave important decisions to be made this way.*

Deciding not to DECIDE, is a Decision

Some examples of decisions in Industry are**:**

■ *Launch of a new product*
■ *Closing down a factory unit*
■ *Selling a Company*
■ *Acquisition of a Company*
■ *Launching an Advertisement Campaign*
■ *Make or Buy Decision*
■ *Setting up a new Department*
■ *Enhancing customer service*

Functions of the Mind

Let's now look at how the mind works. There are three main functions:
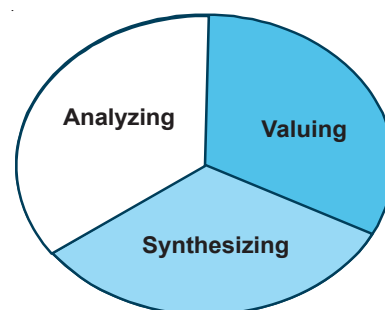
a. **Analyzing:** Analytical thinking is closely related to logical or step-by-step reasoning. Analyzers can break down anything complex in to its simple parts.

b. **Synthesizing:** It is putting or placing things together to make a whole. It is the reverse process of Analyzing. We can synthesis things with our hands, which we do whenever we assemble anything.

c. **Valuing:** *Third function comes into play in such mental activities as establishing success criteria,*

evaluating, appraising performance and judging people – as, for example, in a selection interview. It moves around the perception of important, value and significance.*Criticism is a form of Valuing.***Decision Making Criteria**

The critical preliminary activity is to establishselection criteria & it is worth dividing them into different levels of priority.Unless an option meets **MUST** requirements we should discard it. But after essentials have been satisfied, list of desirables – highly desirable **SHOULDs** or pleasant addition **MIGHTs** – comes into play.
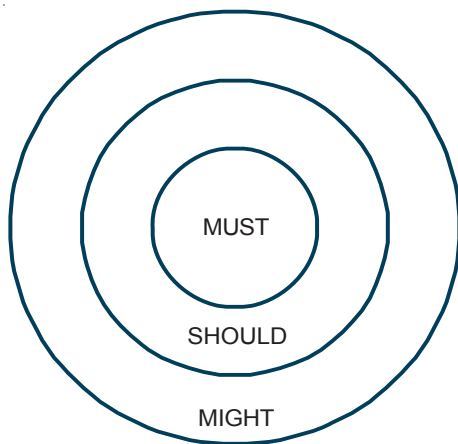
While there are a wide variety of decision-making tools, many tend to revolve around the same key principles of figuring out the decision that needs to be made, considering & researching the options & reviewing the decision once it's been made. Some of the tools are mentioned below with examples:

■   *SWOT Analysis**
-   *Analyzing Market position of a Brand*
-   *identifying possible areas for change*

■   *Force Field Analysis**
-   *Upgrading factory with New manufacturing equipment*
-   *Launching a Quality & Customer Service initiative*

■   *Parameter based Decision Making**
-   *Selecting the product variants & features to be launched*
-   *Planning a plant architecture*

■   *Cost Benefit Analysis**
-   *Acquisition of a Company*
-   *Launch of a New Product*

DECIDED TO DECIDE. What to do if you have fears….?

■   *Have Courage*: It is all right to be nervous but don't let that stop you. Don't let your fears overpower you. Hold faith in your judgment and believe that whatever happens, you will take full ownership for it. As you get comfortable embracing your failures, you will start seeing decision making in a new light.

■   *Visualize your decision outcomes*: Perceive your decision's outcomes becoming true and the right decisions you should take to achieve them. Visualize yourself as a decisive person who believes in self makes the right decisions.

■   *Make your Failures, your friends*: You can't be right all the time, no one can. Given the limitations of time & information, to make decisions, sometimes, we are prone to make mistakes. Be friends with your mistakes and learn from them. These mistakes are your feedback. As you start seeing mistakes as feedback and not a judgment about you, your fears will go down.

■   *Act on your Decisions*: Taking action is the immediate next step, after Decision. And, it is one thing which has consistently worked in driving fear away. The more you sit over your Decisions, and NOT take ACTION, the more fear will paralyze you. As you take action, fear will disappear.

■   *Start a Diary*: Write down your experiences with decision making in a diary. Over a period of time, your positives and negatives will jump out of the page. They will be so obvious, that you will not have to put in any effort in finding them. And once you know where you are going wrong, it's going to be easy to find a solution and grow.

*Explanation and case studies for above examples are mentioned in this section later

How to IMPROVE decisions

■   *Commit & be Pro-Active*: Proactively create opportunities to decide on something and

commit. For instance, if your friend asks you whether you would be joining for a particular class, don't say you are not sure whether you will come or not. Commit to one thing. And make sure you stay true to whatever you commit.

- **Be a person with integrity**: It is the essential ingredient in becoming decisive. Do what you said you would, by the time you said you would. Honor your commitments. When you honor your own word, you start trusting yourself and are more confident. When you start trusting yourself, you will start trusting your decisions.

- **Analyze the situation**: Analyzing the situation is critically important in any decision making process. You have to analyze the facts, patterns and trends creatively for taking better decisions. This process will help you to improve your confidence level.

- **Start small and then Integrate**: You might be tempted to apply these skills at multiple areas. If you try doing so at too many places all at once, you may get overwhelmed and drop the decision making idea all together. Start by taking small decisions one-at-a-time and then keep building upon it

- **Use Words of Conviction**: If you are not confident of your decisions, you may end up saying something like 'I guess I will go with this'. Pay attention to what you say, use power of Language. You should say, 'I decide to go with this'.

- **Learn your lessons**: Treat yourself, every time you make a good decision. And, when they go wrong, observe them closely and learn from your mistakes. As NO one can make right decisions all the time, this should be a lifetime process. Every decision makes us learn and grow.

- **Time yourself**: Improvise your timing with every decision you make. Try to make right decisions faster than before. The more quickly you decide, the more decisive you will become. Moreover, as your pace to decide increases, you will start feeling comfortable with making decisions. And it will not turn out be a chore.

- **Listen to Your Instincts & Hone them**: Notice that little voice in your head giving you inputs and providing you with feedback – listen to it. Gut feeling has its own logic. And that logic is often right. Go by your instincts and hone them by providing feedback for every decision you make with them. When you have to make real quick decisions, these can save you.

Selecting a logical option from available options is "Decision Making"

AND

For EFFECTIVE DECISION MAKING, a person must be able to forecast the outcome of each option as well, and based on all these items, determine which option is the best for that particular situation. Therefore, an Effective Decision Process needs to ensure we are able to do so.

1. Case Study - Decision Making through Lost at Sea (Source: Grahame Knox)

You have chartered a yacht with three friends, for the holiday trip of a lifetime acrossthe Atlantic Ocean. Because none of you have any previous sailing experience, youhave hired an experienced skipper and two-person crew.

Unfortunately in mid Atlantic a fierce fire breaks out in the ships galley and theskipper and crew have been lost whilst trying to fight the blaze. Much of the yacht is destroyed and is slowly sinking.

Your location is unclear because vital navigational and radio equipment have beendamaged in the fire. Your best estimate is that you are many hundreds of miles fromthe nearest landfall.

You and your friends have managed to save 15 items, undamaged and intact afterthe fire. In addition, you have salvaged a four man rubber life craft and a box ofmatches.

Take 10 min to decide your own rankings and record them infirst column of 'lost at sea ranking chart'. Create teams of 3 or 4 and take 15 min to discuss individual choices and work together to agree on a collaborative list.Record the group rankings in the second column of 'lost at sea ranking chart'.

Lost at Sea Ranking Chart

Items	Step 1 Your individual ranking	Step 2 Your team ranking
A sextant A Shaving Mirror A quantity of mosquitonetting A 25 liter container of water A case of army rations Maps of the Atlantic Ocean A floating seat cushion A 10 liter can of oil/petrolmixture A small transistor radio 20 square feet of opaque plastic sheeting A can of shark repellent One bottle of 160 proof rum 15 feet of nylon rope 2 boxes of chocolate bars An ocean fishing kit & pole		
Totals	**Your Score**	**Team Score**

Your task is to rank the 15 items in terms of their importance for you, as you wait to be rescued. Place the number 1 by the most important item, the number 2 by the second most important and so forth until you have ranked all 15 items.

2. Case Study - Decision Making through SWOT Analysis

Growvalue Systems Limited is global information Technology Company with headquartered in Pune and is carrying out the business in Information Technology Services and a provider of business solutions. The company offers its services in Business and IT consulting, integration of system, design, development, maintenance, infrastructure management services, product engineering, both as package enabled and implementation. Grow value system operates in all major countries, North America, Europe, and Asia Pacific along with its business in India.

GrowValue wants to decide on using/ implementing new emerging tools for the US Market to improvise the business and compete in that market with change in technology. For this purpose, the Company is keen to leverage the SWOT analysis tool to understand its current potential and arrive at the decision. **It has appointed you as the professional to advise them on this matter and you have been shared with the following information for your analysis.**

Well established leader among Indian Offshore companies,GrowValue has built a solid image by delivering quality services and innovation and is in a strong financial position as its business turned over more than $9.5 billion as on 31st, Mar 2015. This strong financial position shows that its capital is expanding, and it provides the base to leverage the potential investors.GrowValue is considered big when it is compared to Indian companies as it has 40 global development centers in which most of them are located in India.

The Indian economy has low labor cost although its economic indicators are quite weak due to increasing rate of inflation. With offices in developed and developing nations & high skilled workforce in Information Technology, Growvaluesystem is becoming a global brand. It has capability to support global operations, which it carries out for its multinational clients; however it struggles in the US markets on different occasions, and has particular problems in securing United States Federal Government contracts in North America. As these contracts are very profitable and they can be continued for long periods of time, Growvalue system is losing its strength in lucrative business.Emerging Technology such as Cloud, Big data, mobility are going to get bigger and Growvalue system needs to adopt the latest technology to make their business activities innovative and unique as it caters to next - generation market needs driven by global trends, including digital consumers, emerging economies, new commerce and healthcare.

The company has to face intense competition in the local markets as various local players provide their services at cheap rates. Now most of the big clients want to consolidate its number of competitors such as Cognizant, Accenture as they are able to offer/ showcase well differentiated offering and strategies to clients and that may result in reduced project budget

for Grow value system. Situation like instability of economic environment, Employee attrition rate and low employee utilization may increase the personnel costs of the company and could create pressure for conducting business. Still, Grow value system is the leading IT Company providing IT technology to its clients, who want to excel in their IT departments and they want to develop their business.

Kindly perform SWOT Analysis and document Strengths, Weaknesses, Opportunities and Threats and based on SWOT, share your recommendations for GrowValue to take the decision.

3. Case Study - Decision Making through Cost Benefit Analysis

Cooltas is an Air-conditioning company headquartered in Bangalore. The company has annual turnover of more than 1700 Cr and has manufacturing unit in cities like Gurgaon, Pune, Mumbai, and Indore.

In order to streamline and improve the efficiency of their operations, which saves time and money, Cooltas is exploring options like SAP as ERP tool. The Finance manager and IT Head meet to decide on the ERP at optimal investment. They discussedthe Cost/ Investment elements involved in introducing the ERP system and benefits associated with it as below.

1. The acquisition price, the money the company pay to buy a system.
2. ERP system can be used in different ways, hence the customization cost. When properly customized an ERP can make the procedures of the company much leaner and streamlined by eliminating re-work and manual handling, thus reducing labor costs.

3. A good working ERP system increases the company's capability to keep up with a strong growth of the business. This reduces the need for extra manpower in office related jobs.
4. The system must be installed and tested technically and functionally, hence installation and testing cost.
5. An ERP system, with some built-in intelligence can increase the reliability of the company and it always costs less to retain an existing customer than to acquire a new one.
6. A just-in-time delivery policy can be realized, reducing the need for keeping stock. This will free up capital for other use and the costs of stock keeping will decrease.
7. Training cost for all users for effective use of the ERP. However, Superior intelligence and more automated processes may reduce reliance on expensive skilled workers, reducing labor costs through the use of lower-cost workers.
8. The actual transition to the new system can result in extra costs, conversion of files, phasing out the old system and the like.
9. Make an allowance for unforeseen costs.
10. A maintenance contract is obligatory and will incur Annual Maintenance cost (AMC).

The finance manager has captured the above data from interactions with the IT head. Unfortunately, finance manager has fallen sick and he is unable to do cost benefit analysis.

As a young well informed professional, you are requested to perform Cost benefit analysis of above situation.Quantify all cost and benefits and share your recommendations.

ART OF QUESTIONING AND CURIOUS QUESTIONING

"If I had an hour to solve a problem and my life depended on the solution, I would spend the first 55 minutes determining the proper question to ask, for once I know the proper question, I could solve the problem in less than five minutes."

—ALBERT EINSTEIN

A question is a linguistic expression used to make a request for information, or the request made using such an expression.

We instinctively develop a dislike for persons who keep "lecturing " us. We do however develop positive feelings for people who ask for our welfare and happiness and then their subsequent actions may which we approve reinforces the trust that we place in them.

Or on other words, powerful questions build credibility, relationships and trust. People use different words interchangeably like curious questions, powerful questions, good questions, insightful questions ....but in essence they mean the same thing.

A question, in the timing and its demeanour , communicates and creates a lot on its own; A Powerful question ;

1. Stimulates Curiosity
2. Communicates Knowledge and depth in a subject

3. Communicates concern
4. Communicates respect for the other and for self
5. Communicates sensitivity
6. Communicates values
7. Communicates robustness in its objective
8. Opens perspectives and possibilities
9. Generates new ideas
10. Gives new Direction

The usefulness of the knowledge we acquire and the effectiveness of the actions we take depend on the quality of the questions we ask. Questions open the door to dialogue and discovery. They are an invitation to creativity and breakthrough thinking. Questions can lead to movement and action on key issues; by generating creative insights, they can ignite change.

Consider the possibility that everything we know today about our world emerged because people were curious.They formulated a question or series of questions about something that sparked their interest or deeply concerned them, which lead them to learn something new. Many Nobel laureates describe the "Eureka!" moment of their discovery as when the "right" question finally revealed itself—even if it took them considerable time to come up with the final answers.

Some Powerful Questions and Key Outcomes

Who Asked	The Powerful Question	Result
Watson & Crick	What might human DNA look in 3Dimension	Discovery of the structure of the gene
James Burke, CEO, Johnson & Johnson	What is the ethical action we must take (when their drug Tylenol was found dangerous for humans)	Consumer confidence restored in the company
Ray Kroc, CEO	Where can I get a good hamburger on the road	Created the food chain "McDonalds"

The **SCAMPER** method looks at how to ask questions to create new ideas;

1. How could you **substitute** some of the components, people, materials or other resources that you are using for different ones?
2. How could you **combine** or blend products/services in a different way? What would a hybrid look like?
3. How could you adapt, **alter**, change the function or use another element?
4. How could you **modify** (miniaturize, magnify) some aspect of your approach (e.g change the scale or approach)?
5. How could you **put** something to another use?
6. How could you **eliminate** , remove or simplify a key element? How could you reduce something to its core functionality? What would happen if you removed the extras?
7. How could you **reverse** the order? Switch roles? Or rearrange the patterns , pace etc?

Curious questioning is a method which values "silences". One should give time after curious questions for the person to think or respond. One should also assimilate the responses in silence. The intent being that we ourselves look at the responses from various perspectives without judging it.

Therefore curious questions can be used to draw out perspectives, attitudes, feelings of people towards ideas, situations, responses or people.

Here are some questions for drawing out perspectives;

1. What's your thinking on that?
2. What leads you to conclude that?
3. What is the significance of that?
4. How do you relate to their concerns?
5. How do you think a CEO would view this?
6. How do you explain his decisions?
7. Give me an example of that?

Curious questioning goes hand-in-hand with good or active Listening. One cannot ask curious questions without proper listening and thus connect the thread which binds the responses with the next curious question.

Active Listening means;

1. Hearing the audience without interrupting
2. Attentive body Language
3. Listening for Feelings
4. Listening for Values and Beliefs
5. Listening for assumptions
6. Paraphrasing : Validating that you understood correctly
7. Being mentally prepared

So what makes questions powerful? It is the impact they cause.

QUESTION TYPE	CHARACTERISTICS	IMPACT
POWERFUL	• Short & Simple • Open-ended • Invite reflection	• Audience does the work • Audience understands the bigger picture • Audience creates options • Audience commits to action
NOT AS POWERFUL	• Long & Complex • Multiple, serial • Closed – invites yes/no response	• You do the work • Audience gets your knowledge, Values , fears and insecurities • Audience gets resistant

Open ended questions do not have short answers. In fact they create more options and perspectives. Require thought.

Yes or No Questions are the third type of questions where you get an exact Yes or No as an answer. There would be no need for elaboration.

Close ended questions on the other hand have binary or specific answers. Do not require much introspection and come out quick and easy.

Here are some reasons and examples of each type of question;

- Did that man walk by the house before?

- Can I help you with that?

- May I please have a bite of that pie?

- Would you like to go to the movies tonight?

- Is math your favorite subject?

Closed ended

To Conform Facts

To clear confusion

Narrow focus of discussion

Open ended

Objective questions to obtain facts

Subjective questions to get feelings, values and perspectives

Speculative or thought provoking questions to stimulate creativity

- How do you go about purchasing a home?

- What is it like to live in the capital of Morocco?

- What is the quickest way to get to the pet store in town?

- Why is it that every time I talk with you, you seem irritated?

- In what way do you feel I should present myself?

Trust increases in the people who ask powerful questions. The Trust equation shows why this happens.

$$Trust = \frac{Credibility \;+\; Reliability \;+\; Intimacy}{Self\text{-}Orientation}$$

Powerful questions convey credibility. The depth and detail that they take to answer shows that you are not jumping at conclusions , but prefer to have robust, well thought out solutions.

The multiple perspectives unearthed show that all options are tapped before a final choice is made. This creates the impression of reliability.

Detailed questions and your focus on the other person

convey a low degree of self orientation while a lack of know-it-all attitude strengthens intimacy.

Powerful questions help broach difficult topics. They also can be catalytic (providing impetus for the listener to change) if worded properly as the BISA model suggests.

The culmination of powerful questions is balancing the power of inquiry to advocacy : Developing credibility and reliability to ensure that when you suggest a solution, it has a strong possibility of being accepted.

Indeed, it is the wise man who knows how to combine the power of inquiry with advocacy.... by maintaining the right balance.

The Performance Objectives and Rollout:

S. no	Slide numbers	Performance Objectives	Delivery Method	Minutes
1	1-4	1. Describe and give examples of how Tone, Intonation, timing, Language, body Language adds richness to the words used in communication	For each type of question listed encourage audience to give examples	10
2	5-6	1. Describe how SCAMPER model can be used to generate new ideas? 2. List a few questions that can be used to generate more perspectives?	Ask Audience to stir their memories and come up with examples from the statements given on the slides	10
3	7-10	1. Describe the characteristics of curious questions and its impact? 2. Apply these characteristics in a situation?	Describe and roll out activity	10
4	11	1. Describe the TRUST equation and how curious questioning helps build Trust?	Lecture	5
5	12-13	1. Describe how adding Context can make a question curious? 2. Describe how adding too much context can defeat the purpose.	Describe example . Ask Audience for examples	5
6	14-15	1. Describe what is NOT insightful questions. 2. Describe how active Listening helps insightful questions	Lecture. Solicit examples from Audience. Ask audience what causes questions to be NOT insightful.	5
7	16	1. Describe how assumptions and generalizations can be challenged and validated by insightful questions	Describe examples. Solicit examples from Audience in various situations	5
8	17-18	1. Describe how difficult topics can be broached by curious questions.	Solicit difficult situations from audience and solve	5
9	19	1. Describe how catalytic feedback can be given by Questioning	Describe example and do a short role play.	5
10	20-21	1. The Keystone Activity applies all the learnings listed above.	Create teams and client team.	30
			T O T A L T I M E	**90**

Group Discussion

A Group Discussion can be defined as an activity where group members learn through communicating and interacting with each other. It is a meeting of peers for discussion and exchange of views.

It is a technique used by organizations to evaluate a candidate's personality traits and ability to work in a team. In this method, the group of candidates is given a topic or a situation, and are asked to discuss it within the group. A conclusion may or may not be drawn.

Group discussion (GD) is a famous selection process apart from regular tests and interview. Tests and interview tests a candidate technically. However in a professional set up, the candidate must be able to perform even when working with other people. This is where a GD helps to assess an individual as a team player.

Why do we Need Group Discussion

■ Enhances learning of a subject
■ Increases critical thinking
■ Helps in problem-solving skills
■ Improves decision-making skill
■ Improves communication skills
■ Builds confidence and positive attitude

The Group Discussion Process

A Group Discussion can be divided into three different phases:

1. Initiation/Introduction
2. Body
3. Summarization

How you initiate is really important because it makes or breaks your first impression. There are different techniques to initiate a group discussion to make good first impression

■ Quotes
■ Definition
■ Questions
■ Shock statement
■ Facts and Figures
■ Short Story
■ General Statement

How to Interrupt Others Skillfully

■ That's good! However...
■ I agree. In addition...
■ That's a great idea. But...
■ I am glad that you have brought about this. In fact...
■ Another Important point...
■ This point needs further elaboration...
■ Very correct. But I would add that...

Guidelines for a successful Group Discussion

1. Be a Team Player
2. Reasoning Ability Skill
3. Leadership Role
4. Flexibility
5. Assertiveness
6. Initiative
7. Creativity or Out-of-Box Thinking
8. Equal opportunity for all
9. Listening
10. Awareness

Be a Team Player

The foremost objective of a group discussion is to asses an individual's ability to perform in a team. Being a team player is a strong personality trait and a times, a difficult one too. Individual's communication skill or perspective is seldom looked forward to in a GD. What counts is the participation of every member and jointly reaching to a mutual conclusion.

A good team member have the following qualitites:

a. Build a positive rapport with fellow members.
b. Encourage others to participate.
c. Respect other member's opinion.
d. Does not interrupt while other member is speaking.
e. Participates in discussion
f. Reaches to a conclusion with mutual consent of other members.

A team player can be a team member or act as a leader.

Reasoning Ability Skill:

Careful arguments must be given in group discussions. A group discussion has many participants with all kinds of sensibilities. So, the speaker participant must be very careful while presenting his/her views to the group. Sometimes the topics of group discussion can be sensitive religious-wise; ethnicity-wise, caste-wise, etc. So, the arguments must always be supported by appropriate facts and figures.

Leadership Role

"A leader is an authority who influences the group towards achieving the objective."

The leader in a discussion plays the role of a facilitator. And has to often act in situations like:

■ A discussion where participants do not speak much and are unable to build a proper rapport.
■ A discussion where participants get emotionally charged which results in a chaotic situation.
■ A discussion where participants discuss the topic in an aggressive manner.

A good leader would have the following qualities:

■ The leader shows the direction to the group whenever group moves away from the topic in the discussion.
■ The leader coordinates the efforts of all team members in the discussion.
■ The leader stimulates and contributes to the discussion by giving his/her valuable insights.

■ The leader motivates the team members to express their views and reach to a collective mutual conclusion.

Flexibility

Every member in a discussion must be open to other ideas as well as to the evaluation of his/her own ideas. However it is most essential to never ever start a discussion with a stand or a conclusion. Beginning the discussion with a sudden start or conclusion steals away the opportunity of changing one's mind during the discussion. A conclusion has to be mutual and often depends on listening to other member's views also. So, a stand or conclusion has to be given at the end only.

Assertiveness

Assertiveness is putting forth an opinion to the group in a very emphatic, positive and confident manner. Assertiveness helps the speaker to drive his/her view across the team. The team welcomes any opinion put forth in a confident and positive way. In a discussion, all the members speak but to make any one view count, it has to be spoken assertively. The body language of an assertive person is as follow:

■ Positive tone and body language.
■ Polite but confident tone.
■ Gentle but firm attitude.

Initiative

Every discussion happens to evaluate its members against some qualities. The initiator of a discussion earns the early points ear-marked for the initiator role. However, the member should initiate in a discussion only if he/she is well-versed in the topic and situation. The initiator holds the initial responsibility of starting the discussion on including others. If a member rushes to speak just to earn the points, it gives a negative impression.

It is best to express yourself when you are sure of what to speak. Every member is evaluated based on his/her communication skill, team efforts and body language. A member supporting other members in any role is well appreciated by examiner and members themselves.

Creativity or Out-of-Box Thinking

A discussion will have all the members express their views. However to stand out in the discussion one must think of creative ways of expression. New ideas or perspective always catch attention of a member or examiner.

Equal opportunity for all

A discussion is successful only if all the members are allowed to express their views and ideas and then a mutual conclusion is drawn. A group discussion is never an individual activity; it is always a group activity. The leader should make sure that every member is given a chance to put his/her point across. All the members must make sure to coordinate while discussing the topic. A strong valid conclusion can be drawn only on hearing everyone speak. However, if someone has nothing to say, he/she must not be forced to speak.

Listening

A balance must be made in a discussion between expressing one's views and listening to other's ideas. Since group discussion is a team activity, it is very important to first encourage and then pay attention while other members are speaking. Every member should support other members in the group.

Awareness

A member can speak and reach to conclusion in a discussion only if he/she is aware of his/her strengths and support others. There are two kinds of awareness required while performing in a group discussion:

- **Internal Awareness:** Internal awareness is more of a self-evaluation. The participant must first be aware of his/her strengths. The participant must be aware of the topic and have thorough knowledge of the same.

- **External Awareness:** External awareness is the skill to work and perform well as a team. Once the member has spoken and put across his/her point, he/she should listen attentively to other member and all members should build a positive rapport with each other.

Comparison between Courage and Compassion

During group discussion there can be participants who can be high on Courage and low on Compassion (People who just want to put there point across without considering/respecting the other persons point of view.) are generally categorized as stubborn and people who are not open to any change or any new idea. They are also not very good listeners.

On the other side people who are high on Compassion and low on Courage are considered to be very Liberal and do not hold any firm standing of their own. They are very weak on planning and are always seeking for support in their subordinates.

In short one should be GENTLE, YET FIRM.

Do's of a Group Discussion

- Listen to others
- Maintain eye contact
- Allow others to express their views
- Speak clearly
- Keep a positive attitude
- Back your points with facts and figures
- Disagree politely

Dont's of a Group Discussion

- Do not get personal or emotional
- Do not dominate the discussion
- Never exhibit insecurity or ego
- Do not elaborate all the points
- Do not deviate from the topic
- Do not argue or shout

Typical GD Mistakes

- Emotional outburst. Emotional outburst causes.
- Domination
- Egotism showing-off
- Get noticed - but for the right reasons.

General GD Topics

Form groups and discuss following topics:

- Role of UN in peacekeeping?
- Position of Women in India compared to other nations.
- Should Rahul Gandhi be made the PM?
- BPOs in India.
- Government contribution to IT.
- India or West, which is the land of opportunities?
- Water resources should be nationalized.
- Balance between professionalism and family.
- Education in India compared to foreign nations.
- What is the effect of cinemas on youth? Is it good or bad?
- Are studies more beneficial in India or in Abroad?
- Is China a threat to the Indian software industry?
- About Hockey being the primary game in India.
- Cricket should be banned or not.
- Present state of Indian Cricket team.
- Love marriage/Arranged marriage.
- Advantages of Co-education.
- How to deal with international terrorism.
- Should we pursue our policy of dialogue with Pakistan?
- Is peace and non-violence outdated concepts?

Key Points

- Group discussion is an exercise to test an individual's ability to perform in a team
- The key feature of group discussion is to let everyone speak and then draw a mutual conclusion
- Communication skills act as a primary skill in group discussion

Further Reading

1. Group Discussion http://www.ravenshawhelpline.com/groupdiscussion.html
2. Group Discussion on Current Topic by P. N. Joshi

WORKING IN TEAMS/RELATIONSHIP MANAGEMENT

Definition

A **team** comprises a group of people linked in a common purpose.

Teams are especially appropriate for conducting tasks that are high in complexity and have many interdependent subtasks. Tasks are completed at a faster pace. Team members learn from each other and there is healthy competition amongst team members.

Because of the different nature, personality, thinking and values of people it is not easy to form a team. Personality clashes and misunderstanding happens within a team. A theory was developed by Tuckman to explain the stages of team development. Understanding the theory also gives an insight for how to deal with team members in different stages.

Tuckman's Five-Stage Theory of Team Development

There are following five stages through which a group forms and develops.

Stage 1: FORMING

In the first stage of team building, the **forming** of the team takes place. During this stage, team members are uncertain about their role, who is in charge, and the group's goals. Mutual trust is low. If the formal leader does not assert his authority, an emergent leader will step in to fulfil the group's need for leadership.

Stage 2: STORMING

This is a time of testing. Individuals test the leader's policies and assumptions as they try to determine how they fit into the power structure. Some member may feel overwhelmed by how much there is to do and some members may react by questioning how worthwhile the goal of the team is. Many team fails in this stage.

Stage 3: NORMING

Team that make it through the second stage come to this stage. Team members learn to respect authority and show leadership in different areas. Questions on authority and power are resolved through unemotional group discussion. A feeling of team spirit is experienced because members believe they have found their proper roles.

Stage 4: PERFORMING

Activity during this stage is focused on solving task problems. As members of a mature group, contributors get their work done without hampering others. There is a climate of communication and strong cooperation.

Stage 5: ADJOURNING

The work is done. It is time to move on to other things. Having worked so hard to get along and get something done, many members feel a compelling sense of loss.

Team Building

The term team building generally refers to the selection, development, and collective motivation of result-oriented teams. Team building is pursued via a variety of practices, such as group self-assessment and group-dynamic games, and generally sits within the theory and practice of organizational development.

Team building also includes the process of establishing and developing a greater sense of collaboration and trust between team members. Interactive exercises, team assessments, and group discussions enable groups to cultivate this greater sense of teamwork.

The process of team building includes:

- Clarifying the goal, and building ownership across the team.
- Identifying the inhibitors to teamwork and removing or overcoming them, or if they cannot be removed, mitigating their negative effect on the team.

To assess itself, a team seeks feedback to find out both:

- its current strengths as a team
- its current weakness

Then, to improve its current performance, a team uses the below to:

- identify any gap between the desired state and the actual state
- design a gap-closure strategy

Characteristics of Good Team

- High level of interdependence among team members
- Team leader has good people skills and is committed to team approach
- Each team member is willing to contribute
- Team develops a relaxed climate for communication
- Team members develop a mutual trust
- Team and individuals are prepared to take risks
- Team is clear about goals and establishes targets
- Team member roles are defined
- Team members know how to examine team and individual errors without personal attacks
- Team has capacity to create new ideas
- Each team member knows he can influence the team agenda

Team Effectiveness

When evaluating how well team members are working together, the following statements can be used as a guide:

Team goals are developed through a group process of team interaction and agreement in which each team member is willing to work toward achieving these goals.

Participation is actively shown by all team members and roles are shared to facilitate the accomplishment of tasks and feelings of group togetherness.

Feedback is asked by members and freely given as a way of evaluating the team's performance and clarifying both feelings and interests of the team members. When feedback is given it is done with a desire to help the other person.

Team decision making involves a process that encourages active participation by all members.

Leadership is distributed and shared among team members and individuals willingly contribute their resources as needed.

Problem solving, discussing team issues, and analyzing team effectiveness are encouraged by all team members.

Conflict is not suppressed. Team members are allowed to express negative feelings and confrontation within the team which is managed and dealt with by team members. Dealing with and managing conflict is seen as a way to improve team performance.

Team member resources, talents, skills, knowledge, and experiences are fully identified, recognized, and used whenever appropriate.

Risk taking and creativity are encouraged. When mistakes are made, they are treated as a source of learning rather than reasons for punishment.

Obstacles To Effective Teams

A Weak Sense of Direction: Nothing undermines enthusiasm in teams as quickly as the frustration of being an involuntary member of a team with no focus. Leadership is weak if members aren't sure of their purpose, goals, and approach.

Infighting: While Effective teams don't have to be made up of people who like each other but there must be respect for each other and members must be willing to set aside petty differences.

Shirking of Responsibilities: When member avoid taking responsibility for specific assignments, a team becomes a "pseudo team"; i.e., team in name but consistently underperforming.

Lack of Trust: If trust is lacking, members are unable to depend on each other.

Critical Skill Gaps: When skills are lacking, teams flounder. Members have trouble communicating with

each other, destructive conflicts result, decisions aren't made, and technical problems overcome the group.

Lack of External Support: Teams exist in a larger organization and rely on that organization for resources. If outside resources like formal rules, regulations, budgeting procedures, compensation systems, selection procedures, etc. are not in shape, the group may suffer.

Team Motivation

Probably the first question to be answered in a discussion of motivation is "What makes us do anything?" Why was this article written? Why are you reading it? Why did you get out of bed today and go to work? Why did you join that volunteer organization last month? Why did you drop out of the other one?

Each day brings with it an endless list of decisions to be made. The process of making those decisions is driven, in large part, by the hope of a benefit or the fear of a consequence.

Literally, every decision we make is filtered through this process. The industrial psychologists have taken this further by defining these consequences as needs. Our needs for sustenance, safety, security, belonging, recognition, and a sense of growth and achievement become strong drivers (motivators) of behavior.

Motivation in a team can rise or fall depending on a myriad of factors:

I. Purpose
A clear purpose, focus, or mission of the team that aligns with the team members' personal wants and needs.

II. Challenge
Some sort of challenge that can make even mediocre groups respond with heroic success.Caution: If a challenge is too difficult, perhaps perceived as impossible, then team members may give up before they start. However, the same result may occur if the members perceive the challenge as too easy.

III. Camaraderie
Camaraderie, meaning comradeship, fellowship, and loyalty, is a hallmark of teams where people genuinely like each other and work hard to develop and maintain their relationships.

IV. Responsibility
Having ownership of an identifiable block of work is a long-held tenet of motivation in groups. Caution: Responsibility can be de-motivating if the consequences of error or failure are too great. It is difficult to sustain high performance when energy is being sapped by fear.

V. Growth
When people feel they are moving forward, learning new concepts, adding to their skill base, and stretching their minds, motivation tends to remain high.

VI. Leadership
A good leader can be a catalyst for motivation in the short term, but the best leaders create the conditions for the team to motivate itself.Motivation is inherently intrinsic, residing within oneself. Therefore, if one depends continually on another for their source of motivation, eventually it ends.

Resolving Conflict in Work Teams

A major advantage a team has over an individual is its diversity of resources, knowledge, and ideas. However, diversity also produces conflict. Varney (1989) reports that conflict remained the number-one problem for most of the teams operating within a large energy company, even after repeated training sessions on how to resolve conflict and how to minimize the negative impact on team members.

Conflict arises from differences. When individuals come together in work teams their differences in terms of power, values and attitudes, and social factors all contribute to the creation of conflict.

Conflict in work teams is not necessarily destructive, however. Conflict can lead to new ideas and

approaches to organizational processes, and increased interest in dealing with problems. Conflict becomes negative when it is left to escalate to the point where people begin to feel defeated and a combative climate of distrust and suspicion develops. Negative conflict can destroy a team quickly, and often arises from poor planning.

Handling Negative Conflict

When negative conflict does occur there are five accepted methods for handling it: Direct Approach, Bargaining, Enforcement, Retreat, and De-emphasis (Nelson, 1995). Each can be used effectively in different circumstances.

1. **Direct Approach/Confronting:** This may be the best approach of all. It concentrates on the leader confronting the issue head-on. Though conflict is uncomfortable to deal with, it is best to look at issues objectively and to face them as they are. If criticism is used, it must be constructive to the recipients. This approach counts on the techniques of problem-solving and normally leaves everyone with a sense of resolution, because issues are brought to the surface and dealt with.

2. **Bargaining/Compromising**: This is an excellent technique when both parties have ideas on a solution yet cannot find common ground. Often a third party, such as a team leader, is needed to help find the compromise. Compromise involves give and take on both sides, however, and usually ends up with both walking away equally dissatisfied.

3. **Enforcement of Team Rules/Forcing**: Avoid using this method if possible, it can bring about hard feelings toward the leader and the team. This technique is only used when it is obvious that a member does not want to be a team player and refuses to work with the rest. If enforcement has to be used on an individual, it may be best for that person to find another team.

4. **Retreat/Avoiding:** Only use this method when the problem isn't real to begin with. By simply avoiding it or working around it, a leader can often delay long enough for the individual to cool off. When used in the right environment by an experienced leader, this technique can help to prevent minor incidents that are the result of someone having a bad day from becoming real problems that should never have occurred.

5. **De-emphasis/Smoothing**: This is a form of bargaining where the emphasis is on the areas of agreement. When parties realize that there are areas where they are in agreement, they can often begin to move in a new direction.

Team Resolution Process of Conflict Management

Rayeski and Bryant (1994) recommend using the Team Resolution Process to handle conflict when it occurs in teams. Conflict should first be handled on an informal basis between the individuals involved. If the conflict remains unsettled, a mediator can be brought in to help resolve the situation. If resolution is still not achieved, the dispute should be openly discussed in a team meeting. A formal discipline process needs to occur, if resolution is not achieved after being addressed at the team level. The escalating process of Team Resolution is as follows:

1. **Collaboration (One-on-one):** Handle the new problem person-to-person. Use as many facts as possible and relate the issue to customer, team, or organizational needs. Be open and honest and conduct the session in a private setting. Document the concerns or issues, the dates, and the resolution, if any, and have both parties sign it.

2. **Mediation (One-on-one with Mediator):** If collaboration did not work or was inappropriate, handle the problem with a mediator. The mediator must be trained in conflict resolution, understand policy and ethics, be trusted by the team, and have the ability to remain neutral. Gather facts and talk over the issue with the people involved. Bring up as many facts as possible and relate the issue to customer, team, or organizational needs. Be open and honest and conduct the mediation session in private. Document it and have all parties sign.

3. **Team Counseling**: The conflict is now a definite issue to the team. Collaboration and/or Mediation could not be done, were not appropriate, or did not work. Handle the conflict at a team meeting; put the problem on the next agenda and invite the necessary individuals. Again, bring up the facts; relate the issue to customer, team, or organizational needs. Be open and honest, discuss it in a private setting, document it, and have all parties sign it. Anyone on the team can put an issue or problem on the team agenda, however, this step should be used only after Collaboration, and Mediation has been ruled out.

Concept: High-Energy Teams

High-Energy Teams occur when eight fundamental strategic issues are addressed:

- Who are we?
- Where are we now?
- Where are we going?
- How will we get there?
- What is expected of us?
- What support do we need?
- How effective are we?
- What recognition do we get?

To create a High-Energy Team, team members need to establish ways of addressing the issues associated with these questions. Each question must be subject to continuous discussion and review through regular team learning processes.

High-Energy Teams Model

Who are we?
Each person brings different strengths to a team and will approach problems and opportunities in a different way. Team members need to know 'what makes each person tick' so that individual differences can be harnessed to achieve maximum performance levels.

Where are we now?
Before planning where you are heading as a team, it is useful to look at team balance, whether team members are likely to be risk averse or risk accepting, and whether conflicting values are likely to arise. Look at the teams' key Strengths, Weaknesses, Opportunities and Threats and to determine whether the necessary resources are available to achieve the team's vision.

Where are we going?
To work with energy, commitment and enthusiasm, a team needs to know where it is going. It has to have a vision that is aligned with the organization's mission and goals. It needs to understand its purpose - what makes it different from other teams, what its outputs are and what outcomes they lead to.

How will we get there?
To turn a vision into reality, it is necessary to systematically set objectives, action-plans and measures of performance. It is important to plan the route from where you are now to where you want to be through looking at the critical Types of Work.

What is expected of us?
People find it difficult to perform if they don't know what they are meant to be doing. In a High-Energy Team, all team members will fully understand their job description, their role in the team, what they are responsible for and, most importantly, what they are accountable for.

What support do we need?
Once the team finds answers to the first five questions, it can then focus on what support is required to deliver results. This means doing a training and development needs assessment and establishing ongoing systems of team learning so that all team members can continuously develop their skills.

How effective are we?
A High-Energy Team is one that regularly reviews its effectiveness and continually improves its performance. Benchmarks for success can be established and procedures for learning from mistakes implemented.

What recognition do we get?
In general, most teams will not attain high-energy levels unless there is adequate recognition for the accomplishments of all team members. This can be achieved through feedback, remuneration, fringe benefits and promotion.

When all these strategic issues have been addressed to the satisfaction of the team, the team will be in a 'high energy' state ready to work optimally to deliver excellent performance.

Attributes of High Performing Team

Attributes typically present in teams that perform in the zone of inspiration:

Participative Leadership: creating an interdependency by empowering, freeing up, and serving others.

Shared Responsibility: establishing an environment in which all team members feel as responsible as the manager for the performance of the work unit.

Aligned on purpose: having a sense of common purpose about why the team exists and the function it serves.

High Communication: creating an environment of trust and an open, honest communication.

Future Focused: seeing change as an opportunity for growth.

Creative Talents: appllying individual talents and creativity.

Rapid Response: identifying and acting on opportunities.

Key Points

■ Coming together is beginning, keeping together is progress and working together is success! (*Henry Ford*)

Further Reading

1. Teamwork 101: What every leader needs to know by John C. Maxwell
2. Teamwork is an individual skill by Christopher M. Avery

RELATIONSHIP MANAGEMENT

Customer

A person, company, or other entity which buys goods or services produced by another person, company, or other entity.

A customer is anyone who is spending the money!

A consumer is a person who purchases goods or services for personal use.

A client is a person or organization using the services of a lawyer or other professional person or company.

The nature of company's business determines the uses of either customer or client. **For instance if the business of your organization involved in rendering professional services to people such as lawyers, doctors, accountant, brokers etc. the best for you is client.** And for those that involved in selling goods or render other services that are unprofessional then customers is your choice.

(All the reference to the Customer in this chapter should be treated as Client)

What do customers want?

While a customer is making the buying decision, they want knowledgeable assistance, available *when they want it*. Customers place a high value on accurate information and want to be served by product-savvy, friendly and courteous sales people. The customers sees the price as only one component of the bigger picture of "value" that includes the service, information and follow-up they also receive. Today's customers define convenience, and the easier you can make

the shopping.. If you *give customer what they want,the way they want it* and *follow through* with a fast finish when it comes time to pay up, that turns them into satisfied customers.

Customer Service

It is the provision of service to customers before, during and after a purchase.

Customer service is often seen as an activity, performance measurement and a philosophy. It is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation.

Good Customer Service

Customer service is an integral part of sales job to serve company's most vital asset: its customers. When you satisfy our customers, they not only help us grow by continuing to do business with you, but recommend you to friends and associates. The practice of customer service should be as present on the show floor as it is in any other sales environment. It can be achieved by following means:

Listen to your customer - You are in business to service customer needs, and you can only do that if you know what it is your customers want. When you truly listen to your customers, they let you know what they want and how you can provide good service.

Appreciate the power of "YES" - Always look for ways to help your customers. When they have a request tell them that you can do it. Figure out how afterwards. Look for ways to make doing business with you easy. Always do what you say you are going to do.

Don't make promises unless you will keep them - Reliability is one of the keys to any good relationship, and good customer service is no exception.

Deal with complaints - When something goes wrong, apologize. It's easy and customers like it. The customer may not always be right, but the customer must always win. Deal with problems immediately and let customers know what you have done. Make it simple for customers to complain. Value their complaints. As much as we dislike it, it gives us an opportunity to improve.

Be helpful – even if there's no immediate profit in it - Make customers feel important and appreciated. Treat them as individuals. Always use their name and find ways to compliment them, but be sincere. People value sincerity. It creates good feeling and trust.

Always be helpful, courteous and knowledgeable

Take care of your internal customers - Employees are your internal customers and need a regular dose of appreciation. Thank them and find ways to let them know how important they are. Treat your employees with respect and chances are they will have a higher regard for customers. Appreciation stems from the top. Treating customers and employees well is equally important.

What is a Good Customer Service?

- Good customer service means having thorough knowledge of your inventory, experience with your products, and being able to help customers make the best choices for them.
- Good customer service is treating customers with a friendly, helpful attitude.
- Good customer service means helping customers efficiently, in a friendly manner. It's one of the things that can set your business apart from the others of its kind.

What is a Bad Customer Service?

- When you do not take the time to help someone because it is not profitable to you in any way.
- You ignore the customer.
- If you get a query and you do not know the answer.
- Bad customer service is being impolite and not helpful in any way when needed

Examples of Poor Customer Service

1. Reaching to checkout in the supermarket and the cashier refusing to serve you as he is "just closing the aisle".
2. Phoning a call centre and getting lost in an endless loop of voicemail recordings.
3. Having to invest your own money to use a supermarket trolley (to go and BUY things from them!)
4. Being treated like a criminal at airport security.
5. Not getting batteries with your recent gadget purchase.
6. Slow replies to support request emails when you've just purchased a product online.
7. Waiting more than 30 minutes for something to eat in a restaurant.
8. Calling up a call centre and being unable to speak with a human being.
9. Having to wait in all day because the online shop you purchased from is unable to tell you when they will deliver.
10. Telephone companies charging extra if you want to pay your bill in cash.

Customer Driven Organization

Becoming a "Customer Experience-Driven Business" is a journey that requires a clear focus, organization wide involvement and change management to ensure the required outcome is achieved.

How to become a customer driven organization?

1. **Hire right** - The attitude is more important than the skill. You can train the skill. This is what companies like the Ritz Carlton and Nordstrom's are so famous for.

2. **Constantly train** - Even if you spend five minutes every few days on something new, it is constant training and reinforcement of your business and customer philosophies.

3. **Continually praise good behaviour** - You have to actually talk to your employees. Let them know how well they are doing. Show appreciation for doing the right thing.

4. **Public recognition** - Let other employees and customers know about the outstanding service your employees are creating. Build an environment that fosters this positive behaviour.

5. **Treat your employees the way you want them to treat your customers** - This is sort of an offshoot of the "Golden Rule". If you are constantly yelling at an employee, how you can expect him/her to turn around and be nice to a customer. You need to set an example. Creating a truly customer focused and driven environment is not easy. It takes time and training. Employees need to trust that management will stand behind them and not fault them for making a wrong decision.

6. **Open to feedback from customer** – Many organizations have implemented feedback loops that allow them to capture feedback at the point of experience. This proves to be useful as it allows companies to improve their customer service before the customer defects, thus making it far more likely that the customer will return next time.

The Complaining Customer

The complaining customer - we just can't stand them! Well, most of us can't stand them. The reality is that business organizations should love them. You see, a complaining customer tells you where you can improve. They actually come forward and show us where we make mistakes.

But, most of the time, people hate to hear the complaints. What is worse is that even if we did love to hear the complaints, most of us wouldn't hear them anyway.

First, a few facts you should know about people who complain. Most of the time, when people have a complaint, they complain to everyone else rather than the person or people who caused the complaint.

But, there is good news in all of this. If you resolve your customers' complaints, you will keep them most of the time. But first you have to know there is a complaint. So, how can we find those complainers?

Well, most likely customers won't tell us, so, we have to ask them. It is that simple. Call them up or ask them in person. Actively solicit feedback to find out what they are thinking. And when you find a problem or complaint, resolve it on the spot.

And, when you hear about a problem, fix it. And make sure you give that customer a reason to come back so you can do it right the next time.

Understanding Your Customer

It is important to get inside your customers' heads and give them what it is that they want versus what it is that we think that they want.

How do you get inside their heads? Well, we don't do this by using sixth sense to read their minds. It is much simpler than that. We simply think and come up with the right questions to ask to make sure we are giving the customer what it is that they really want.

The key to understanding your customer is to ask the right questions. Know what the customer wants. Don't assume anything. Ask questions and have things repeated so you don't make mistakes. The customer expects it to be done right, the first time and every time.

Key Points

Key points of delivering good customer service are:

- Understanding the customer
- Level of Attention
- Responsibility
- Product Knowledge

Further Reading

1. Achieving Excellence through Customer Service by John Tschohl
2. Customers for Life by Carl Sewell
3. Exceptional Customer Service by Lisa Ford

MANAGING AMBIGUITY

Essential skill for career progression in VUCA World – VUCA signifies 4 elements of today's Business & Social environment globally viz Volatility, Uncertainty, Complexity, Ambiguity.

Among the above, AMBIGUITY IS ALL PERVASIVE

A word, phrase, or sentence is ambiguous if it has more than one meaning. The word 'light', for example, can mean not very heavy or not very dark. Words like 'light', 'note', 'bear' and 'over' are lexically ambiguous. They induce ambiguity in phrases or sentences in which they occur, such as 'light suit' and 'FINE WITH LITTERING'. However, phrases and sentences can be ambiguous even if none of their constituents is.

Therefore, the fact of something having more than one possible 'Meaning/Interpretation' and hence, possibly causing confusion or lack of clarity is AMBIGUITY.

Although ambiguity is fundamentally a property of linguistic expressions, people are also said to be ambiguous on occasion in how they use language. This can occur if, even when their words are unambiguous, their words do not make what they mean uniquely determinable. When people use ambiguous language, generally its ambiguity is not intended. It is a platitude that what your words convey 'depends on what you mean' as compared to what others understand. This suggests that one can mean different things by what one says, but it says nothing about the variety of ways in which this is possible.

Types of Ambiguity

There are two types of ambiguity, **LEXICAL** and **STRUCTURAL.**

Lexical ambiguity is by far the more common. Everyday examples include nouns like 'chip', 'pen' and 'suit', verbs like 'call', 'draw' and 'run', and adjectives like 'deep', 'dry' and 'hard'.

Structural ambiguity occurs when a phrase or sentence has more than one underlying structure, such as the phrases 'Tibetan history teacher', 'a student of high moral principles' and 'short men and women', and the sentences 'The girl hit the boy with a book. These ambiguities are said to be structural because each such phrase can be represented in two structurally different ways.

It can have both a lexical and a structural basis, as with sentences like 'He saw her duck'.

Uncertainty and Ambiguity

Uncertainty and Ambiguity, both are two different Concepts.Ambiguity has to do with multiple meanings or interpretations and affects the quality of an action. It is the focal point of communication or a situation while Uncertainty is lack of precision in estimates and has to do with an event, a probability or impact.

UNCERTAINTY

AMBIGUITY

Hurricane Katrina graphic is the output of a computer model of thestorm's path, showing probable position at different points in time in the future, based on meteorological data, physics, sophisticated computerized forecasting models. The graphic illustrates a "cone of uncertainty."

Both women Wife and Mother-in-Law," are in the picture, so it is an example of a style called "pictographic ambiguity," because it cleverly incorporates two images. If you can't see the two portraits, notice that the chin of the young lady is the nose of the old woman.

DO WE OURSELVES CREATE AMBIGUITY??

YES!!! WHEN OR IF WE ARE NOT PRECISE IN OUR RESPONSES OR ANSWERS

Ambiguity – Activity*

- Harry isn't coming to the party. Tell Joe that we'll see him next week.(The "him" could refer either to Harry or to Joe).
- The bark was painful. (Could mean a tree's bark was rough or a dog's bark communicated pain or hurt the listener's ears).
- Sarah gave a bath to her dog wearing a pink t-shirt. (Is the dog wearing the pink t-shirt?)
- Flying planes can be dangerous.(Could it mean "It is dangerous to fly plane" or Flying planes that are there in air are dangerous as they might hurt.)

*Answers in Bracket

Managing Ambiguity - The Advantage

As we grow up, the more likely we are to have to rely on information supplied by others, which may be partial or incomplete, rather than making decisions based on what we have found out personally. That's when an ability to manage ambiguity becomes a big advantage.When Ambiguity is created by others or due to external situations, you really 'Deal' with Ambiguity and 'Not merely Manage' the **AMBIGUITY!!**

Tips to manage Ambiguity

Here are 10 tips for dealing with ambiguity for today's era:

1. Suppress urge to control things. People like to feel in control of their businesses. Often, this results in stress when ambiguity enters the scene. The business world is getting more complex not less and therefore we need to suppress to let go of the notion we are 'controlling everything'.

2. Learn to act without the complete picture. In an ambiguous world we will never have all the information we need for absolute certainty. Don't wait for that final bit of hard data that will tell what to do because it may never come. Get all the information available, make the best decision you can and act on it.

3. Understand that some of decisions will be wrong. Now that we made the best decision we can, realize that it might be wrong. But sometimes a wrong decision is better than no decision. Ambiguity means sometimes we will make the wrong decision. Don't let that put us off. Being a good business person is about making more right decisions than you do wrong.

4. Work on flexibility. Be willing to change course as more information comes to light. Don't let pride delay from correcting course. Ambiguity can reveal facts at any time that are going to affect our best decision. Be willing to accept these gifts and incorporate them into direction.

5. Learn to deal with uncertainty. To deal with ambiguity we need to be comfortable with uncertainty. My natural urge is to control everything, but I can't. So I cope with this by being prepared for what I can.

6. Realize there is not a defined plan we need to follow. Make your peace with the fact that there is no defined 'right and wrong'.

7. Be confident. Part of learning to deal with uncertainty is to have confidence in our ability to respond to what we can't control. Confidence is a huge asset to a person in business and life in general.

8. Listen to your voice. People talk about their 'guts' or 'making a gut decision'. What we attribute to

our gut is really our subconscious looking at inputs from around our world. Our processing power is powered 95% from our subconscious, or our brain looking at information 'offline', processing it and then telling you what to do. Therefore, listen to it.

9. Listen to advice. At Beyond Philosophy we use a phrase 'None of us are as clever as all of us'. Do we think that because we are the boss we have all the best answers? We don't. Be comfortable with people being cleverer than us and use this as a resource. Listen to what your people say.

10. Learn to deal with stress. Even if we do all of these things, ambiguity can still cause stress. Learn to manage this stress by having outlets to relieve stress. When we are relaxed we are far more able to respond to problems and challenges with successful solutions.

Ambiguity is challenging by definition but we can learn to deal with it. It is becoming an increasingly important skill particularly as we take up any career and then, grow to occupy senior positions.

How to deal with Ambiguity

We can deal with Ambiguity if….

v   We can make decisions on basis of the information we have, even if that isn't the whole picture.

v   We can cope with uncertainty and risk.

v   We can adapt to change.

While dealing with Ambiguity, find ways and means to **'REDUCE'** ambiguity. Therefore, to reduce Ambiguity we inquire to find new perspectives and we need to make sure if we are asking the right questions and to reduce Uncertainty, we ask explicit questions. Below questions would help to reduce Uncertainty and Ambiguity:

UNCERTAINTY	AMBIGUITY
■ What is the crux of the matter? ■ Are we asking the right questions? ■ Would someone with a different background define this problem differently? ■ What could happen if someone misinterpreted the situation's context? What mistakes could be made by me or by others by me or by others	■ What is the probability that competitor will cut prices within 30 days? ■ What is the probability that it will rain today? ■ What is the probability that technology will fail? ■ What is the probability that a driver will have an auto accident this year?

Learn from Experiences

■ **Try to understand a complex problem or process by creating a visual.**

■ **When faced with ambiguity, get organized.** Write down what we know and document assumptions. Outline the major deliverables or tasks we believe need to be completed.

■ **Act incrementally when we are uncertain.** Take small steps, get quick feedback, correct mistakes, &move forward. Starting small & getting quick feedback will help us make progress despite ambiguity.

■ **In uncertain situations, delve into what is causing the problem.** Use the 5 Whys tool to probe deeper and explore potential problem solutions.

■ **Reflect on your emotional response to change and ambiguity.** Do we get overwhelmed by too many possibilities or a lack of clarity? If yes, chances are our responses are counterproductive. When we experience ambiguity, step back and work on emotional intelligence to gain control.

Learn from Others

■ **Ask supervisor to coach on strategies to enhance ability to deal with ambiguity.** Review this resource to prepare for the coaching.

Identify a couple things we can do to increase our ability to deal with ambiguity. Schedule a follow-up meeting a month later to review progress and ask for additional guidance.

■ **Identify a colleague or mentor who is comfortable with ambiguity and who navigates unclear situations effectively.** Schedule time to discuss how they make decisions and act without having the total picture.

■ **Schedule time with a few trusted colleagues to discuss how to overcome the need for perfection.Explore ways to:**

● Decrease the need to be right all the time and worry less about what people will say.

● Spend less time waiting for the perfect solution or gathering all the data to make the perfect decision in order to avoid criticism; and

● Reach a balance between thinking and taking action.

OFFICE ORGANIZATION

INTRODUCTION

A social unit of people systematically structured and managed to meet a need or to pursue collective goals on a continuing basis.

All organizations have a management structure that determines relationships between functions and positions, and subdivides and delegates roles, responsibilities, and authority to carry out defined tasks. Organizations are open systems in that they affect and are affected by the environment beyond their boundaries.

Organization Structure

Without an appropriate structure, business can't succeed hence it is important to have an Organization structure. Organization structure is nothing but a way to organize employees into some kind of structure to meet business goals.

Organizational structure allows the expressed allocation of responsibilities for different functions.

Based on how employees are grouped in the Organization, it could be of different type

1. Functional Structure - Employees within the functional divisions of an organization tend to perform a specialized set of tasks. This leads to operational efficiencies within that group. However it could also lead to a lack of communication between the functional groups within an organization.

2. Divisional Structure - Also called a "**product structure**", the divisional structure groups each organizational function into a division. Each division within a divisional structure contains all the necessary resources and functions within it.

3. Matrix Structure - The matrix structure groups employee by both function and product. This structure can combine the best of both separate structures. A matrix organization frequently uses teams of employees to accomplish work, in order to take advantage of the strengths, as well as

make up for the weaknesses, of functional and decentralized forms.

Organization Hierarchy

In an organization, the hierarchy usually consists of a singular/group of power at the top with subsequent levels of power beneath them. This is the dominant mode of organization among large organizations; most corporations, governmentsare hierarchical organizations with different levels of management, power or authority.
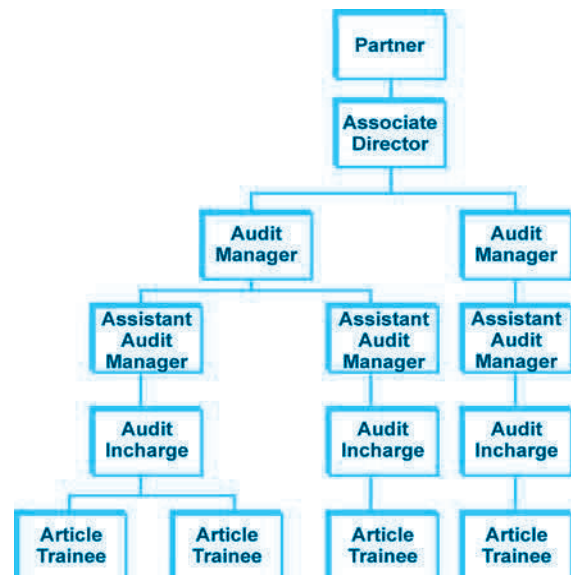
Example. Organization hierarchy in typical CA firm

Organization Chart

A company's organizational chart typically illustrates relations between people within an organization. Such relations might include managers to sub-workers, directors to managing directors, chief executive officer to various departments, and so forth. When an organization chart grows too large it can be split into smaller charts for separate departments within the organization.

Efficiency in Organization

Working environment of an organization is made by the people working in the organization, who are part of that and who have built up the organization. Here are some standard norms which are must for development of an efficient work environment.

1. Punctuality

Punctuality is the primary and most basic trait of good professional conduct. Punctuality is required in all walks of our life, whether in our work or at home. Nevertheless, importance of punctuality at workplace can never be exaggerated.

Punctuality gains respect in almost any place but it is essential in the workplace. Being on time says a lot about you and how you feel about your company and your colleagues. Understanding the importance of punctuality can go a long way in helping you increase your value to your company and climb the career ladder.

Given below are some reasons as to why punctuality is important at workplace.

■   Being punctual in daily office routine reflects that **you understand the value of time** and thus value your work. It shows your honest commitment to you work which goes on building confidence of your seniors in you. It gives the positive perception that you are serious about your work and you respect your seniors.

■   Punctuality shows you **can be counted on**. If you are always punctual, people will naturally assume that they can rely on you more heavily. If you arrive to work on time, hand in your assignments on time, are punctual to meetings,

your boss and co-workers will think of you as a dependable person.

■   Being punctual is a sign of **respect for others**. It lets them know that you take your job seriously and that you respect their time as well.

■   Punctuality is a habit which comes out of **discipline** in one's life. A person who values punctuality is always able to better manage his time and able to meet deadlines easily.

In light of the advantages of demonstrating your respect and understanding of the importance of time management, it is worth putting effort into adding punctuality as one of your attributes.

2. Communication

One of the most crucial and challenging areas of the workplace is effective communication. Maintaining a proper communication with your seniors as well as clients is central to the timely quality of expected output. Some general dos and don'ts to keep in mind while communicating with seniors and clients are discussed below:

a.   Communication with seniors

■   **Do give regular update of the progress of work allotted**

The first rule of effective communication is to keep your immediate senior updated with the progress of the work allocated to you. Not only the work completed should be communicated but also any problem faced in implementation should be immediately communicated so that appropriate action can be taken in order to avoid unnecessary delay in final delivery to the client. One should not presume his senior to know things not actually communicated. Regular information as to the progress of work enables them to plan future course of action and time schedule to ensure timely delivery to client. Also delay in communication regarding any problems faced will adversely affect the final delivery to client. This may go against the reputation of the organisation. Communication may be done through emails, phone or personal interaction as may be considered appropriate in the case.

■ **Don't argue with your senior**

Another principle for maintaining good communication with your senior is to ensure that you should never enter into an argument with your senior. It is looked upon as offensive and disrespectful. Where you want to put across your suggestion/idea/opinion, same should be done with utmost humbleness and politeness. Right way of putting across your suggestions is always welcomed by seniors. To the contrary, contradicting your senior's opinion rudely leaves a bad impression and future reluctance on part of the senior to allocate work and place reliance on you.

■ **Don't wait until the last minute**

In business, surprises are generally not appreciated. Any major development/ observation, whether good or bad, shall be communicated as soon as possible. Alerting your boss to potential problems gives them a chance to react and hopefully defuse a situation before it escalates.

b. Communication with Clients

■ **Do maintain good cordial communication with clients staff**

As a trainee, you may have to spend adequate time working at clients place. Support of client's staff is necessary to know about the client and obtain relevant information. There is a natural reluctance on part of the clients staff to support trainees and attending to their requirements. The only way to seek their support and extract required information is to maintain healthy cordial communication with client's staff. Informal communication to an extent is also useful in such situations.

■ **Don't make lose statements**

You are an ambassador and represent your organisation in front of its Clients. Any impulsive/ lose statements in front of the client or its staff may put your organisation's reputation on stake. Thus, one must be very careful while informally communicating with the client/client's staff.

■ **Don't say anything negative about your organization**

Sometimes you may not be satisfied with some of the policies of your organization or the people who are working there. But you should not discuss theses wrongs with any third person or client because the image or market value of the firm in mind of others will definitely affect with your words. The more you will work towards better image creation of the firm, the benefits out of it will turn to you also in long term.

■ **Don't communicate directly without senior's authorisation**

Communication with the client at your individual level shall be restricted to the extent authorised by your senior. Direct communication with the client should be strictly avoided without prior permission of the senior.

c. Informal Communication

■ **Don't talk badly about your co-workers**

Rivalry and bad feelings occasionally happen within an office even at trainee level, but pointing fingers and laying blame on colleagues just makes a bad situation worse. Office politics can be difficult to navigate, but bringing your boss into it can often make a bad situation worse. If you're having problems with a co-worker, try to address the situation yourself before escalating it to your superior. And if you simply must speak to your boss about it, describe the situation as objectively and dispassionately as possible, and avoid an emotionally charged discussion.

Knowing just the right thing to say in every situation is almost impossible. But following these general guidelines will hopefully help you feel more confident when communicating with your seniors and gain their trust and confidence.

3. Documentation

"Work not documented is work not done". Importance of documentation of work done is often overlooked. However, documentation of work done and other relevant information is of utmost importance in light of the following:

■ It provides basis for future reference. As human, it is not possible for anybody to retain each and everything in his mind. Documentation of work

done in previous years provides a basis of reference in future years. Lack of documentation may lead to unnecessary repetition and duplication of work in future.

■ Facilitates shifting of client/assignment to successor team smoothly. A person/team who takes up the assignment previously done by another person/team can understand the important aspects of the assignment/client in a much better way if the information and work was properly documented by the previous team. They can pick up the work from the point where it was left by the previous team. In the absence of proper documentation, new team may have to again spend time on understanding the basics. Thus there would be duplication of effort and ineffective use of time and resources.

■ Provides evidence in case of any future dispute. Documentation of crucial information and papers provides evidence in case any dispute arises in future. They provide evidence for information on the basis of which conclusions and opinions were arrived at.

■ Documentation of the work done is also a mandatory requirement in our profession as prescribed in Standards on Auditing.

4. File Maintenance

Importance of any information documented or recorded can be valued only if the same can be retrieved at the right time. For any information to be valuable, it is important that one should be able to retrieve right information at the right time. To facilitate this, it is important to maintain files in a proper manner so that they can be located in time.

Some points that may be helpful in maintaining a proper filing system are given below:

■ Each and every file should have a **unique number** assigned to it. Numbering can be done numerically, alphabetically or alphanumerically.

■ Where number of files is large, files may be **classified into sections** based on functional areas such as Audit, Income Tax, Sales Tax etc. Each section may be assigned an alphabetic

code and then separate numbering for files in each section may be done.

■ Files shall always be **sequentially arranged** at the storage place.

■ A **master record of all files** shall be maintained in soft or hard form which shall include number of file, client name, content of file, file location and its colour.

■ Further, list of files stored in different sections may also be placed at the location to facilitate easy access.

■ **File cover/label** should clearly contain information as to name of client, information contained, relevant period and file number.

5. Record Keeping

Another important aspect of efficient work system is proper system for recording of data. There is a substantial amount of data, information and documents which are to be maintained in soft records. There is a general tendency to record such data at any convenient location at the time of working or in personal folders from where it is difficult to retrieve the same when the need arises. Following general points may be kept in mind while recording of data in soft form to ensure timely retrieval, avoid duplication of storage and facilitate search:

■ Never record data in personal folders or desktop.

■ There may be a separate folder for each client. Where different types of services are rendered, broad sections for classification of data may be created at the top level such as audit, taxation, sales tax, service tax etc. Thereafter within every section, there may be a separate folder for each client. Data pertaining to each client shall always be recorded in the individual folder of each client under relevant section.

■ A proper tree structure will enable efficient data retrieval.

■ Every folder and each file should be properly named so as to reflect its contents. This goes a long way in making file search much easier when

particular type of data is to be searched. Naming files with personal names or abstract letters shall be avoided.

■ Where work has been carried out at a location different from where master data is recorded, subsequent to completion of assignment, data shall be transferred to appropriate location and removed from its temporary location. This is important to avoid duplication of data.

■ Use of personal pen drives may also be avoided as it puts official data more prone to virus.

Key Points

■ Organization is a social unit of people systematically structured and managed to meet a need or to pursue collective goals

■ The achievements of an organization are the results of the combined effort of each individual

Further Reading

1. Management by Peter Drucker

OFFICE ETIQUETTES

DEFINITION

Office Etiquette or Office Manners is about conducting yourself respectfully and courteously in the office or workplace. It is mixture of some important social values like politeness, respect to others etc.

Cultural differences

Etiquette is dependent on culture; what is good etiquette in one society may not work in another. Etiquette evolves within culture and can vary widely between different cultures and nations. In China, a person who takes the last item of food from a common plate or bowl without first offering it to others at the table may be seen as a greedy and insulting the generosity of the host. In Middle East and Bangladesh thumbs up gesture is considered obscene.

Also understand the difference between business etiquette and social etiquette. **Business etiquette is genderless**. For example, the traditional chivalrous etiquette of holding the door open for a woman is not necessary in the workplace and can even have the unintended effect of offending her. In the work environment, men and women are equal.

Always remember that your guiding principle should be to treat people with consideration and respect.

Etiquette at work place

How you interact in your office, your behaviour with your co-workers, client and your attitude in the office can make or break an important meeting, influence a first impression or impress a potential client.

Here are a few of the specific dos and don'ts of business etiquette you are likely to encounter during your workday:

Introduction

The proper way to make an introduction is to introduce a lower-ranking person to a higher-ranking person. For example, if your CEO is Mr. Iyer and you are introducing administrative assistant Mira Kumar to her, the correct introduction would be "Mr. Iyer, I'd like you to meet Mira Kumar." If you forget a person's name while making an introduction, don't panic. Proceed with the introduction with a statement such as, "I'm sorry, your name has just slipped my mind." Omitting an introduction would be a bigger mistake.

Top 6 Ways to Graciously Meet and Greet People in Your Office

Your initial contact with a client, colleague or vendor is critical to your success in business. Getting off on the wrong foot can make for a difficult relationship or no relationship at all. Your goal within the first few minutes of meeting other people is to make them feel comfortable and to put them at ease so they will want to do business or work with you. When you learn and use the rules of business etiquette for those critical encounters, you will have a solid start for long-term profitable relationships. Use these six simple strategies to get started.

1. Stand up whenever you meet or greet someone. This allows you to engage the person eye to eye and sends a message that you value this person. If you are in a position where you can't stand up (such as being trapped behind a potted plant at the restaurant) offer an apology and an explanation.

2. Smile. Look as if you are pleased to meet the other person even if you are having a bad day.

3. Make eye contact.

4. Introduce yourself immediately. As soon as you approach people you don't know or stranger approaches you offer your name and say something about yourself. Don't stand around as if someone else is in charge of introductions.

5. Offer a firm handshake. Extend your hand as you give your greeting and introduction.

6. Pay attention to names when you meet people and use first names only when given permission. It is all too common to be thinking about what clever thing you are going to say next and forget to focus on the other person's name. If you concentrate and repeat the name as soon as you hear it, you stand a better chance of remembering it later.

Handshakes

Shaking hands with someone can leave a powerful impression. When someone's handshake is unpleasant in any way, we often associate negative character traits with that person. A firm handshake made with direct eye contact sets the stage for a positive encounter.

Women take note: To avoid any confusion during an introduction, always extend your hands when greeting someone. Remember, men and women are equals in the workplace.

Body Language Speaks Louder Than Words

Has it ever occurred to you how much you are saying to people even when you are not speaking? Unless you are a master of disguise, you are constantly sending messages about your true thoughts and feelings whether you are using words or not. Studies show that your words account for only 7% of the messages you convey. The remaining 93% is non-verbal. So it's very important to take care of body language.

- Eye contact is the most obvious way you communicate. When you are looking at the other person, you show interest. When you fail to make eye contact, you are ignoring the person. Maintain eye contact about 60% of the time in order to look interested, but not aggressive.

- Facial expression is another form of non-verbal communication. A smile sends a positive message. Smiling adds warmth and an aura of confidence. Others will be more receptive if you remember to check your expression.

- Your mouth gives clues, too and not just when you are speaking. Mouth movements, such as pursing your lips or twisting them to one side, can indicate that you are thinking about what you are hearing or that you are holding something back.

- The position of your head speaks to people. Keeping your head straight will make you appear self-assured. People will take you seriously.

- How receptive you are is suggested by where you place your arms. Arms crossed or folded over your chest say that you have shut other people out and have no interest in them or what they are saying. This position can also say, "I don't agree with you.". The best place for your arms is by your side. You will look confident and relaxed. If this is hard for you, do what you always do when you want to get better at something - practice. After a while, it will feel natural.

- The angle of your body gives an indication to others about what's going through your head. Leaning in says, "Tell me more." Leaning away signals you've heard enough. Adding a nod of your head is another way to affirm that you are listening.

- Legs talk, too. A lot of movement indicates nervousness. Don't shake you leg while talking to others. Sit firmly and confidently.

- The distance you keep from others is crucial if you want to establish good rapport. Standing too close or "in someone's face" will mark you as pushy. Positioning yourself too far away will make you seem standoffish. Neither is what you want so find the happy medium. Most importantly, do what makes the other person feel comfortable. If the person with whom you are speaking keeps backing away from you, stop.

Either that person needs space or you need a breath mint.

Cell Phone Etiquette

Here are a few tips to recall when using your cellular phone in public:

■ Avoid taking or using your cellular phone at a meeting. If you must, be sure to place the phone on silent, or the vibrate feature

■ Use a quiet voice. Many individuals feel the need to talk loudly, or scream into their cellular phones

■ Do not allow a phone call to interrupt the presence of a "live" person. You are telling the person you are with that they are not important and that the call is more valuable than their physical presence. Return the call at a more appropriate time.

These are just a few of the reminders that should be considered when using your cellular phone. Courtesy and safety should always be remembered. The few exceptions include emergency situations, and relaying urgent information. Enjoy the convenience of modern technology but avoid the pitfalls of inappropriate behavior.

Electronic Etiquette

Email, faxes & conference calls can create a veritable landmine of professional etiquette. Just because you have the capability to reach someone 24/7, it doesn't mean you should.

Email is so prevalent in many of today's companies that the transmission of jokes, spams and personal notes often constitutes more of the messages employees receive than actual work-related material. Remember that your email messages are an example of your professional correspondence. Professional correspondence does not include smiley faces or similar emoticons.

Faxes should always include your contact information, date and number of pages included. They should not be sent unsolicited — they waste the other person's paper and tie up the lines.

Conference call etiquette entails introducing all the participants at the beginning of the call so everyone knows who is in attendance. Since you're not able to see other participants' body language and nonverbal clues, you will have to compensate for this disadvantage by communicating very clearly. Be aware of unintentionally interrupting someone or failing to address or include attendees because you can't see them. And finally, don't put anyone on speakerphone until you have asked permission to do so.

What you must do

■ Do reply to office mails and try to use lower cases while typing as bold letters signify a scream

■ Do keep you voice low while talking

■ If you have a problem that may force you to stay away from work, keep your boss in the loop

■ Do congratulate a colleague on his/her achievements even if you do not approve of his/her ways

■ Do not forget to shut you mobile phone during meetings.

Few Tips on Office Etiquettes

1. Respect colleagues having lunch at their desk

You're sitting there quietly eating a sandwich and perhaps reading a book or a newspaper, when someone decides to come up and ask work-related questions. Treat others on their lunch break as you would like to be treated on yours.

2. Monitor your speaking volume

People always tend to speak louder than necessary when on a mobile, so make sure you pipe down or go into the corridor. Talking to a friend from the phone on your desk? No one else wants to hear your conversation about how you dumped your boyfriend or what you're planning to wear when out tonight. Especially your boss.

3. Be mindful of others needing the printer

"Printer etiquette" is a phrase. It refers to giving preferential treatment to workers printing only one page at a time, ahead of those using half an hour and half a forest to print out large documents.

4. be sensitive about smells & smiles

Limit strong perfume, excessive body odour, and very fragrant flowers — all of which can offend others. Hot take-away food and instant soups can also be very unpleasant, especially if you're twenty floors up and relying on air-conditioning rather than being able to open the windows.

5. Be tidy in the kitchen

Remember when your mum would say, "Do you think this is a hotel?" Similarly, at work, no one wants to have to tidy up after your mess. Don't leave food on the counter or dirty dishes in the sink for extended periods of time. And check the fridge now and again to make sure the cheese you bought last month hasn't sprouted a green disguise.

6. Keep your music to yourself

If you have to attend work related training etc keep the volume non-existent by wearing headphones.

7. Stay home with the sniffles

You may feel you should be applauded for bravely soldiering into work when ill, but no-one else will. A Kimberly-Clark report found 94 per cent of workers admitting they still turn up for work when experiencing cold and flu symptoms. Eighty-five per cent of these think about the risk of passing on their illness to colleagues but go in anyway. If you absolutely must appear, be considerate and use tissues and wash your hands frequently to reduce the spread of germs.

8. Ask before borrowing

Some people are fiercely protective of their office supplies. How many times have you been on a scavenger hunt to track down borrowed pens, staplers and scissors?

9. Be on time

According to a report by the BBC, two-out-of-three people regularly turn up late for meetings. What message does it give to people if you're always late, cancel at short notice or chat with others while a meeting is going on? Showing respect and tact in the workplace will help you build productive relationships.

10. Avoid taking part in office gossip

No good ever comes from gossip and it only hurts others. If you're seen as someone who is constantly meeting at the water cooler to discuss others, it will look as if you don't have your priorities in order. In addition, your superiors will think twice about sharing confidential information with you.

11. Don't be a whiner

No one wants to be around someone who complains all the time. You won't be seen as a team player and your employer is less likely to promote you or give you key projects because of your negativity.

12. Don't party like a rock star

Getting drunk is a faux pas in itself, and it often leads to more inappropriate behavior, like telling bad jokes, presenting yourself poorly, or making a fool of you.

At an interview or business meal, don't order too much food, and don't order the priciest item, unless everyone else is. Excessive ordering makes you appear gluttonous, which reflects negatively on you. Stick with ordering something middle of the road.

13. Net for personal use

You should avoid using net for personal use. Spending lots of time on Facebook, downloading music, movie should be avoided at all cost while you are at work.

14. Check your eating habits

Do not spill food around the table, to make others uncomfortable while dining. Make sure to properly use the common resources in the kitchen. Help yourself.

15. Mind your attitude and Respect others

Park your vehicles and your attitude outside, behind the office premises. Give and gain respect. Words can express the world, so monitor your expressions and make sure you listen when people are speaking to you.

16. SMS Etiquette

- Texting is like writing so it has a formal and informal approach.

- For office mates dealing with bosses or bosses dealing with clients or anything that is about business, it is best to call.

- If it is a text message, do it formally with the spellings and grammar intact *i.e.* informal text messages, avoid abbreviating.

17. E-mail Etiquette

- Be concise and to the point.

- Don't write in capital.

- Reply on time.

- Don't send or forward emails containing defamatory, offensive, racist or obscene remarks.

- Don't forward virus hoaxes and chain letters.

18. Do recover gracefully

Overcoming an etiquette slip-up is a four-step process:

1. Address the issue directly and don't ignore it or try to cover it up.

2. Apologize to the appropriate individual(s) and acknowledge that you made a mistake.

3. Make any necessary amends or take any action needed to remedy the situation.

4. Learn from your mistake and don't repeat it again.

Key Points

- Treat people with consideration and respect

Further Reading

1. Business Class: Etiquette essentials for success at work by Jacqueline Whitmore
2. The Etiquette Edge by Beverly Y. Langford

EXECUTIVE PRESENCE

INTRODUCTION

Clothes and manners do not make the man; but, when he is made, they greatly improve his appearance.

Grooming is necessary for the corporate world or society in general. You should create powerful first impression. If you stink who is going to take you seriously? Or want to be around you? It's just plain old professionalism.

Personal grooming is very important. Your appearance says a lot. If you don't care enough to keep tidy, take care of yourself, and such, then you probably don't care about many other aspects of your life.Your appearance influences the opinions of everyone around you. Your professionalism, intelligence, credibility, level of sophistication and the trust people form in you is reflected from your appearance.

The way you look and act determines what people think about you. If you smile – people think that you are pleasant; if you wear wrinkled clothing people think that you do not care. How you feel about yourself on the inside should be reflected on the outside. Some of us know this; some of us do not. If we want the outside world to respond to us in a positive way, we must look and act positively.

What is grooming?

Grooming is nothing but taking care of one's looks, hygiene and clothing. It is knowing what to do and putting it into practice on a daily basis.

It starts before you put on your clothing. It means taking care of your physical self,hair, skin, face, hands and your total body.

Result: It helps to lift your morale and increases your self-esteem.

What is Hygiene?

Hygiene is an ongoing task. Have a Bath every day. Your freshness should come across. Rinse or wash your face at least two times a day. Brush your teeth and use mouthwash daily. Drink plenty of water to keep your insides clean. This will also help to keep your skin fresh on the outside.

Wear very little or no perfume. But in a country like ours, the use of a mild fragranced deodorant is compulsory.

Hands, Feet and Nails

Your hands talk for you! They should be clean and smooth. Keep a small bottle of lotion to keep your hands moisturized. Nails should be clipped short (not beyond1/2" beyond finger tips) and should be along the shape of the fingers. Your feet should be kept clean, with no cracks. Polish can be applied to both nails, but it should not be loud- i.e. not too bright or trendy. Delicate colours give a sheen to nails. They can be devoid of polish also.

Face

Make it a daily habit to clean your face twice a day following Cleansing, Toning and Moisturizing, one after the other.Use face wash for cleaning your face. It should be according to your skin type. Toner is a must to give precious moisture to the skin.

Make-Up

Make-up is essential but should be natural looking. The make–up should make you look fresh throughout the day. Bright colours in nail-polish and lipstick should be avoided. Make-up, if required, can be refreshed during the day but it should never be applied in public.Learn how to apply makeup properly.

Hair

Your hair should complement your face and complexion. Sport a maintainable length and style. If hair is longer than the jaw line, it should be tied or made into a bun. Hair holding devices should be in plain/natural colours. Hair should be styled such that it is away and out of your face.

Wash your hair at least 2-3 times a week with a good quality shampoo. And then do not forget to use a conditioner. Shampoo cleanses but also dries the hair.

The other option to provide moisturization to hair is to use hair oil. Oily and sticky or smelly hair in office is a no-no. Hair colour should not be more than one or two shades darker or lighter than your natural hair colour. Unnatural colours (burgundy, green, etc.) must be avoided.

Health

For the body to look attractive outside, it should be healthy inside. Eat the right food. Proteins, Carbohydrates, and Vitamins; Junk food to be avoided (maximum of 1-2 outings a week). Exercise (yoga, meditation, gym) to keep you fit. Sleep well (7 to 8 hours a day) or be prepared for dark eye circles! Drink sufficient water (6 to 8 glasses per day). Practice simple chair exercises if your work involves sitting in front of the computer for long duration. Watch your pose.

Clothes

How you dress depends on four factors: the industry in which you work, the job you have within that industry, the geographic area in which you live; and most importantly, what your client expects to see.

Try going to a busy restaurant at lunchtime. Look around you at what people are wearing and see if you don't make judgments about who they are, their line of business, their personalities and their competencies. Think about how you feel when you are dressed in your usual business attire as opposed to casual dress. Your choice of business apparel speaks to your professional behaviour and credibility. It is important to understand how to dress for business if you wish to promote yourself and your organization in a positive manner.

Professional Dress for Men - Choose a conservative suit in navy, black or gray either pinstripe or solid. The quality of the material speaks as loudly as the colour and can make the difference between sleaze and suave.

A solid white or blue dress shirt with long sleeves offers the most polished look. The more pattern and colour you add, the more the focus is on your clothing, rather than your professionalism.

Even in the Indian context, formal kurtapaijama are generally not acceptable at work.

Ties should be made of silk or a silk-like fabric. Avoid the cartoon characters and go for simple and subtle if you want to enhance your credibility.

Socks should be calf-length or above.

Belts need to match or closely coordinate with your shoes. Once again, quality counts.

Keep jewellery to a minimum. In a time when men sport gold necklaces, bracelets and earrings, the business professional should limit himself to a conservative watch, a wedding band and maybe his college ring.

Professional Dress for Women - The same overall rules apply to women's work attire as apply to men's. Business clothing is not a reflection of the latest fashion trend.

Pants should break at the top of the foot or shoe. Capri pants are out of place in the conservative business environment.

In the Indian context, formal salwar suits or sarees are acceptable even in MNC environment.

When it comes to accessories less is once again more. Keep it simple: one ring per hand, one earring per ear. Accessories should reflect your personality, not diminish your credibility.

Personal Grooming and Career

The role personal grooming plays in one's career growth and job search success. The overwhelming majority (90 percent) of HR professionals said that a job seeker's appearance (whether he or she looks neat and clean) is most important to making a good first impression during a job interview. Well-groomed candidates project more confidence than candidates who don't pay close attention to their appearance, according to more than 90 percent of respondents. Meanwhile, candidates who show up for job interviews with a five-o'clock shadow, with grit under their fingernails, wearing wrinkled or dirty clothes, or with

their hair in disarray come off as unprofessional and put themselves at a serious disadvantage. In fact, more than 50 percent of HR professionals surveyed said that candidates who show up for job interviews looking slovenly or unkempt give them the impression that they don't want the job. What's more, well-groomed employees tend to be more successful than slovenly employees: 84 percent of HR professionals said that neat, clean employees climb the corporate ladder faster than employees who aren't well-groomed.

Key Points

■ Grooming helps to lift your morale and increases your self-esteem

Further Reading

1. Dress for Success (John T Molloy)

INTRODUCTION

Understanding the environment within which the business has to operate is very important for running a business unit successfully at any place. Because, the environmental factors influence almost every aspect of business, be it its nature, its location, the prices of products, the distribution system, or the personnel policies. Hence, it is important to learn about the various components of the business environment, which consists of the economic aspect, the socio-cultural aspects, the political framework, the legal aspects and the technological aspects etc.

The term 'Business Environment' connotes external forces, factors and institutions that are beyond the control of the business and they affect the functioning of a business enterprise. These include customers, competitors, suppliers, government, and the social, political, legal and technological factors etc. While some of these factors or forces may have direct influence over the business firm, others may operate indirectly. Thus, business environment may be defined as the total surroundings, which have a direct or indirect bearing on the functioning of business. It may also be defined as the set of external factors, such as economic factors, social factors, political and legal factors, demographic factors, and technical factors etc., which are uncontrollable in nature and affects the business decisions of a firm.
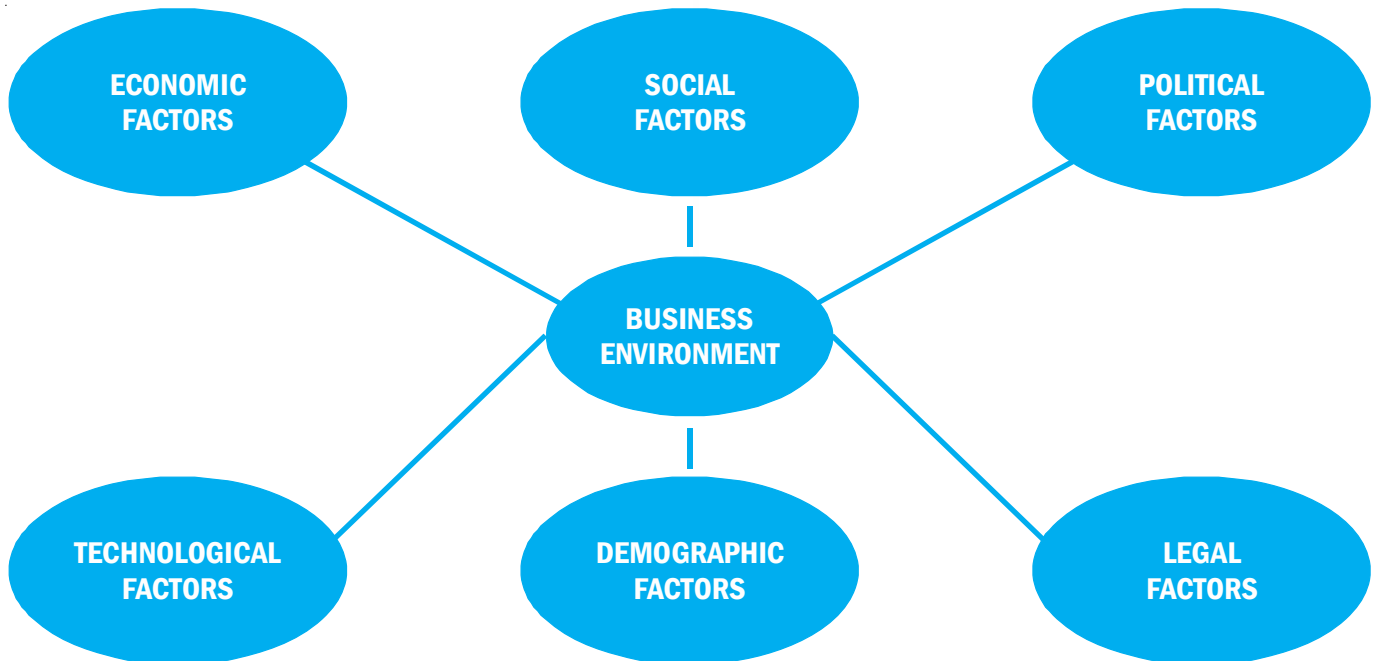
Features of Business Environment

1. **Environment is the Surrounding Situation:** Business Environment means the surrounding situation within which business organization has to operate. It is a sum total of cultural, political, economical, social, physical, technological, legal and global forces which move around the business organization. These forces collectively create a socio-economic-political situation called business environment. Environment is an inseparable part of business which cannot operate in vacuum.

2. **Environment is Complex:** Business Environment has now become extremely complex and the government intervention has become more frequent. Business environment is a complex phenomenon and also difficult to grasp and face in its totality. This is because it is governed by external factors. Environment

develops by chance and not by choice. In addition, the environment factors vary from country to country. The business environment in India and in USA may not be identical.

3. **Environment is Dynamic:** Business Environment is dynamic and perpetually evolving. It changes frequently due to various external forces i.e. economic, political, social, international, technological and demographic. Such dynamism in the environment brings continuous change in its character. Business enterprises have no alternative but to operate under such dynamic environment. The only remedy is adjust business as per environmental changes.

4. **Environment is Multi Faceted:** Environmental changes are frequent but their shape and character depends on the Knowledge & Experience of the observer. A particular change in the environment may be viewed differently by different businessmen. This change is welcomed as an opportunity by some organizations while some others take it as a threat for their survival.

5. **Environment has Long Term Impact on Business:** Environment has long lasting impact on functioning of business organizations. Their growth and profitability depends upon the environment under which they have to operate. Environment influences business enterprises. Such influences may be positive or negative & may affect the profitability, efficiency & development of business.

6. **Environment Needs Minute Study by Business Organizations:** Every business organization has to study changes constantly taking place in the environment forces. This facilitates easy adjustments of business as per environmental changes. Such adjustment is necessary for its survival and growth. Environmental factors are, by and large, external as well as uncontrollable. In view of these constraints businessmen have to study the environment minutely and face it boldly. The success of business depends on its ability to

adjust itself with the local, national and international environment.

7. **Environment Influences Business Organization:** Business organizations have limited capacity to influence business environment as it is the result of government policies and social and technological changes which are basically external variables.

8. **Environment and Business Planning go Together:** Business Environment and business planning are closely related concepts. In fact, planning is necessary in order to derive maximum benefit from favorable environment. Similarly, planning is useful for dealing with the problems created by unfavorable environment.

9. **Environment needs Adaptability:** Business have to learn adjust with ever changing business environment. One of the basic laws of nature is that adaptability is the price of survival. In the prehistoric ages, the dinosaur and the mastodon – two of the strongest and largest animal that ever lived, perished, while the insignificant cockroach survived. The reason was that those mighty animals could not adjust themselves to changes brought about by the passage of centuries, while the cockroach could. Businessmen have to adjust with the prevailing environment. This adaptability is the price or the key survival in the business world.

10. **Business Environment Changes Regularly:** The environment factors changes regularly. The Business Environment in India is totally different as was in past. Future environment is the product of past & present environment.

Confining business environment to uncontrollable external factors, it may be classified as (a) Economic environment; and (b) Non-economic environment. The economic environment includes economic conditions, economic policies and economic system of the country.

Non-economic environment comprises social, political, legal, technological, demographic and

natural environment. All these have a bearing on the strategies adopted by the firms and any change in these areas is likely to have a far-reaching impact on their operations.

Economic Environment

The survival and success of each and every business enterprise depend fully on its economic environment. The main factors that affect the economic environment are:

(a) **Economic Conditions:** The economic conditions of a nation refer to a set of economic factors that have great influence on business organisations and their operations. These include gross domestic product, per capita income, markets for goods and services, availability of capital, foreign exchange reserve, growth of foreign trade, strength of capital market etc. All these help in improving the pace of economic growth.

(b) **Economic Policies:** All business activities and operations are directly influenced by the economic policies framed by the government from time to time. Some of the important economic policies are:

    (i)   Industrial policy
    (ii) Fiscal policy
    (iii) Monetary policy
    (iv) Foreign investment policy
    (v) Export–Import policy (Exim policy)

The government keeps on changing these policies from time to time in view of the developments taking place in the economic scenario, political expediency and the changing requirement. Every business firm has to function strictly within the policy framework and respond to the changes therein.

Important Economic Policies

(i) **Industrial policy:** The Industrial policy of the government covers all those principles, policies, rules, regulations and procedures, which direct and control the industrial enterprises of the country and shape the pattern of industrial development.

(ii) **Fiscal policy:** It includes government policy in respect of public expenditure, taxation and public debt.

(iii) **Monetary policy:** It includes all those activities and interventions that aim at smooth supply of credit to the business and a boost to trade and industry.

(iv) **Foreign investment policy:** This policy aims at regulating the inflow of foreign investment in various sectors for speeding up industrial development and take advantage of the modern technology.

(v) **Export–Import policy (Exim policy):** It aims at increasing exports and bridge the gap between expert and import. Through this policy, the government announces various duties/ levies. The focus now-a-days lies on removing barriers and controls and lowering the custom duties.

(c) **Economic System:** The world economy is primarily governed by three types of economic systems, viz.,

(i) Capitalist economy; (ii) Socialist economy; and (iii) Mixed economy. India has adopted the mixed economy system which implies co-existence of public sector and private sector.

Non-economic Environment

(a) Social Environment

The social environment of business includes social factors like customs, traditions, values, beliefs, poverty, literacy, life expectancy rate etc. The social structure and the values that a society cherishes have a considerable influence on the functioning of business firms. For example, during festive seasons there is an increase in the demand for new clothes, sweets, fruits, flower, etc. Due to increase in literacy rate the consumers are becoming more conscious of the quality of the products. Due to change in family

composition, more nuclear families with single child concepts have come up. This increases the demand for the different types of household goods. It may be noted that the consumption patterns, the dressing and living styles of people belonging to different social structures and culture vary significantly.

■ Capitalist Economy: Emphasis on private ownership.

■ Socialist Economy: Resources are owned and managed by the state.

■ Mixed Economy: Co-existence of public and private sectors.

(b) Political Environment

This includes the political system, the government policies and attitude towards the business community and the unionism. All these aspects have a bearing on the strategies adopted by the business firms. The stability of the government also influences business and related activities to a great extent. It sends a signal of strength, confidence to various interest groups and investors. Further, ideology of the political party also influences the business organisation and its operations. You may be aware that Coca-Cola, a cold drink widely consumed even now, had to wind up its operations in India in late seventies. Again the trade union activities also influence the operation of business enterprises. Most of the labour unions in India are affiliated to various political parties. Strikes, lockouts and labour disputes etc. also adversely affect the business operations. However, with the competitive business environment, trade unions are now showing great maturity and started contributing positively to the success of the business organisation and its operations through workers participation in management.

(c) Legal Environment

This refers to set of laws, regulations, which influence the business organisations and their operations. Every business organisation has to obey, and work within the framework of the law. The important legislations that concern the business enterprises include:

(i) Companies Act, 1956

(ii) Foreign Exchange Management Act, 1999

(iii) The Factories Act, 1948

(iv) Industrial Disputes Act, 1972

(v) Payment of Gratuity Act, 1972

(vi) Industries (Development and Regulation) Act, 1951

(vii) Prevention of Food Adulteration Act, 1954

(viii) Essential Commodities Act, 2002

(ix) The Standards of Weights and Measures Act, 1956

(x) Monopolies and Restrictive Trade Practices Act, 1969

(xi) Trade Marks Act, 1999

(xii) Bureau of Indian Standards Act, 1986

(xiii) Consumer Protection Act, 1986

(xiv) Environment Protection Act

(xv) Competition Act, 2002

Besides, the above legislations, the following are also form part of the legal environment of business.

(i) Provisions of the Constitution: The provisions of the Articles of the Indian Constitution, particularly directive principles, rights and duties of citizens, legislative powers of the central and state government also influence the operation of business enterprises.

(ii) Judicial Decisions: The judiciary has to ensure that the legislature and the government function in the interest of the public and act within the boundaries of the constitution. The various judgments given by the court in different matters relating to trade and industry also influence the business activities.

(d) Technological Environment

Technological Environment include the methods, techniques and approaches adopted for production of goods and services and its distribution. The varying technological environments of different countries affect the designing of products. For example, in USA and many other countries electrical appliances are designed for 110 volts. But when these are made for India, they have to be of 220 volts. In the modern competitive age, the pace of technological changes is very fast. Hence, in order to survive and grow in the market, a business has to adopt the technological changes from time to time. It may be noted that scientific research for improvement and innovation

in products and services is a regular activity in most of the big industrial organisations. Now a days infact, no firm can afford to persist with the outdated technologies.

(e) Demographic Environment

This refers to the size, density, distribution and growth rate of population. All these factors have a direct bearing on the demand for various goods and services. For example, a country where population rate is high and children constitute a large section of population, then there is more demand for baby products. Similarly the demand of the people of cities and towns are different than the people of rural areas. The high rise of population indicates the easy availability of labour. These encourage the business enterprises to use labour intensive techniques of production. Moreover, availability of skill labour in certain areas motivates the firms to set up their units in such area. For example, the business units from America, Canada, Australia, Germany, UK, are coming to India due to easy availability of skilled manpower. Thus, a firm that keeps a watch on the changes on the demographic front and reads them accurately will find opportunities knocking at its doorsteps.

(f) Natural Environment

The Natural Environment includes geographical and ecological factors that influence the business operations. These factors include the availability of natural resources, weather and climatic condition, location aspect, topographical factors, etc. Business is greatly influenced by the nature of natural environment. For example, sugar factories are set up only at those places where sugarcane can be grown. It is always considered better to establish manufacturing unit near the sources of input. Further, government's policies to maintain ecological balance, conservation of natural resources etc. put additional responsibility on the business sector.

Recent Developments In Indian Economy

The economic environment of business in India has been changing at a fast rate mainly due to the changes in the economic policies of the government.

At the time of independence, the Indian economy was basically agrarian with a weak industrial base. To speed up the industrial growth and solve various economic problems, the government took several steps like state ownership on certain categories of industries, economic planning, reduced role of private sector, etc. The Government adopted several control measures on the functioning of private sector enterprises. All these efforts resulted a mixed response. There was growth in net national product, per capita income and development of capital goods sector and infrastructure. But rate of industrial growth was slow, inflation increased and government faced a serious foreign exchange crisis during eighties. As a result, the government of India introduced a radical change in economic policies in 1991. This policy abolished industrial licensing in most of the cases, allowed private participation in most industries, disinvestment was carried out in many public sector industrial enterprises and opened up the economy considerably. Foreign Investment Promotion Board was set up to channelise foreign capital investment in India. Let us discuss the developments under three heads, viz., (a) Liberalisation, (b) Privatisation, and (c) Globalisation.

(A) LIBERALISATION

Liberalisation refers to the process of eliminating unnecessary controls and restrictions on the smooth functioning of business enterprises. It includes:

(i) abolishing industrial licensing requirement in most of the industries;

(ii) freedom in deciding the scale of business activities;.

(iii) freedom in fixing prices of goods and services;

(iv) simplifying the procedure for imports and exports;

(v) reduction in tax rates; and

(vi) simplified policies to attract foreign capital and technology to India.

Through this liberalisation process, Indian Economy has opened up and started interacting with the world in a big way. This has resulted in easy entry of foreign

business organizations in India. This has further resulted in stiff competition and efficiency. Ultimately, liberalization has helped us in achieving a high growth rate, easy availability of goods at competitive rates, a healthy and flourishing stock market, high foreign exchange reserve, low inflation rate, strong rupee, good industrial relations, etc.

(B) PRIVATISATION

Privatisation refers to reducing the role of public sector by involving the private sectors in most activities. Due to the policy reforms announced in 1991, the expansion of public sector has literally come to a halt and the private sector registered fast growth in the postliberalised period. The issues of privatisation include:

(i) Reduction in the number of industries reserved for the public sector from 17 to 8 (reduced further to 3 later on) and the introduction of selective competition in the reserved area;

(ii) Disinvestment of shares of selected public sector industrial enterprises in order to raise resources and to encourage wider participation of general public and workers in the ownership in business;

(iii) Improvement in performance through an MOU system by which managements are to be granted greater autonomy but held accountable for specified results. In India, as a result of these steps, the post liberalisation phase has witnessed a massive expansion of the private sector business in India. You can have an idea of their expansion from the fact that the total capital employed in top 500 private sector companies rose from Rs. 1,39,806 crores in 1992-93 to Rs. 2, 34, 751 crores in 1994-95 (an expansion of 68% in just two years).

(C) GLOBALISATION

Globalisation means 'integrating' the economy of a country with the world economy. This implies free flow of goods and services, capital, technology and labour across national boundaries. To achieve these objectives of globalisation, the government has adopted various measures such as reduction in custom duties, removal of quantitative restrictions or quotas on exports and imports, facilitating foreign investment and encouragement of foreign technology. These measures are expected to achieve a higher rate of growth, enlargement of employment potential, and reduction of regional disparities.

Recent Growth trends in Indian Economy

Following has been the highlights of growth trends in Indian Economy of late —

- **Agriculture** grew at 6.6% in 2010-11. This year's monsoon is projected to be in the range of 90 to 96 per cent, based on which Agriculture sector is pegged to grow at 3.0% in 2011-12.

- **Industry** grew at 7.9% in 2010-11. Projected to grow at 7.1% in 2011-12

- **Services** grew at 9.4% in 2009-10. Projected to grow at 10.0% in 2011-12

- **Investment rate** projected at 36.4% in 2010-11 and 36.7% in 2011-12

- **Domestic savings rate** as ratio of GDP projected at 33.8% in 2010-11 & 34.0% in 2011-12

- **Current Account deficit** is $44.3 billion (2.6% of GDP) in 2010-11 and projected at $54.0 billion (2.7% of GDP) in 2011-12

- **Merchandise trade deficit** is $ 130.5 billion or 7.59% of the GDP in 2010-11 and projected at $154.0 billion or 7.7% of GDP in 2011-12

- **Invisibles trade surplus** is $ 86.2 billion or 5.0% of the GDP in 2010-11 and projected at $100.0 billion or 5.0% in 2011-12

- **Capital flows** at $61.9 billion in 2010-11 and projected at $72.0 billion in 2011-12

- **FDI inflows** projected at $35 billion in 2011/12 against the level of $23.4 billion in 2010-11

- **FII inflows** projected to be $14 billion which is less than half that of the last year i.e $30.3 billion

- **Accretion to reserves** was $15.2 billion in 2010-11. Projected at $18.0 billion in 2011-12

- **Inflation rate** continued to be at 9 per cent in the month of July-October 2011.

Business Process Outsourcing (BPO) & Knowledge Process Outsourcing (KPO)

Business Process Outsourcing (BPO) is the act of

giving a third-party the responsibility of running what would otherwise be an internal system or service. For instance, an insurance company might outsource their claims processing program or a bank might outsource their loan processing system. Other common examples of BPO are call centres and payroll outsourcing.

Typically, companies that are looking at business process outsourcing are hoping to achieve cost savings by handing the work to a third-party that can take advantage of economies of scale by doing the same work for many companies. Or perhaps the cost savings can be achieved because labor costs are lower due to different costs of living in different countries.

In exchange for the potential cost savings, the company in question must relinquish control over an aspect of their business which explains why business process outsourcing is often reserved for non-critical, non-core type of work.

Frequently, BPO is also referred to as ITES — Information Technology-Enabled Services. Since most business processes include some form of automation, IT "enables" these services to be performed. BPO is as old as business itself. Businesses have outsourced their distribution or marketing to third parties for centuries. It is the opening up of the global economy that has catalyzed the growth of BPO to its present stature as a key driver of business competitiveness. The roadmap for outsourcing success has been laid with:

- Quality processes
- Scalability
- Integration of global markets
- Seamless global delivery of work across borders through the internet

Today, Business Process Outsourcing is known by many other names, among the popular marketing terms being: sourcing, global outsourcing, right sourcing, right shoring, near shoring, best shoring, off shoring. Whatever the business world chooses to call it, business process outsourcing is a proven management strategy helping businesses survive and thrive in the boundary-less global economy.

India - the World's Preferred BPO destination
India has won its spurs as the world's outsourcing destination of choice. Currently the country has a commanding share of the global outsourcing market.

The Union Communications and Information Technology Ministry in India states that the Indian IT-BPO sector is likely to achieve a target of USD 60 billion in export revenues by 2010. Services outsourced to India include the functions within administrative support, customer relationship management, technical support, document processing, financial and accounting Services, intellectual property research and documentation, supply chain management, legal services, regulatory compliance documentation, medical transcription, payroll processing services, sales and marketing, publishing, research and analysis, security, infrastructure and facilities management, human resource management and training.

Evolution of the BPO industry in India
India's BPO industry has evolved and matured to present higher-end services that require judgment-based analysis and domain expertise, rather than function-specific, rules-based performance parameters alone. As service providers strive to offer end-to-end services, we see BPO falling into different segments. At one end of the spectrum is the traditional rules-based transactional outsourcing; while at the other end is judgment-based transaction processing and full-service business process outsourcing.

India has competencies in all the segments. Some BPO service providers have developed vendor-centric business models where they offer specialized services under one roof by representing the services of multiple specializing in different verticals. Others are niche players that have adopted vertical-specific models to address the needs of a specific industry, such as healthcare or insurance.

BPO Trends
The BPO industry is a developing sector and is being studied by analysts and researchers all over the world. Analysts tracking BPO have observed the following trends in the industry:

The BPO market worldwide is expanding with new services getting added to the list of business processes that are outsourced and new locations coming up as potential offshore destinations, India being the most preferred destination for offshore BPO.

Cost savings is one of the most important drivers now. Information security, execution capability and financial stability are important considerations while selecting a vendor.

BPO Business Models

The BPO industry features five business models:

1. **The global delivery model -** also called **blended outsourcing:** It combines onsite, offsite, onshore, and offshore resources. Large multinational outsourcing service providers offer this model where work can be "bestshored" or "multishored" to the location where optimal cost and labor efficiencies are met to predetermined performance standards. In case of a disaster in a particular region, work can be immediately transferred to another region to ensure on-going, interruption-free business processes.

2. **The hybrid model or dual-shore model :** It leverages onsite-offshore efficiencies to delivers results to clients at reduced costs. Clients are involved in the process as the Global team of the offshore vendor works onsite alongside the client's team to perform around 20% of the work while the Local team executes 80% of the work offshore to leverage the cost, labor and time-zone advantages of outsourcing.

3. **The offshore multi-sourcing model or hub-and-spoke model:** It uses multiple offshore suppliers to offset the risk of a single monopoly supplier. Users of this model typically have their own offshore operations, plus three or more partner outsourcing vendors with whom they collaborate. The partners get first-hand training on how the outsourcing company operates its hub center, and then apply their learning at the spoke centers.

4. **The build-operate-transfer or BOT model:** The client partners with an offshore company to set up and operate a foreign outsourcing subsidiary with the option to transfer ownership back to the client company after a specified time period. The risks of setting up an outsourcing subsidiary in a foreign country are completely borne by the partner company which takes care of the costs and ownership of the new venture until such time as the client chooses to take it over.

5. **The global shared services model :** Global shared services centers, also called offshore in-sourcing or captive centers create huge service enters from the company's internal service operations resources. They also have assured markets for their services. These centers can be run as independent businesses and have the advantages of a similar corporate culture, with less of the control issues that third-party BPOs face.

Constituents of BPO

Administrative support: Outsourcing of administrative support functions includes data entry, document conversion, forms processing, document scanning, indexing, secretarial tasks support, etc.

Finance and accounting: Finance and accounting outsourcing includes services such as internal auditing, time and expense management, travel expenses, credit and debt analysis, collections, invoicing, accounts payable, accounts receivable and billing-dispute resolution.

Legal services: Legal process outsourcing (LPO) involves consulting, research, transcription, documents management, billing, translation and other administrative and secretarial support services required for various legal functions such as commercial litigation, arbitration and mediation, appeals, government contracts, legal risk evaluation, etc.

Research and analysis: Companies require data and its analysis for making informed strategic decisions.

These companies have started outsourcing their research and analysis requirements to vendors who specialize in typical research and analysis work such data analytics, financial analytics, market research, secondary research, primary research, industry overview, competitive intelligence, etc.

Customer relationship management: Customer service outsourcing includes outsourcing of functions such as customer support, order taking, customer service, product support, technical help desk, collections and market research.

Document processes: Document process outsourcing includes outsourcing of customer facing, technical, marketing and communications, financial accounting, and regulatory compliance documents.

Human resources and training: Human resources (HR) is one of the most critical assets of a company and companies need to carry out various tasks such as recruitment, training, attrition/ retention, database management, contract-worker management, etc., for their employees. Carrying out these tasks through an internal HR department is costly and diverts the attention of the management from its core business issues. Hence, companies are now resorting to HR outsourcing big time.

Product development: Companies need to constantly innovate to remain competitive in the market. With the increasing specialization of expertise required to carry out product development, companies choose to outsource their R&D functions to vendors who have expertise in a given field. Over the past few years, numerous MNCs have initiated off shoring R&D to other countries including India which is emerging as a hub for R&D outsourcing.

Medical transcription: Medical transcription is writing down medical records dictated by physicians and other healthcare professionals. These records include patient history and physical reports, clinic notes, therapeutic procedures, clinical course, diagnosis, prognosis, discharge summaries, etc.

Security: Companies have to search for new technologies and employee qualified security professionals to keep their data secure from theft.

Maintaining these resources and implementing a foolproof security policy is a difficult task which can be better handled by experienced third party security agencies. Security outsourcing involves management of investigative services, physical security, electronic security systems, computer and network security, etc.

Supply chain management: Outsourcing in supply chain management involves logistics, procurement, warehouse management, contract management, supply chain relationship management, etc.

Sales and marketing (including telemarketing): Sale and marketing outsourcing involves delegating parts of sales and marketing functions such as cold calling, email pitches, telephone surveys, lead generation, lead qualifying, appointment setting, sales team management, etc.

Payroll maintenance and other transaction processing: This segment includes payroll, payment, check, credit card and stock trade processing.

Intellectual property research and documentation: Outsourcing in intellectual property research and documentation includes filing and drafting of patent applications, prior art research, licensing support, and patent portfolio analysis.

Benefits of BPO

Robust IT and telecommunications infrastructure: The developments in IT and telecommunications infrastructure has enabled companies to transfer data to any place in the world instantaneously at very little cost. This infrastructure also allows them to increase their ROI and shareholder value.

Pressure to lower costs: Companies are facing huge competition from their competitors to provide better services, and at the same time lower their costs. Companies are constantly innovating the way they are conducting businesses and BPO allows them to partner with external specialized vendors for efficient operations. Offshore BPO is cheaper than onshore BPO and many companies are now moving their operations to offshore locations, India being the most preferred destination.

Little infrastructure for automation: The IT revolution has not achieved success in automating business processes and most of the business processes still need human labor for productive delivery. In such a scenario, resorting to BPO, which provides human labor at a lower cost, enables companies to maximize their ROI.

Specialization and enhanced ability to set, measure and monitor quality targets	Quantum operational improvement	24 x 7 service: reduction in turnaround time by leveraging time zone differences

Limitations of BPO

Loss of control: Companies perceive the risk of losing control over the operations of their processes. Also, if the (trained) employees in the vendor firm leave the job, the buyer may be at risk.

Financial instability of the vendor: If the vendor becomes financially unstable in some years, the buyer will have to search another vendor; the operations being at risk, if it does not search the new vendor fast.

Loss of expertise: Customers may lose the expertise and knowledge of carrying out the outsourced processes with time.

Data security: Data confidential to the customer may be prone to theft if the vendor firm does not have stringent security policies.

Knowledge Process Outsourcing (KPO)

Knowledge process outsourcing (KPO) is a form of outsourcing, in which knowledge-related and information-related work is carried out by workers in a different company or by a subsidiary of the same organization, which may be in the same country or in an offshore location to save cost. Unlike the outsourcing of manufacturing, this typically involves high-value work carried out by highly skilled staff. KPO firms, in addition to providing expertise in the processes themselves, often make many low level business decisions—typically those that are easily

undone if they conflict with higher-level business plans.

It is being claimed that KPO is one step extension of Business Processing Outsourcing (BPO) because BPO Industry is shaping into Knowledge Process Outsourcing because of its favourable advantageous and future scope. But, let us not treat it only a 'B' replaced by a 'K'. In fact, Knowledge process can be defined as high added value processes chain where the achievement of objectives is highly dependent on the skills, domain knowledge and experience of the people carrying out the activity. And when this activity gets outsourced a new business activity emerges, which is generally known as Knowledge Process Outsourcing. Knowledge Processing Outsourcing (popularly known as a KPO), calls for the application of specialized domain pertinent knowledge of a high level. The KPO typically involves a component of Business Processing Outsourcing (BPO), Research Process Outsourcing (RPO) and Analysis Proves Outsourcing (APO). KPO business entities provide typical domain-based processes, advanced analytical skills and business expertise, rather than just process expertise. KPO Industry is handling more amount of high skilled work other than the BPO Industry. While KPO derives its strength from the depth of knowledge, experience and judgment factor; BPO in contrast is more about size, volume and efficiency.

In fact, it is the evolution and maturity of the Indian BPO sector that has given rise to yet another wave in the global outsourcing scenario: KPO or Knowledge Process Outsourcing. The success achieved by many overseas companies in outsourcing business process operations to India has encouraged many of the said companies to start outsourcing their high-end knowledge work as well. Cost savings, operational efficiencies, availability of and access to a highly skilled and talented workforce and improved quality are all underlying expectations in outsourcing high-end processes to India.

Popular KPO (Knowledge Process Outsourcing) Areas

The large professional class available in many developing countries like India has created trained

workers in all the modern fields of industry and business. These include law, pharmaceuticals, biotechnology, data analysis and management services, financial services, technology research, computer-aided simulation and engineering design, and other professional services. Some of the popular KPO areas are described below:

Major Companies and Firms using KPO

Major corporations and business firms are already using KPO services to enhance their business. These include some of the leading blue chip companies of the U.S.

Search Engine Optimization (SEO)

SEO primarily focuses on search engine marketing business. The marketing methods employed are Organic SEO, Direct Site promotions, Affiliate Internet Marketing, PPC Search engines, Site Membership mailings etc.

Legal Services

What started out as transcription work in India has now moved on to areas like patents, drafting, legal research, writing software licensing agreements, etc.

Accounting Services

From simple book keeping to auditing, KPO firms can provide trained professionals who offer cheaper services with standard quality.

Journalism and Content Development

English speaking trained writers from a KPO firm are good candidates to help newspapers and journals with their editing and copy writing work. This sector has recently seen a good growth with the rise of content development firms.

Architectural and Engineering Services

A large pool of trained draftsmen can provide expert CAD/CAM services to clients.

Other Key KPO Areas

The areas of KPO services are as vast as the field of business and industry. These include programming, software development, English language services, content development, web site design and promotion, etc.

Opportunities for Chartered Accountants in KPO

The work to be performed in the KPO industry is of a specialised nature. Chartered Accountants with considerable exposure to trade and industry together with accounting and auditing hold an advantage over professionals from different backgrounds. Finance related work in the KPO industry might involve equity research, business valuations, investment avenues and market analysis. People with in-depth market knowledge will be better able to serve KPO clients. KPO is management consultancy; a field where CAs have strong and established expertise. The ideal KPO employee should possess good computer skills, be domain specialists, possess a high level of conceptualisation, have the aptitude to manage different database systems and be research- oriented. Additionally, the employee should be consistent with good English language and writing skills and must hold a professional degree. Chartered Accountants possess these qualities and together with their natural flair for mathematics and research, they are ideal candidates to be a vital part of the KPO boom in India.

Difference between KPO & BPO

Process: It is not a simple case of the 'K' replacing the 'B'. KPO involves high-end processes like valuation and investment research, patent filing, legal and insurance claims processing, amongst others.

Focus: Unlike conventional BPO where the focus is on process expertise, in KPO, the focus is on knowledge expertise.

Specialisation: The difference lies in domain specialisation. BPO employees do not generally require specialized knowledge. Customer care executives at a BPO require good knowledge of the English language, the ability to be articulate and possess basic computer skills. On the other hand, a KPO organisation specialising in equity or financial analysis for example, can employ highly qualified professionals who possess high-end knowledge of accounts and finance.

Driving Force: While KPO organizations are knowledge-driven, BPOs are process driven.

Activities: KPO involves off shoring of knowledge intensive business processes that demand specialised expertise. This delivers high value to organisations by providing much required business expertise. A few examples of KPO businesses are online teaching, patent filing, legal and insurance claims processing, valuation research, investment research and media content supply. BPO on the other hand, involves a predefined way of handling a business process, which is taught to agents or employees. BPO services normally include transaction processing, setting up a bank account, selling of insurance policies, technical support and voice and email-based support.

Contact with clients: Unlike BPOs, KPO employees tend to have greater direct contact both with international clients and with their teams overseas, once again underscoring the need for specialised skills. This could mean establishing direct channels of communication with a team member overseas to seek clarifications in the midst of completing work. If the work involved is complicated, direct communication with the client may also be needed, as seen in several cases of filing tax returns. When comparisons are drawn between BPOs and KPOs, some experts mention that KPOs are no different from BPOs; that they are only a variant of BPOs. Broadly speaking, KPO is a division of BPO. While occupying the higher end of the BPO spectrum, KPOs owe their existence to BPOs. KPOs are a natural progression from BPOs.

Advantages of KPO

By outsourcing work to low cost countries, firms in developed nations can save on costs that amount to anywhere between 40-70 per cent.

Revenue from KPOs is at least twice that of BPOs — $22 to $24 per hour offered by KPOs compared to $8 to $11 per hour offered by BPOs - while the capital expenditure per seat is about the same at $6,000 to $8,000.

KPO is a large and exciting opportunity for developing countries, which not only generates revenue for them, but also significantly increases the country 's profile in the global high-value added services markets.

KPO has the potential of becoming a showcase of human capabilities beyond IT and BPO, offering the perspective of a sustainable and defensible presence in an increasingly competitive global services market place.

KPO services help improve the time-to-market and speed factors and access to special skills. Additionally they provide peak load absorption by reducing complexities, while at the same time increasing flexibility, thus enhancing organisational productivity. Consistent quality is what really drives buying decisions.

KPO services can enable enterprises to reduce design-to-market lead times, manage critical hardware efficiently, provide research on markets, competitions, products and services and enhance organisation effectiveness in business administration; all of which help in dealing with rapidly evolving business scenarios.

Challenges before KPO

Even though points mentioned above make KPO businesses a lucrative option for qualified personnel to work in, there are many grey patches that recruiters have to go through. As KPOs deliver high value services to organisations by providing domain-based processes and business expertise, it is not easy to become a strong KPO power. There are many risk factors that KPO organisations face. These processes demand that prospective KPO employees have advanced analytical and specialised skills together with domain experience. Therefore, outsourcing of knowledge processes poses greater challenges than outsourcing business processes. The nature of KPO businesses necessitates greater infrastructure investments than their BPO counterparts. They also have to adhere to higher quality standards. Some of the other challenges facing KPOs are the lack of a talent pool and confidentiality issues. Effective execution of KPO projects is a difficult proposition; one that requires a 'professional services culture' rather than a BPO culture. Processes executed within the KPO domain require higher quality standards because the stakes for the clients are high. Another challenge in the management of a KPO is the identification of performance criteria – setting the right

expectations with the end-client as well as the professionals they hire. Continuous assessment and monitoring, constructive feedback, appropriate coaching and mentoring and identification of right career paths for their professionals. Attrition would be one of the biggest problems facing KPOs. It is not easy for companies to attract and retain the right kind of employees. Most qualified professionals perceive it to be low-grade work. Besides, popular perceptions about BPOs and pressures of 24x7 environments also refrain professionals from opting to work in KPO companies as a career. In the case of BPO, the only prerequisite to get the job is knowledge and ability to speak fluent English, while also having basic computer skills. However, in KPO the companies look for individuals who have homogenous mix of knowledge, English speaking skills, attitude and prior work experience. Challenges before the KPO can be summarised as follows:

1. They require higher quality standards.
2. KPOs are more advanced and have costly infrastructure.
3. They are likely to require higher amounts of capital.
4. They face lack of a good talent pool.
5. They require a higher level of control, confidentiality and enhanced risk management.

E-commerce and M-commerce

E-commerce

It refers to the paperless exchange of business information using network-based technologies. In the past, an information-using network based technologies. In the past, a consumer had ample time to go from store to store locate a desired item, followed by bargaining, placing an order and finally getting the supply. This entire process could range from a few hours to weeks depending on the product, quantity, quality and source of purchase. But the entire scenario has changed.

Everything in today 's world depends on electronics whether it is:

E-DI   (Electronic Data Interchange),

E-FT   (Electronic Funds Transfer),

E-Cash   (Electronic Cash),

E-Stamp   (Electronic Stamp),

E-Mail   (Electronic Business or Mail),

E-Commerce   (Electronic Commerce)

Business applications of E-commerce

In this section, an attempt is made to give some of the business applications of E-Commerce. The major area of applications is business-to-consumer, business-to-business and internal business process.

(a) Business-to-Consumer

E-Commerce, between business and consumers, is accelerating the impact of information technology on consumer behaviour and business processes and markets. It establishes the interrelationships among E-Commerce, Consumer behaviour, and business processes and competition. Retailing on the web is an example for the same.

(b) Business-to-Business

Business-to-Business electronic commerce is the wholesale side of the commercial process. For example, suppose a business house wants to produce and sell a product to other business houses, it must purchase raw materials and variety of contract services from other business houses in order to produce and sell a product. It should also make up a network of business relationship.

(c) Internal Business Process

The purpose behind intra organisational E-commerce is to help a business maintain relationships, which are critical in delivering superior customer service. Many Internet based enterprises are customer driven and market driven. E-Commerce facilitates managers to communicate using Video conferencing, e-mail and bulletin boards so that information is better disseminated and right decisions can be made. Since information travels faster, there is a better co-ordination between the various departments. In fact

all efforts are being made to convert organisations into a paperless office.

(d) Business Value of E-commerce

E-commerce helps a business house overcome geographic, time, cost and structural barriers to business success. These four capabilities emphasize how several applications of E-commerce can help a firm to capture and provide information quickly to end users at remote geographic location at reduced costs as well as supporting its strategic organizational objectives. These capabilities allow business houses to generate cost savings from using Internet, better customer service and relationships through interactive marketing.

Advantages of E-commerce

1. E-commerce can increase sales and decrease costs.
2. A firm can use electronic commerce to reach narrow market segments that are widely scattered geographically.
3. As E-commerce increases selling opportunities for the seller, it increases purchasing opportunities for the buyer.
4. E-commerce increases the speed and accuracy with which business can exchange information. Thus it reduces costs on both the sides of transactions.
5. E-commerce provides buyers with a wider range of choice than traditional commerce.
6. It provides buyers with an easy way to customise the detailed information about a prospective purchase. Buyers can have instant access to information on the web.
7. Some products, such as software, music, audio clips, or images can also be delivered via the internet.
8. E-commerce can make products and services available in remote areas. For example, Distance Education has made it possible for people to learn skills and get degrees.

Disadvantages of E-commerce

1. Some consumers are still somewhat afraid of sending their credit card numbers over the internet due to the existence of malpractice.
2. Perishable goods eg: fish, vegetable & flower etc., and costly items such as jewellery or antiques etc., cannot be inspected from a remote location.
3. The percentage of users of net service is considerably very low. The attitude of the customers using network is not good.
4. It is costly in many circumstances.
5. The quality and quantity of the product cannot be estimated to its real value.

M-Commerce

Mobile Commerce is an evolving area of E-Commerce, where users can interact with the service providers through a mobile and wireless network, using mobile devices for information retrieval and transaction processing. M-Commerce services and applications can be adopted through different wireless and mobile networks, with the aid of several mobile devices. However, constraints of both mobile networks and devices influence their operational performance; therefore, there is a strong need for taking into consideration those constraints in the design and development phases of M-Commerce services and applications. Another important factor in designing M-Commerce services and applications is the identification of mobile users' requirements. This approach relies on mobile users' needs and requirements, the classification of the m-Commerce services and applications, as well as the current technologies for mobile and wireless computing and their constraints. While electronic commerce (e-commerce) continues to impact the global business environment profoundly, technologies and applications are beginning to focus more on mobile computing and the wireless Web. With this trend comes a new set of issues specially related to mobile e-commerce. In very simple terms, one can say:

M-commerce = E-commerce + Wireless Web

The days of initial euphoria over the possibilities of mobile technology have transitioned into a time of more cautious enthusiasm. Instead of simply wanting to go mobile, companies are asking for proof that the introduction of mobile services will add value to their businesses. The most important fact is that now mobile touches many areas other than just simply

targeting customers. Furthermore, companies initially focused on B2C (business-to-consumer) mobile solutions, are now finding that B2E (Business to Employee) applications to be more strategic. B2E is Business-to- Employee, an approach in which the focus of business is the employee, rather than the consumer (as it is in business-to-consumer or B2C) or other businesses (as it is in business-to-business or B2B). The B2E Solutions Set enables global enterprises to fully unlock the potential of their businesses, and optimize their existing assets, through the use of Web-based Portal technologies. B2E moves a wide variety of work to the Web, improving collaboration, productivity and operational efficiency among key stakeholders of any organization by making critical information and tools easily accessible and usable, regardless of an individual's role or location. The mobile technology continues to evolve and present an exciting range of possibilities for both near and long-term solutions. The technologies that once seemed a distant promise such as blue-tooth, location-based services and telemetric, are moving closer to becoming a reality. This fact can make service provider to be capable of providing value-added mobile solutions. Companies are finding that there is no need to simply wait on the sidelines for these next-generation developments to occur, they can leverage devices already in users hands such as non-WAP phones and sync PDAs (personal digital assistants) and readily available technology to introduce equally innovative, strategic solutions today.

Definition of Mobile-Business (M-Business)

M-Business is defined as the exchange of goods, services, information and knowledge with the aid of mobile technology. It encompasses a range of mobile activities, from communicating with colleagues using email, to receiving product information via SMS alerts, to transmitting customer orders with a wireless PDA. M-Business includes not only consumer-facing applications but also enterprise solutions that enable companies to operate more efficiently, better serve customers, and generate additional revenue. It can ace the way that companies maintain their operations, organize employees, and keep track of inventory. Mobile Commerce (M-Commerce), on the other hand,

is simply defined as the mobile execution of transactions. Buying a movie ticket on a WAP phone is an example of M-Commerce, while retrieving information about that _lm from a voice portal is not. Simply put, M-Commerce is a subset of m-business. M-business is any mobile function that adds demonstrable value to a company, whether it directly results in the generation of a sale or not. While M-commerce is a vital part of M-business, it is by no means the only measure of its potential uses.

Mobile Commerce (M-Commerce) is creating entirely new opportunities both for mobile devices and services. M-Commerce means transactions using a wireless device and data connection, which result in the transfer of value in exchange of information, services, or goods. An M-Commerce transaction is defined as any type of transaction of an economic value that is conducted through a mobile device that uses a wireless telecommunications network for communication with the e-commerce infrastructure. M-Commerce differs partially from E-Commerce (electronic commerce) due to the special characteristics and constraints the mobile devices and wireless networks have. The number of users of mobile devices is continuously increasing. A projected number of hand-held (mobile) devices will exceed the number of stationary terminals in the world in the next few years.

M-Commerce includes features and characteristics that are different from e-Commerce, and these should be taken into consideration during the design and development of M-Commerce services and applications.

Table 1 provides examples of M-Commerce applications linked to their more salient features:

Ubiquity: Mobile users must have the ability to receive information and perform transactions in real-time, regardless of location. M-Commerce can be present in any location or several places simultaneously.

Personalization: The huge amount of information, services and applications presented on the Internet is of great importance, but users of mobile devices require different services and applications that should be personalized according to their preferences.

Flexibility: Users of mobile devices should be able to engage in activities such as, receiving information, and conducting transactions with ease.

Localization: Mobile users should have access to local information and services. This can be accomplished by having service providers know the location of mobile users in order to promote their products and services directly to their customers in a local environment.

Table 1: Examples of m-Commerce applications with their more salient features

M-commerce Features	Examples of M-commerce Applications
Ubiquity stock prices	Weather
Personalization	Advertising Auctions
Flexibility	Purchasing of Goods Banking
Localization	Customer Service Local Directory

M-Commerce customers may be more demanding and less patient than E-commerce users.

Mobile users require value-added services that can be feasible or non-feasible according to existing technologies and M-Commerce constraints, such as, performance, reliability, security, ease of use, bandwidth, etc.

These requirements can be summarized as follows:

- Easy and timely access to information (e.g. the latest availability of flights).
- Immediate purchase opportunity (e.g. the immediate purchase of tickets).
- Provision of wireless coupons based on user profiles (e.g. the delivery of messages about a current sale in a local store).
- Bank transactions through mobile terminals (e.g. the withdrawal of money from an account that can be used later for an electronic payment).
- Location management (e.g. locating a person/ ATM/restaurant that is nearby).

Key Points

- Business Environment are the external uncontrollable forces in nature which openly or in some other way impart on the performance of the Business. These includes customers, competitors, suppliers, government, social, political, legal and technological factors etc.

DIFFERENT SECTORS AND THEIR SIGNIFICANCE

INTRODUCTION

Banking Sector

Banks play very important role in the economic life of the nation. The health of the economy is closely related to the soundness of its banking system. Although banks create no new wealth but their borrowing, lending and related activities facilitate the process of production, distribution, exchange and consumption of wealth.

In this way they become very effective partners in the process of economic development. Today, modern banks are very useful for the utilization of the resources of the country. The banks are mobilizing the savings of the people for the investment purposes. The savings are encouraged and saving rate increases. If there would be no banks then a great portion of a capital of the country would remain idle.

A bank as a matter of fact is just like a heart in the economic structure and the Capital provided by it is like blood in it. As long as blood is in circulation the organs will remain sound and healthy. If the blood is not supplied to any organ then that part would become useless. So if the finance is not provided to Agriculture sector or industrial sector, it will be destroyed. Loan facility provided by banks works as an incentive to the producer to increase the production.

The importance of banking sector in terms of contribution to the growth of an economy can never be under-stated. Banking is an essential part of any economic system. Modern trade and commerce would almost be impossible without the availability of suitable banking services.

First of all, banking promotes savings. All manner of people, from the ordinary laborers and workers to the rich land owners and businessmen, can keep their money safely in banks and saving centers.

Secondly, banking promotes investments. Banks easily invest the money they get in industry, agriculture and trade. They either invest it directly or advance loans to other investors.

Thirdly, it is most through banks that foreign trade is carried on. Whether we export or import, it is through banks that money is transferred from one country to another. For example, bills of exchange and letters of credit are the regular ways banks use to transfer money.

Even the UN has the World Bank that is like a big deposit for all the members' countries. They can borrow from it according to their needs.

Definition and Concept

Banking sector primarily means Banks and other financial institutions which provide lending and investments services to various customers like individuals, businesses, corporate or other bodies.

The Indian Banking/Financial Sector comprises the following institutions:

1. Commercial banks
   a. Public sector
   b. Private sector
   c. Foreign banks
   d. Cooperative institutions
      (i) Urban cooperative banks
      (ii) State cooperative banks
      (iii) Central cooperative banks
2. Financial institutions
   a. All-India financial institutions (AIFIs)
   b. State financial corporations (SFCs)
   c. State industrial development corporations (SIDCs)
3. Nonbanking financial companies (NBFCs)
4. Capital market intermediaries.

Contribution to Indian Economy

Brief Background

Money lending in one form or the other has evolved along with the history of the mankind. Even in the ancient times there are references to the moneylenders. Shakespeare also referred to 'Shylocks' who made unreasonable demands in case

the loans were not repaid in time along with interest. Indian history is also replete with the instances referring to indigenous money lenders, *Sahukars* and *Zamindars* involved in the business of money lending by mortgaging the landed property of the borrowers.

Towards the beginning of the twentieth century, with the onset of modern industry in the country, the need for government regulated banking system was felt. The British government began to pay attention towards the need for an organized banking sector in the country and Reserve Bank of India was set up to regulate the formal banking sector in the country. But the growth of modern banking remained slow mainly due to lack of surplus capital in the Indian economic system at that point of time. Modern banking institutions came up only in big cities and industrial centers. The rural areas, representing vast majority of Indian society, remained dependent on the indigenous money lenders for their credit needs.

Independence of the country heralded a new era in the growth of modern banking. Many new commercial banks came up in various parts of the country. As the modern banking network grew, the government began to realize that the banking sector was catering only to the needs of the well-to-do and the capitalists. The interests of the poorer sections as well as those of the common man were being ignored.

In 1969, Indian government took a historic decision to nationalize 14 biggest private commercial banks. A few more were nationalized after a couple of years. This resulted in transferring the ownership of these banks to the State and the Reserve Bank of India could then issue directions to these banks to fund the national programmes, the rural sector, the plan priorities and the priority sector at differential rate of interest. This resulted in providing fillip the banking facilities to the rural areas, to the under-privileged and the downtrodden. It also resulted in financial inclusion of all categories of people in almost all the regions of the country.

However, after almost two decades of bank nationalization some new issues became contextual. The service standards of the public sector banks began to decline. Their profitability came down and the efficiency of the staff became suspect. Non-

performing assets of these banks began to rise. The wheel of time had turned a full circle by early nineties and the government after the introduction of structural and economic reforms in the financial sector, allowed the setting up of new banks in the private sector.

The new generation private banks have now established themselves in the system and have set new standards of service and efficiency. These banks have also given tough but healthy competition to the public sector banks.

Modern Day Role

Banking system and the Financial Institutions play very significant role in the economy. First and foremost is in the form of catering to the need of credit for all the sections of society. The modern economies in the world have developed primarily by making best use of the credit availability in their systems. An efficient banking system must cater to the needs of high end investors by making available high amounts of capital for big projects in the industrial, infrastructure and service sectors. At the same time, the medium and small ventures must also have credit available to them for new investment and expansion of the existing units. Rural sector in a country like India can grow only if cheaper credit is available to the farmers for their short and medium term needs.

Credit availability for infrastructure sector is also extremely important. The success of any financial system can be fathomed by finding out the availability of reliable and adequate credit for infrastructure projects. Fortunately, during the past about one decade there has been increased participation of the private sector in infrastructure projects.

The Banks and the Financial Institutions also cater to another important need of the society i.e. mopping up small savings at reasonable rates with several options. The common man has the option to park his savings under a few alternatives, including the small savings schemes introduced by the government from time to time and in bank deposits in the form of savings accounts, recurring deposits and time deposits. Another option is to invest in the stocks or mutual funds.

In addition to the above traditional role, the banks

and the financial institutions also perform certain new-age functions which could not be thought of a couple of decades ago. The facility of internet banking enables a consumer to access and operate his bank account without actually visiting the bank premises. The facility of ATMs and the credit/debit cards has revolutionized the choices available with the customers. The banks also serve as alternative gateways for making payments on account of income tax and online payment of various bills like the telephone, electricity and tax. The bank customers can also invest their funds in various stocks or mutual funds straight from their bank accounts. In the modern day economy, where people have no time to make these payments by standing in queue, the service provided by the banks is commendable.

While the commercial banks cater to the banking needs of the people in the cities and towns, there is another category of banks that looks after the credit and banking needs of the people living in the rural areas, particularly the farmers. Regional Rural Banks (RRBs) have been sponsored by many commercial banks in several States. These banks, along with the cooperative banks, take care of the farmer-specific needs of credit and other banking facilities.

Future

Till a few years ago, the government largely patronized the small savings schemes in which not only the interest rates were higher, but the income tax rebates and incentives were also in plenty. The bank deposits, on the other hand, did not entail such benefits. As a result, the small savings were the first choice of the investors. But for the last few years the trend has been reversed. The small savings, the bank deposits and the mutual funds have been brought at par for the purpose of incentives under the income tax. Moreover, the interest rates in the small savings schemes are no longer higher than those offered by the banks.

Banks today are free to determine their interest rates within the given limits prescribed by the RBI. It is now easier for the banks to open new branches. But the banking sector reforms are still not complete. A lot more is required to be done to revamp the public sector banks. Mergers and amalgamation is the next

measure on the agenda of the government. The government is also preparing to disinvest some of its equity from the PSU banks. The option of allowing foreign direct investment beyond 50 per cent in the Indian banking sector has also been under consideration.

Banks and financial intuitions have played major role in the economic development of the country and most of the credit- related schemes of the government to uplift the poorer and the under-privileged sections have been implemented through the banking sector. The role of the banks has been important, but it is going to be even more important in the future.

Challenges before banking sector in India

It is by now well recognized that India is one of the fastest growing economies in the world. Evidence from across the world suggests that a sound and evolved banking system is required for sustained economic development. India has a better banking system in place *vis-a-vis* other developing countries, but there are several issues that need to be ironed out.

Interest rate risk

Interest rate risk can be defined as exposure of bank's net interest income to adverse movements in interest rates. A bank's balance sheet consists mainly of rupee assets and liabilities. Any movement in domestic interest rate is the main source of interest rate risk.

Over the last few years the treasury departments of banks have been responsible for a substantial part of profits made by banks. With yields falling the banks made huge profits on their bond portfolios.

Now as yields go up (with the rise in inflation, bond yields go up and bond prices fall as the debt market starts factoring a possible interest rate hike), the banks will have to set aside funds to mark to market their investment.

This will make it difficult to show huge profits from treasury operations. This concern becomes much stronger because a substantial percentage of bank deposits remain invested in government bonds.

Interest rates and non-performing assets

The best indicator of the health of the banking industry in a country is its level of NPAs. Given this fact, Indian banks seem to be better placed than they were in the past. A few banks have even managed to reduce their net NPAs to less than one percent. But as the bond yields start to rise the chances are the net NPAs will also start to go up. This will happen because the banks have been making huge provisions against the money they made on their bond portfolios in a scenario where bond yields were falling.

Competition in retail banking

The entry of new generation private sector banks has changed the entire scenario. Earlier the household savings went into banks and the banks then lent out money to corporate. Now they need to sell banking. The retail segment, which was earlier ignored, is now the most important of the lot, with the banks jumping over one another to give out loans. The consumer has never been so lucky with so many banks offering so many products to choose from. With supply far exceeding demand it has been a race to the bottom, with the banks undercutting one another. A lot of foreign banks have already burnt their fingers in the retail game and have now decided to get out of a few retail segments completely.

The urge to merge

In the recent past there has been a lot of talk about Indian Banks lacking in scale and size. The State Bank of India is the only bank from India to make it to the list of Top 100 banks, globally. Most of the PSBs are either looking to pick up a smaller bank or waiting to be picked up by a larger bank.

The central government also seems to be game about the issue and is seen to be encouraging PSBs to merge or acquire other banks. Global evidence seems to suggest that even though there is great enthusiasm when companies merge or get acquired, majority of the mergers/acquisitions do not really work.

So in the zeal to merge with or acquire another bank the PSBs should not let their common sense take a back seat. Before a merger is carried out cultural issues should be looked.

Impact of BASEL - II norms

Norms set in the Swiss town of Basel determine the ground rules for the way banks around the world account for loans they give out. These rules were formulated by the Bank for International Settlements in 1988.

The problem with these rules is that they do not distinguish within a category i.e. all lending to private sector is assigned a 100 per cent risk weighting, be it a company with the best credit rating or company which is in the doldrums and has a very low credit rating.

This is not an efficient use of capital. The company with the best credit rating is more likely to repay the loan vis a vis the company with a low credit rating. So the bank should be setting aside a far lesser amount of capital against the risk of a company with the best credit rating defaulting vis a vis the company with a low credit rating. With the BASEL-II norms the bank can decide on the amount of capital to set aside depending on the credit rating of the company.

So to be ready for the new BASEL rules the banks will have to set aside more capital because the new rules could lead to capital adequacy ratios of the banks falling. How the banks plan to go about meeting these requirements is something that remains to be seen. A few banks are planning initial public offerings to have enough capital on their books to meet these new norms.

In closing

Over the last few years, the falling interest rates, gave banks very little incentive to lend to projects, as the return did not compensate them for the risk involved. This led to the banks getting into the retail segment big time. It also led to a lot of banks playing it safe and putting in most of the deposits they collected into government bonds. Now with the bond party over and the bond yields starting to go up, the banks will have to concentrate on their core function of lending.

Financial Services

Definition and Concept

Financial services are the economic services provided by the finance industry, which encompasses a broad range of organizations that manage money, including credit unions, banks, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises.

As per section 65(10) of the Finance Act, 1994, "banking and financial services" means the following services provided by a banking company or a financial institution including a non banking financial company, namely;

(i) financial leasing services including equipment leasing and hire-purchase by a body corporate;

(ii) credit card services;

(iii) merchant banking services;

(iv) securities and foreign exchange (forex) broking;

(v) asset management including portfolio management, all forms of fund management, pension fund management, custodial depository and trust services, but does not include cash management;

(vi) advisory and other auxiliary financial services including investment and portfolio research and advice, advice on mergers and acquisition and advice on corporate restructuring and strategy; and

(vii) provision and transfer of information and data processing.

Financial services can be defined as the products and services offered by institutions like banks of various kinds for the facilitation of various financial transactions and other related activities in the world of finance like loans, insurance, credit cards, investment opportunities and money management as well as providing information on the stock market and other issues like market trends.

Functions of Financial Services

1. Facilitating transactions (exchange of goods and services) in the economy.

2. Mobilizing savings (for which the outlets would otherwise be much more limited).

3. Allocating capital funds (notably to finance productive investment).

4. Monitoring managers (so that the funds allocated will be spent as envisaged).

5. Transforming risk (reducing it through aggregation and enabling it to be carried by those more willing to bear it).

Characterstics and Features of Financial Services

(i) Customer-Specific: Financial services are usually customer focused. The firms providing these services, study the needs of their customers in detail before deciding their financial strategy, giving due regard to costs, liquidity and maturity considerations. Financial services firms continuously remain in touch with their customers, so that they can design products which can cater to the specific needs of their customers. The providers of financial services constantly carry out market surveys, so they can offer new products much ahead of need and impending legislation. Newer technologies are being used to introduce innovative, customer friendly products and services which clearly indicate that the concentration of the providers of financial services is on generating firm/customer specific services.

(ii) Intangibility: In a highly competitive global environment brand image is very crucial. Unless the financial institutions providing financial products and services have good image, enjoying the confidence of their clients, they may not be successful. Thus institutions have to focus on the quality and innovativeness of their services to build up their credibility.

(iii) Concomitant: Production of financial services and supply of these services have to be concomitant. Both these functions i.e. production of new and innovative financial services and supplying of these services are to be performed simultaneously.

(iv) Tendency to Perish: Unlike any other service, financial services do tend to perish and hence cannot

be stored. They have to be supplied as required by the customers. Hence financial institutions have to ensure a proper synchronization of demand and supply.

(v) People based services: Marketing of financial services has to be people intensive and hence it's subjected to variability of performance or quality of service. The personnel in financial services organisation need to be selected on the basis of their suitability and trained properly, so that they can perform their activities efficiently and effectively.

(vi) Market Dynamics: The market dynamics depends to a great extent, on socioeconomic changes such as disposable income, standard of living and educational changes related to the various classes of customers. Therefore financial services have to be constantly redefined and refined taking into consideration the market dynamics. The institutions providing financial services, while evolving new services could be proactive in visualizing in advance what the market wants, or being reactive to the needs and wants of their customers.

Contribution to Indian Economy and Road Ahead

The Indian financial services industry has a lot of scope for further penetration, and thus has immense scope and potential to grow exponentially. The online genre, mobile explosion, emergence of social media platforms, technologies like cloud computing and increasing pace of convergence and interconnectivity of devices are intensely driving the growth of this industry. These are playing pivotal roles in transforming the way financial services are delivered to the end-consumer. Further, financial institutions are revamping their operational infrastructure and business delivery models.

Financial services industry mainly comprises the BFSI industry, that is, banking, financial services (such as mutual funds) and insurance. Key developments and performance pointers pertaining to each of these sub-segments are discussed in this overview.

Insurance Sector

There are 24 life insurers in India with about Rs 15 trillion (US$ 292.5 billion) in assets.

According to data released by the Insurance Regulatory and Development Authority (IRDA), the life insurance industry collected Rs 89,655.83 crore (US$ 17.5 billion) during April 2011-February 2012 by writing new policies while the insurers sold about 35.12 million policies collectively. Private players sold seven million policies.

The general insurance industry continued with its growth trajectory as the gross written premium grew 24.03 per cent during 2011-12 against the year-ago period.

Banking Services

According to the world's largest rating agency, Standard & Poor (S&P)'s Ratings Services, India's banking system has a high level of stable, core customer deposits supported by the system's good franchise, extensive branch networks, and large, yet growing, domestic savings.

- According to the Reserve Bank of India (RBI)'s 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks', September 2011, Nationalised Banks, as a group, accounted for 52.2 per cent of the aggregate deposits, while State Bank of India (SBI) and its associates accounted for 21.8 per cent. The share of New private sector banks, Old private sector banks, Foreign banks and Regional Rural banks in aggregate deposits was 13.7 per cent, 4.8 per cent, 4.6 per cent and 2.9 per cent, respectively. With respect to gross bank credit also, nationalised banks hold the highest share of 51.6 per cent in the total bank credit, with SBI and its associates at 22.1 per cent and New Private sector banks at 13.8 per cent. Foreign banks, Old private sector banks and Regional Rural banks held relatively lower shares in the total bank credit with 5.2 per cent, 4.8 per cent and 2.5 per cent, respectively.

- Another statement released by the RBI stated that bank deposits grew 13.4 per cent to Rs 60.72 trillion (US$ 1.18 trillion) in the fiscal 2011-12 (the year to March 23, 2011) while loans and advances grew 17.08 percent to Rs 47.54 trillion (US$ 927.16 billion).

Mutual Funds Industry in India

The Rs 6.70 trillion (US$ 130.66 billion) Indian mutual funds (MF) industry has 44 asset management companies (AMCs). Recent data released by the Association of Mutual Funds in India (AMFI) indicated that average assets under management (AUM) reported by these fund houses amounted to Rs 6,68,824 crore (US$ 130.33 billion) in 2011-12.

HDFC Mutual Fund maintained its top position as the country's biggest MF with an average AUM of Rs 89,879 crore (US$ 17.51 billion), followed by Reliance MF (Rs 78,112 crore [US$ 15.22 billion]), ICICI Prudential MF (Rs 68,718 crore [US$ 13.39 billion]), Birla Sunlife MF (Rs 61,143 crore [US$ 11.92 billion]) and UTI MF (Rs 58,922 crore [US$ 11.48 billion]).

Private Equity (PE) and Mergers & Acquisitions (M&A) in India

India Inc witnessed 202 merger and acquisition (M&A) deals worth US$ 9.4 billion during the first quarter of 2012. According to Ernst & Young (E&Y)'s latest transactions quarterly report, deals in January-March 2012 were 22 per cent higher than those of October-December 2011 quarter in terms of volume and 4.5 times higher in terms of value. Domestic deals dominated the M&A space as they accounted for 63 per cent of the total number of deals and contributed 88.4 per cent of the total disclosed deal value for the quarter.

According to experts, M&A landscape is likely to experience intense activity in the coming months, owing to improving stock markets and better availability of finance options.

Private equity (PE) and venture capital (VC) investors infused a capital of US$ 1.88 billion across 90 deals during the reported period.

Foreign Institutional Investors in India

According to the data released by Securities and Exchange Board of India (SEBI), net investment in equities made by foreign institutional investors (FIIs) stood at Rs 47,935 crore (US$ 9.34 billion) during the financial year ended March 31, 2012. During the reported fiscal, foreign fund houses injected Rs 49,053 crore (US$ 9.56 billion) in the debt market

taking the collective net investments by FIIs in stocks and bonds to Rs 93,725 crore (US$ 18.26 billion).

Recent Developments

■ India has launched the country's first domestic payment card network, RuPay, to compete with multinational Visa Inc. and Mastercard Inc. The new development will not only help banks reduce cost of issuing a debit card but will also lead to expansion of payment network in rural areas. National Payments Corp of India Ltd (NPCI), the nodal agency to manage and promote RuPay, has stated that 200,000 RuPay cards have already been issued and the target is to have 10 million debit cards under the brand by March 2013.

■ Stating India as 'extraordinarily attractive investment destination', PE firm Bain Capital LLC has announced that it will infuse about US$ 800 million in appropriate proposals across four investment deals during 2012-16.

■ L&T Finance has decided to buy Fidelity Worldwide Investment's Indian mutual fund business. The deal would boost L&T's assets to Rs 13,500 crore (US$ 2.63 billion), making it the 13th biggest fund house and the 10th largest on the basis of equity.

■ In a recent announcement, the RBI has granted FIIs to invest in primary issuances of companies' non-convertible debentures (NCDs), provided these papers are scheduled to be listed on the stock exchanges within 15 days of being issued. If the instrument, that is the NCD, does not get listed within 15 days, the foreign investor concerned would have to sell the securities to a domestic investor.

Government Initiatives

In its Budget for 2012-13, the Government has earmarked a capital of Rs 15,888 crore (US$ 3.11 billion) to be infused in public sector banks, regional rural banks and other financial institutions. Apart from this, the Government is also planning to set up a financial holding company that will raise funds for public sector banks.

Furthermore, the RBI has liberalised regulations pertaining to FCAs to provide operational flexibility to

Indian entities making overseas direct investments. After satisfying stipulated requirements and conditions, Indian entities can open, hold and maintain FCAs abroad that would simplify the process of making overseas direct investments.

Road Ahead

According to a report by the Boston Consulting Group (BCG) India, prepared in association with a leading industry organisation and Indian Banks Associations (IBA), Indian banking industry would be the world's third largest in asset size by 2025 and mobile banking would become the second largest banking mode after ATMs. Furthermore, owing to the positive eco-system of the industry and regulatory and Government initiatives, mobile banking is anticipated to enhance from 0.1 per cent of transactions in a 45 per cent financial inclusion base in 2010 to 34 per cent of the transactions with 80 per cent rural inclusion base by 2020, as per the report.

While the Indian Government projects that qualified foreign investors (QFIs) would invest US$ 50-75 billion in India's equity and bond markets, G Chokkalingam, Executive director and CIO, Centrum Wealth Management, believes that Indian markets would witness record inflows, probably to the extent of US$ 30 billion, by FIIs in 2012.

Such positive forecasts are being made owing to monetary expansions in the West and considering that India would remain the second-fastest growing economy in the world.

Challenges before Financial Services Industry

We are beginning to observe signs of a recovery in the economy. The financial industry will be facing a new, demanding competitive map, which will inevitably entail deep changes and adjustments.

The new competitive framework may be understood as reflecting three present and future trends:

1. tougher regulatory and oversight standards,
2. the de-leveraging process and
3. changes in society and in relationship patterns.

Firstly, tougher regulatory and oversight standards will materialize as increased capital, liquidity and provisioning requirements and more stringent consumer protection. The main consequence will be greater pressure on banks' returns, forcing them to being more selective in allocating scarce resources, in particular, capital, which will become increasingly scarce.

To deal with this challenge, it will be necessary to develop advanced models for management and risk-adjusted allocation of capital in each geographical area, each business unit, each product and segment. This is the only way to dynamically manage each portfolio and it will condition how banks diversify and grow globally. But this must all be done with value creation as the mainstay point of reference.

Secondly, the de-leveraging process. Lower credit growth will directly hit banks' balance sheets and the kind of gearing that was commonplace in the past will no longer be feasible.

As tougher regulatory and oversight standards and deleveraging kick in, banks that wish to offset the greater pressure on returns will have to maximize their relationships with each customer to extract optimal value from them. For this, business-as-usual solutions must be replaced with new and fundamentally different approaches.

Finally, changes in society and relationship patterns. Deep changes in consumer preferences will determine how banks reach out to their customers and relate to them. This will mean evolving towards a more efficient, more productive distribution model.

Technology will play a fundamental role in adjusting to these shifts. Technology must be seen as the great facilitator, the way to open up the relationship space with the customer, navigating seamlessly between physical and the virtual contact. Successful companies will offer superior treatment, with services tailored to each type of customer and their specific needs.

The winning models in the new scenario that is already beginning to emerge will be based on excellent understanding of risk and focused capital allocation. The winning banks will be those that are able to

saturate their customer relationships with superior, innovative proposals adding real value. And finally, they will be the banks that develop advanced, efficient distribution models that extract maximum value from technology developments.

Manufacturing Sector

Introduction

Manufacturing is slowly but surely sweeping back in the national economic space. India is witnessing a wave of growth in manufacturing after its decline in the late nineties. The current surge in the manufacturing sector is touted to be much more promising than the first wave. With this new manufacturing opportunity slated to be more skills intensive, the industry leaders foresee India as well poised to take advantage of this shift.

Over and above the feel good factor of being given a second chance, there are graver reasons that necessitate the country's success in manufacturing this time round. Manufacturing has linkages with the all other sectors of the economy. The progress of manufacturing still sets the tone for the overall business cycle and the health of this sector is very much at the core of India's socio-economic fabric.

Inspite of the boom in the services sector, 75% of India's working population is educated only to middle school or below. This staggering figure of approximately 600 million people is not even equipped to benefit from the opportunities in the flourishing knowledge sector. It is only the labor intensive manufacturing sector that has the capability to generate employment in adequate numbers to absorb the larger labor pool.

Manufacturing has large stakes involved, not just because the sector employs 30 per cent of the non-agricultural workforce in India, but also because of its contribution to the overall economy/GDP. According to FICCI even though agriculture supports 60% of the working population, it contributes only 22% of the country's gross domestic product. This mismatch between distribution of workforce and value added in agriculture is one of the main reasons for the large number of poor, and this trend is expected to further widen in the coming decades. Against this background, only a sharp increase in the Indian manufacturing sector workforce will increase overall income levels of the country.

The economic benefits of playing the manufacturing card are quite clear - if India is to sustain overall GDP growth of 8% per annum, it is essential that both manufacturing and services grow at more than 11% even when agriculture growth picks up from its current 2.3%.

Definition and Concept

Manufacturing is the use of machines, tools and labor to produce goods for use or sale. The term may refer to a range of human activity, from handicraft to high tech, but is most commonly applied to industrial production, in which raw materials are transformed into finished goods on a large scale. Such finished goods may be used for manufacturing other, more complex products, such as aircraft, household appliances or automobiles, or sold to wholesalers, who in turn sell them to retailers, who then sell them to end users – the "consumers".

Manufacturing takes turns under all types of economic systems. In a free market economy, manufacturing is usually directed toward the mass production of products for sale to consumers at a profit. In a collectivist economy, manufacturing is more frequently directed by the state to supply a centrally planned economy. In mixed market economies, manufacturing occurs under some degree of government regulation.

Modern manufacturing includes all intermediate processes required for the production and integration of a product's components. Some industries, such as semiconductor and steel manufacturers use the term *fabrication* instead.

The manufacturing sector is closely connected with engineering and industrial design.

Contribution to Indian Economy

The Manufacturing industry of India is the backbone of the economy that strengthens employment, agriculture & the service sectors.

The Indian manufacturing industry is an emerging sector and has all the qualities to further enhance the economic development of the country. In fact, it is this sector that is fueling growth, employment and enhancing the other industries such as agriculture and service. In the last few years, the industry has excelled so much that it is good enough to compete in global markets.

Excellent growth in worldwide distribution systems and IT along with the opening of trade barriers has resulted in tremendous growth of global manufacturing networks. Studies reveal that the productivity of the manufacturing industry in India is approximately 1/5th of the productivity in the manufacturing industry of the US. It is about ½ as compared to the productivity levels in South Korea as well as Taiwan.

The Manufacturing sector is broadly divided into:

- Capital Goods & Engineering.
- Chemicals, Petroleum, Chemicals & Fertilizers
- Packaging
- Consumer non-Durables.
- Electronics , IT Hardware & peripherals.
- Gems & Jewelery.
- Leather & Leather Products.
- Mining.
- Steel & non-Ferrous Metals.
- Textiles & Apparels.
- Water Equipment.

From automobiles to computer hardware, consumer durables to engineering products, all are being manufactured by multinationals in India. This is precisely why India has become such a major global manufacturing hub.

The manufacturing industry has taken off in India mainly because the country has all the requisite skills in product, process and capital engineering. The manufacturing history in India is expansive while the education system has also boosted the industry. Plus, the cheap, skilled manpower has attracted an array of foreign companies, (in diverse industries) to set shop here. Add to this, the sheer size of the Indian market! By 2025, India is likely to become the fifth largest consumer market in the world, according to a research by McKinsey Global Institute. India also offers abundant engineering and technical manpower; the country churns out nearly 400,000 graduate engineers every year.

Major Companies Investing in India

- As far as the mobile phone industry is concerned, Nokia, Samsung, LG have already established manufacturing plants in India. Now, Research in Motion, the company behind Blackberry handsets has also announced plans to setup a manufacturing plant in India.
- India is even becoming a manufacturing hub for international luxury brands. Companies like Louis Vuitton and Frette are eyeing India as the manufacturing base for their products.
- Skoda Auto has also made India its global manufacturing hub. The company, which boasts of a 30,000-unit state-of the-art manufacturing facility at Aurangabad, Maharashtra, will act as the production base for the entire world.
- Major aircraft maker Airbus Industries plans to have a manufacturing base in India in the next three-four years.
- Ford India, subsidiary of American Automobile Ford Company, has got 400 acres of land in Sanand taluka near Ahmedabad to establish its second manufacturing unit in India.
- Hyundai and Suzuki have made India their manufacturing hub for small Cars. The i10 is being manufactured only in India and exported to the world. India is Hyundai's largest base outside Korea.
- Nokia started its India operations in 1995, and presently operates out of offices in New Delhi, Mumbai, Kolkata,Jaipur,Lucknow,Chennai, Bangalore, Pune and Ahmedabad. The Indian operations comprise of the handsets business; R&D facilities in Bangalore and Mumbai; a manufacturing plant in Chennai and a Design Studio in Bangalore.

At present, the manufacturing industry contributes 16 percent to India's GDP. Anand Sharma, the Union Minister of Commerce and Industry, has stated that the Union Government will look to increase the manufacturing sector's growth and create a policy that will assist the sector perform properly in India.

The contribution made by the manufacturing sector in India's real gross domestic product has increased over the years. However, the rate of growth has not been at par with expectations. In the planning process of India's economic development a lot of emphasis was given on the heavy industries and this led to greater expectations from the manufacturing sector.

The East Asian countries like China have had similar levels of planning but have performed better in the global arena with their manufacturing sector. This has been discovered in a RBI Development Research Group study on productivity, competitiveness, and efficiency of India's manufacturing sector.

In 2007, the manufacturing sector contributed 34 percent to China's GDP while its Indian counterpart accounted for 16.1% in 2009-10 fiscal. In the last few years, India's registered manufacturing sector has made better contributions than the unregistered sector.

The following table shows the growth rate of real GDPs of different sectors of Indian economy:

Sector	1999 -00	2000 -01	2001 -02	2002 -03	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	2008 -09	2009 -10	2010 -11	2011 -12 (estimated rates)
Agriculture	0.5	-0.2	6.3	-7.2	10	1.6	5.1	4.2	5.8	0.1	1	7	2.5
Services	9.5	5.7	7.2	7.5	8.5	9.4	10.9	10.1	10.3	10	10.5	9.3	9.4
Industry	4.6	6.4	2.7	7.1	7.4	9.4	9.7	12.2	9.7	4.4	8.4	7.2	3.9

Challenges facing the manufacturing industry

What need to be explored are the reasons for the manufacturing industry's chequered performance. In a scenario wherein skilled Indian labor is as inexpensive as China's in absolute terms, wherein lies the Indian manufacturing industry's Achilles heel?

FICCI estimates that the higher input costs for the Indian manufacturing sector as a result of cascading effect of indirect taxes on selling prices of commodities, higher cost of utilities like power, railway transport, water, higher cost of finance and high transactions costs puts the sector at a severe disadvantage as compared to its Asian counterparts.

In a ten point agenda that encompasses factors such as entry of more private sector investors in important infrastructure sectors like electricity distribution, aviation, roads, railways, ports and a new bill for improving India's labour laws including encouraging contract labour, FICCI has laid down guidelines to the government to accelerate growth and improve competitiveness of Indian manufacturing.

However, over and above more conducive government regulation, what the Indian manufacturing sector needs is a productivity boost. CEOs of some of India's leading export firms on visits to China have come away impressed at the efficiency per employee and the dawning realization that current productivity of their factories is half to one third levels of what might otherwise be achievable.

Some other challenges faced by the Indian manufacturing warrant appropriate responses from both the govt. as well as the industry for improving the competitiveness of the sector. There are a few areas where both the govt. and the industry need to put in efforts through a well-designed Public-Private partnership mode:

(i) The manufacturing sector needs to access the vast market possibilities available at the bottom of the income pyramid in the country.

(ii) The first essentiality for ensuring manufacturing competitiveness is macroeconomic stability.

(iii) Lowering the cost of manufacturing and improving the quality are essential for competitiveness.

(iv) The inverted duty structure caused by FTAs as well as in all cases even otherwise needs to be rectified.

(v) Domestic indirect taxes are often singled out as a major reason why Indian manufacturing is uncompetitive.

(vi) Each labour legislation has a separate inspector and visits of inspectors are not synchronized across all labour enactments.

INTRODUCTION TO FINANCIAL ANALYSIS

INTRODUCTION

Key factors for business survival

In modern-day business scenario, more than growth, survival of a business has become a crucial factor. Survival of a business is dependent on and is judged from the following key factors.

1. Profitability - its ability to earn income and sustain growth in both the short- and long-term. A company's degree of profitability is usually based on the income statement, which reports on the company's results of operations.

2. Solvency - its ability to pay its obligation to creditors and other third parties in the long-term.

3. Liquidity - its ability to maintain positive cash flow, while satisfying immediate obligations.

Both 2 and 3 are based on the company's balance sheet, which indicates the financial condition of a business as of a given point in time.

4.Stability - the firm's ability to remain in business in the long run, without having to sustain significant losses in the conduct of its business. Assessing a company's stability requires the use of both the income statement and the balance sheet, as well as other financial and non-financial indicators etc.

Role of Finance

The Finance Department in any large company plays two roles. One is the classic Stewardship role. This role includes Audit, Accounting, Payables, Tax, Compliance etc. These are very critical for the safekeeping of the company. Suppliers have to be paid on time, Tax has to be computed accurately, compliance to various government and SEBI guidelines is paramount, books have to be regularly audited externally and internally. If these are not done on time and with accuracy, there could be severe civil and even criminal liabilities. Think of all the fallen heroes because of just one instance of fraud.

Beyond this Stewardship role, Finance is also

expected to play a Strategic Role, that of a True Business Partner. In this role, finance helps the business make the right choice and therefore creates value for the company. Finance is expected to do a very objective analysis that brings out the Risks and Potential Returns from all Investments: whether marketing is trying to promote a product, or supply chain is trying to change warehousing, or plant is trying to add capacity or sales is trying to change distributor margin. Every single decision that has a financial impact needs to be properly scrutinized to ensure it creates shareholder value.

Unfortunately, this strategic role of finance is often ignored, especially in many Indian companies.

Meaning of Financial Analysis

Financial Analysis is the process of evaluating businesses, projects, budgets and other finance-related entities to determine their suitability for investment. Typically, financial analysis is used to analyse whether an entity is stable, solvent, liquid, or profitable enough to be invested in. When looking at a specific company, the financial analyst will often focus on the income statement, balance sheet, and cash flow statement. In addition, one key area of financial analysis involves extrapolating the company's past performance into an estimate of the company's future performance.

Financial Statement Analysis (or **Financial Analysis**) The process of understanding the risk and profitability of a firm (business, sub-business or project) through analysis of reported financial information, particularly annual and quarterly reports.

Financial statement analysis consists of

1. reformulating reported financial statements,
2. analysis and adjustments of measurement errors, and
3. financial ratio analysis on the basis of reformulated and adjusted financial statements. The two first steps are often dropped in practice, meaning that financial ratios are just calculated on the basis of the reported numbers, perhaps

with some adjustments. Financial statement analysis is the foundation for evaluating and pricing credit risk and for doing fundamental company valuation.

One of the most common ways of analysing financial data is to calculate ratios from the data to compare against those of other companies or against the company's own historical performance. For example, return on assets is a common ratio used to determine how efficient a company is at using its assets and as a measure of profitability. This ratio could be calculated for several similar companies and compared as part of a larger analysis.

Financial analysis (also referred to as financial statement analysis or accounting analysis or Analysis of finance) refers to an assessment of the viability, stability and profitability of a business, sub-business or project.

It is performed by professionals who prepare reports using ratios that make use of information taken from financial statements and other reports. These reports are usually presented to top management as one of their bases in making business decisions.

- Continue or discontinue its main operation or part of its business;
- Make or purchase certain materials in the manufacture of its product;
- Acquire or rent/lease certain machineries and equipment in the production of its goods;
- Issue stocks or negotiate for a bank loan to increase its working capital;
- Make decisions regarding investing or lending capital;
- Other decisions that allow management to make an informed selection on various alternatives in the conduct of its business.

Role of Financial Analysis

A good Financial Analysis is supposed to do an objective assessment on the Real Opportunities and Threats in an initiative, and therefore highlight to management the true picture. Unfortunately, often, Financial Analysis remains a number crunching exercise that focuses only on numerical NPV/RoI (Net Present Value/Return on Investment), without providing enough perspective on the strategic fit and qualitative parameters around the initiative.

Often finance sees its role starting and ending with the Excel sheet. Other departments provide key assumptions and finance feeds them into an excel template and churns out the NPV. It rarely questions the assumptions behind those numbers. But a good finance manager should behave as a Venture Capitalist – probing all assumptions in detail and making sure that the fundamental business idea makes sense. This would require not just a more comprehensive financial analysis but also softer skills on how to influence people and how to present your findings to senior management.

A good financial analysis is supposed to:

- Correctly and Completely Value the Value associated with the choice.
- Provide an objective viewpoint and holistic perspective to the decision-making process.
- Foster smart risk taking and mitigation.
- Employ best-in-class tools and techniques to drive decision-making and resource allocation.
- Through knowledge and insights, actually increase Value Creation.

One of the criticisms of financial analysis is that it often becomes too conservative, and only looks at the risks and downsides. Business and entrepreneurship are all about making investments today, taking intelligent and informed risks, and then reaping the rewards in future. Therefore a good financial analysis should show the Upside opportunity in the same league as the worst case.

Purpose of Financial Analysis

Analysis of financial statements is an attempt to assess the efficiency and performance of an enterprise. Thus, the analysis and interpretation of financial statements is very essential to easure the efficiency, profitability, financial soundness and future prospects of the business units. Financial analysis serves the following purposes:

Measuring the profitability

The main objective of a business is to earn a satisfactory return on the funds invested in it. Financial analysis helps in ascertaining whether adequate profits are being earned on the capital invested in the business or not. It also helps in knowing the capacity to pay the interest and dividend.

Indicating the trend of Achievements

Financial statements of the previous years can be compared and the trend regarding various expenses, purchases, sales, gross profits and net profit etc. can be ascertained. Value of assets and liabilities can be compared and the future prospects of the business can be envisaged.

Assessing the growth potential of the business

The trend and other analysis of the business provides sufficient information indicating the growth potential of the business.

Comparative position in relation to other firms

The purpose of financial statements analysis is to help the management to make a comparative study of the profitability of various firms engaged in similar businesses. Such comparison also helps the management to study the position of their firm in respect of sales, expenses, profitability and utilising capital, etc.

Assess overall financial strength

The purpose of financial analysis is to assess the financial strength of the business. Analysis also helps in taking decisions, whether funds required for the purchase of new machines and equipments are provided from internal sources of the business or not if yes, how much? And also to assess how much funds have been received from external sources.

Assess solvency of the firm

The different tools of an analysis tell us whether the firm has sufficient funds to meet its short term and long term liabilities or not.

Parties Interested

Analysis of financial statements has become very significant due to widespread interest of various parties in the financial results of a business unit. The various parties interested in the analysis of financial statements are:

(i) Investors: Shareholders or proprietors of the business are interested in the well being of the business. They like to know the earning capacity of the business and its prospects of future growth.

(ii) Management: The management is interested in the financial position and performance of the enterprise as a whole and of its various divisions. It helps them in preparing budgets and assessing the performance of various departmental heads.

(iii) Trade unions: They are interested in financial statements for negotiating the wages or salaries or bonus agreement with the management.

(iv) Lenders: Lenders to the business like debenture holders, suppliers of loans and lease are interested to know short term as well as long term solvency position of the entity.

(v) Suppliers and trade creditors: The suppliers and other creditors are interested to know about the solvency of the business i.e. the ability of the company to meet the debts as and when they fall due.

(vi) Tax authorities: Tax authorities are interested in financial statements for determining the tax liability.

(vii) Researchers: They are interested in financial statements in undertaking research work in business affairs and practices.

(viii) Employees: They are interested to know the growth of profit. As a result of which they can demand better remuneration and congenial working environment.

(ix) Government and their agencies: Government and their agencies need financial information to regulate the activities of the enterprises/industries and determine taxation policy. They suggest measures to formulate policies and and regulations.

(x) Stock exchange: The stock exchange members take interest in financial statements for the purpose of analysis because they provide useful financial information about companies.
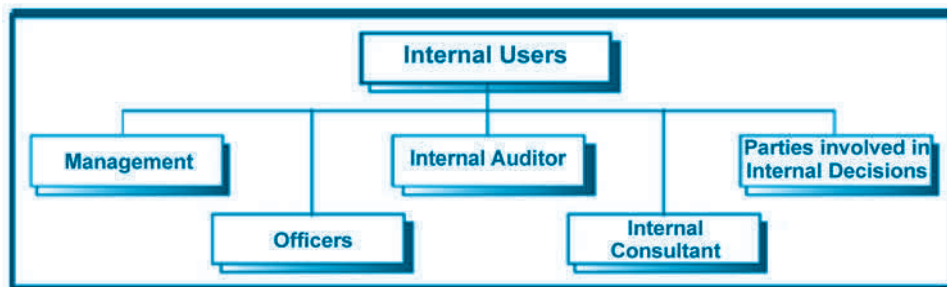
Internal and External Users

The main function of financial statement analysis is to help users make better decisions, whether for internal or external users of the company concerned.

Internal users

Internal users of accounting information are individuals involved in the management and operations of the organisations. They include the management, internal auditors, other employees, consultants and parties involved in decision-making in an organisation. Internal users are responsible for planning strategies and executing the company's operations. The purpose of financial analysis is to provide them with information in order to improve the efficiency and effectiveness in producing output or services of the organisation.


External users

External users of accounting information are not directly involved in the operation of the organisation. They include comprise shareholders, creditors, non-executive directors, customers, suppliers, legislators, lawyers, brokers, media and others.

External users utilise accounting information to determine the financial status of the company for their own purposes. Shareholders and creditors will evaluate the investment and financing prospects of the company. Members of the board of directors will analyse the financial statement for the purpose of monitoring the effectiveness of decisions which have been made. Suppliers will use the financial information to evaluate the credit standing of the organisations. Generally, financial statement analysis is done to:

(a) make the information more meaningful to enable users to make decisions; and

(b) assist users to measure the performance level and financial status of the business.
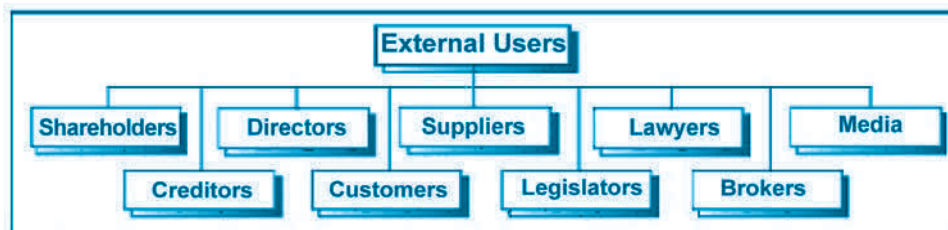
Objective of Financial Analysis

Financial Statement Analysis provides information that is useful in making business and economic decisions. The objectives of general purpose external financial reporting come primarily from the needs of external users who must rely on information that management communicates to them.

1. Financial Statement Analysis should provide information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions. The information should be comprehensive to those who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence.

2. Financial Statement Analysis should provide information to help present and potential investors and creditors and other users in assessing the amounts, timing, and uncertainty

of prospective cash receipts from dividends or interest and the proceeds from the sales, redemption, or maturity of securities or loans. Since investors' and creditors' cash flows are related to enterprise cash flows, financial statement analysis should provide information to help investors, creditors, and others assess the amounts, timing, and uncertainty of prospective net cash inflows to the related enterprise.

3. Financial Statement Analysis should provide information about the economic resources of an enterprise, the claims to those resources (obligations of the enterprise to transfer resources to other entities and owners' equity), and the effects of transactions, events, and circumstances that change its resources and claims to those resources. The primary focus of financial statement analysis is ordinarily considered to be information about earnings and its components. Earnings analysis gives clue to

   (a) management's performance,
   (b) long-term earning capabilities,
   (c) future earnings, and
   (d) risks associated with lending to and investing in the enterprise.

Financial Statement Analysis should also provide information about how management has discharged its stewardship function to stockholders for the use of the enterprise's resources entrusted to it. Management is responsible not only for the custody and safekeeping of enterprise resources but also for their efficient profitable use.

Management through financial statement analysis can provide significant financial information to users by identifying events and circumstances and explaining their financial effects on the enterprise. However, investors, creditors, and others who rely on financial reporting must do their own evaluating, estimating, predicting, and assessing and not rely exclusively on management's presentations.

For Effective Financial Statement Analysis - Study of following individual organisational factors is crucial.

- **Business strategy**: The overall business strategy which guides all other functions of the organization.
- **Objectives**: The over-all business strategy broken down into various long-term and short-term business objectives to be achieved over time.
- **Annual report and other documents** like articles about the organisation in newspapers and business reviews.

Tools of Financial Statement Analysis

Financial Statements are usually the final output of a company's accounting operations. These statements contain information relating to the revenues, expenses, assets, liabilities and retained earnings of the business. Business owners often pay close attention to this information since the statements can provide detailed information about the company's operational performance. Many business owners and managers use specific analysis tools to closely review their company's financial statements for decision-making purposes.

Financial Ratios

A traditional financial statement analysis tool is financial ratios. These ratios take information from the company's financial statements and calculate economic indicators for comparison to another company or the industry standard. Financial ratios include liquidity, asset turnover, financial leverage and profitability calculations. Liquidity ratios calculate the company's ability to meet short-term financial obligations. Asset turnover ratios indicate how well the company uses its assets to generate profits. Financial leverage ratios calculate the long-term solvency of a company. Profitability ratios help companies determine how much profit they are generating from the sale of various goods or services.

Horizontal Analysis

A horizontal financial statement analysis compares current financial statements to a previous year's financial information. Companies often conduct this analysis by putting several years of financial

statements in a side-by-side comparison format. This enables business owners and managers to review the same month over several years to determinate if revenues, expenses, assets or liabilities have increased, decreased or stayed the same. Companies can also use a horizontal analysis to compare changes in currency amounts or a percentage change when comparing financial statements.

Vertical Analysis

A vertical financial statement analysis is conducted using common size financial statements. A common size financial statement shows each item on a financial statement in a percentage figure for each statement line item. A vertical analysis gives managers a different option for reviewing financial information; managers may be more comfortable looking at percentages rather than currency amounts. The percentage figure represents how individual line-item amounts compare to the aggregate total of the financial statements. For example: business owners or managers may wish to know what percentage office supplies were out of the total expenses reported on income statement. A common size statement would divide total office supplies expense by the total expenses listed on income statement. This percentage is then listed where the office supplies expense amount would be on the financial statement.

Trend Percentage Analysis

A trend percentage analysis is an enhanced horizontal analysis technique. Trend percentage analyses help companies identify consistent revenues or expenses from past accounting periods. These trends can help managers make business decisions regarding future operations. Companies will use a specific financial statement as a base year for comparing all future financial statements. Changes for each future time period are expressed as a percentage when compared to the base financial statement. Companies can conduct a trend percentage analysis at various times of the year or use different financial statements as the base during this comparison process.

Limitations of Financial Statement Analysis

In spite of its contribution in sustainability and growth of any business Financial Statement Analysis suffers from certain limitations also. These limitations are largely inherent in the nature of financial statements themselves. Some of these limitations have been discussed below.

- Past financial performance, good or bad, is not necessarily an accurate predictor of future performance.
- Financial statements do not tell you about changes in senior management.
- Financial statements do not tell you about the loss of major customers.
- Financial statements do not tell you about the competitive environment in which the company operates.
- Financial statements do not disclose the company's future prospects, or the results of its expenditures on Research and Development, or new product introductions, or new marketing campaigns, or new pricing strategies, or the customer's recent decision to enter or exit a particular market segment.
- The more out-of-date a customer's financial statements are, the less reliable they are as a risk management tool.
- Without reading the Notes to the financial statements, credit managers cannot get a clear idea of the risk they are evaluating.
- Unaudited statements may or may not follow Generally Accepted Accounting Principles, and if they do not follow GAAP relying on them could be a serious mistake.
- Financial statements can be altered legally by adjusting certain types of reserves.
- Financial results can be improved by reducing or eliminating discretionary expenditures - even if this cost cutting is at the expense of long term growth and profits.
- Foreign financial statements do not follow GAAP. In some cases, local accounting rules are so different from GAAP accounting rules that it is

easy to make the wrong decision after reviewing the foreign financial data.

■ Unaudited statements may be inaccurate, misleading, or even deliberately fraudulent - and if they seem too good be true, they may be just that.

■ To see the big picture, it is necessary to have at least two consecutive periods of financial statements for comparison. Trends will only become apparent this way. The corollary is that it is not enough to know a customer's financial weaknesses. It is also important to know whether the customer's financial performance is weak but improving or weak and deteriorating.

■ Audited statements do not guarantee accuracy.

■ Even audited financial statements are subject to a degree of manipulation.

■ Off balance sheet financing is lawful, but can have a devastating effect on a customer's financial health.

■ The fact that a company is publicly traded and its financial statements are readily available does not guarantee that the company in question is financially stable and creditworthy.

CORPORATE AND COMMERCIAL LAWS

INTRODUCTION

The Republic of India is a vast country which has existed in one form or another for many millennia. Bound by cultural commonalities, independent India is the second largest country in the world — home to about a sixth of the human population — and the seventh largest country by sheer land mass. Following the liberalization of India's economy in 1991, India experienced unprecedented growth and has become an integral part of the global economy. India is now the world's fourth largest economy and has been growing at an astounding annual rate of 7.8% since 2002 India's growth has resulted in a quantum leap from a primarily agrarian society in the 1980s to an increasingly service and industry oriented economy at present.

Doing business in India, thus, becomes a lucrative option for both Indian and Foreign Entrepreneurs. However a deep understanding of important Commercial and Corporate Laws prevalent in India is very crucial. Though the commercial and corporate law regime is vast in Indian owing to numerous industry and sector specific enactments, however an insight of following important legislations is a must for all businesses in India.

1.   The Indian Contract Act, 1872.

2.   The Companies Act, 2013.

3.   The Securities Exchange Board of India Act, 1992.

4.   The Foreign Exchange Management Act, 1999.

The Indian Contract Act 1872

The Indian Contract Act 1872 is the main source of law regulating contracts in Indian law, as subsequently amended.

The Indian Contract Act 1872 sections 1-75 came into force on 1 September 1872. It applies to the whole of India except the state of Jammu and Kashmir. It is not a complete and exhaustive law on all types of contracts.

Essential Elements of a Valid Contract

According to Section 10, "All agreements are contracts, if they are made by the free consent of the parties, competent to contract, for a lawful consideration with a lawful object, and not hereby expressly to be void."

Essential Elements of a Valid Contract are:

1.   Proper offer and proper acceptance. there must be an agreement based on a lawful offer made by person to another and lawful acceptance of that offer made by the latter. section 3 to 9 of the contract act, 1872 lay down the rules for making valid acceptance

2.   Lawful consideration: An agreement to form a valid contract should be supported by consideration. Consideration means "something in return" (quid pro quo). It can be cash, kind, an act or abstinence. It can be past, present or future. However, consideration should be real and lawful.

3.   Competent to contract or capacity: In order to make a valid contract the parties to it must be competent to be contracted. According to section 11 of the Contract Act, a person is considered to be competent to contract if he satisfies the following criterion:

    ■   The person has reached the age of maturity.
    ■   The person is of sound mind.
    ■   The person is not disqualified from contracting by any law.

4.   Free Consent: To constitute a valid contract there must be free and genuine consent of the parties to the contract. It should not be obtained by misrepresentation, fraud, coercion, undue influence or mistake.

5.   Lawful Object and Agreement: The object of the agreement must not be illegal or unlawful.

6.   Agreement not declared void or illegal: Agreements which have been expressly declared void or illegal by law are not enforceable at law; hence they do not constitute a valid contract.

7.   Intention To Create Legal Relationships:-when the two parties enter in to an agreement,there must be intention to create a legal relationship between them ...if there is no such intention on the part of the parties ..there is no contract between them ..agreements of a social or domestic nature do not contemplate legal relationship;as such they are not contracts.

8.   Certainty, Possibility of Performance.

9.   Legal Formalities.

10.   By surity.

Offer

Proposal is defined under section 2(a) of the Indian contract Act, 1872 as "when one person signifies to another his willingness to do or to abstain from doing anything with a view to obtain the assent of that other to such act or abstinence, he is said to make a proposal/offer". Thus, for a valid offer,the party making it must express his willingness to do or not to do something. But mere expression of willingness does not constitute an offer. An offer should be made to obtain the assent of the other. The offer should be communicated to the offeree and it should not contain a term the non compliance of which would amount to acceptance.

Classification of Offer

1. **General Offer:** Which is made to public in general.
2. **Special Offer:** Which is made to a definite person.
3. **Cross Offer:** Exchange of identical offer in ignorance of each other.
4. **Counter Offer:** Modification and Variation of Original offer.
5. **Standing, Open or Continuing Offer:** Which is open for a specific period of time.

The offer must be distinguished from an invitation to offer.

Invitation to offer

An invitation to offer is only a circulation of an offer, it is an attempt to induce offers and precedes a definite offer. Acceptance of an invitation to an offer does not result contract and only an offer emerges in the process of negotiation. A statement made by a person who does not intend to bound by it but, intends to further act, is an invitation to offer.

Acceptance

According to Section 2(b), "When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted."

Rules:

1.   Acceptance must be absolute and unqualified.
2.   Communicated to offeror.
3.   Acceptance must be in the mode prescribed.
4.   Acceptance must be given within a reasonable time before the offer lapses.
5.   Acceptance by the way of conduct.
6.   Mere silence is no acceptance. Silence does not per-se amounts to communication- Bank of India Ltd. Vs. Rustom Cowasjee- AIR 1955 Bom. 419 at P. 430; 57 Bom. L.R. 850- Mere silence cannot amount to any assent. It does not even amount to any representation on which any plea of estoppel may be founded, unless there is a duty to make some statement or to do some act.
7.   Offree and offerer must be consent.

Lawful consideration

According to Section 2(d), Consideration is defined as: "When at the desire of the promisor, the promisee has done or abstained from doing, or does or abstains from doing, or promises to do or abstain something, such an act or abstinence or promise is called consideration for the promise."considertion means to do something.

In short, Consideration means *quid pro quo* i.e. something in return.

An agreement must be supported by a lawful consideration on both sides.

The consideration or object of an agreement is lawful, unless and until it is:

1. forbidden by law, or
2. is of such nature that, if permitted, it would defeat the provisions of any law, or
3. is fraudulent, or involves or implies injury to the person or property of another, or
4. the court regards it as immoral, or opposed to public policy.
5. consideration may take in any form-money, goods, services, a promise to marry, a promise to forbear etc.

Contract Opposed to Public Policy can be Repudiated by the Court of law even if that contract is beneficial for all of the parties to the contract- What considerations and objects are lawful and what not- Newar Marble Industries Pvt. Ltd. Vs. Rajasthan State Electricity Board, Jaipur, 1993 Cr. L.J. 1191 at 1197, 1198 [Raj.]- Agreement of which object or consideration was opposed to public policy, unlawful and void- — What better and what more can be an admission of the fact that the consideration or object of the compounding agreement was abstention by the board from criminally prosecuting the petitioner-company from offence under Section 39 of the act and that the Board has converted the crime into a source of profit or benefit to itself. This consideration or object is clearly opposed to public policy and hence the compounding agreement is unlawful and void under Section 23 of the Act. It is unenforceable as against the Petitioner-Company.

Competent to Contract

Section 11 of The Indian Contract Act specifies that every person is competent to contract provided:

1. He should not be a minor i.e. an individual who has not attained the age of majority i.e. 18 years.
2. He should be of sound mind while making a contract. A person with unsound mind cannot make a contract.
3. He is not a person who has been personally disqualified by law.

Free Consent

According to Section 14, " two or more persons are said to be consented when they agree upon the same thing in the same sense (*Consensus-ad-idem*).

A consent is said to be free when it is not caused by coercion or undue influence or fraud or misrepresentation or mistake.

Elements Vitiating free Consent

1. **Coercion (Section 15):** "Coercion" is the committing, or threatening to commit, any act forbidden by the Indian Penal Code, 1860 or the unlawful detaining, or threatening to detain, any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement.

2. **Undue influence (Section 16):** "Where a person who is in a position to dominate the will of another enters into a contract with him and the transaction appears on the face of it, or on the evidence, to be unconscionable, the burden of proving that such contract was not induced by undue influence shall lie upon the person in the position to dominate the will of the other."

3. **Fraud (Section 17):** "Fraud" means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent, with intent to deceive another party thereto of his agent, or to induce him to enter into the contract.

4. **Misrepresentation (Section 18):** "causing, however innocently, a party to an agreement to make a mistake as to the substance of the thing which is the subject of the agreement".

5. **Mistake of fact (Section 20):** "Where both the parties to an agreement are under a mistake as to a matter of fact essential to the agreement, the agreement is void".

Revocation of Offer

A proposal may be revoked at any time before the communication of its acceptance is complete as against the proposer, but not afterwards. An acceptance may be revoked at any time before the communication of the acceptance is complete as against the acceptor, but not afterwards.

A proposal is revoked -

1. by the communication of notice of revocation by the proposer to the other party;
2. by the lapse of the time prescribed in such proposal for its acceptance, or, if no time is so prescribed, by the lapse of a reasonable time, without communication of the acceptance;
3. by the failure of the acceptor to fulfill a condition precedent to acceptance; or
4. by the death or insanity of the proposer, if the fact of the death or insanity comes to the knowledge of the acceptor before acceptance.

Agency

The process of concluding a contract through an agent involves a twofold relationship. On the one hand, the law of agency is concerned with the external business relations of an economic unit and with the powers of the various representatives to affect the legal position of the principal. On the other hand, it rules the internal relationship between principal and agent as well, thereby imposing certain duties on the representative (diligence, accounting, good faith, etc.).

Under section 201 to 210 an agency may come to an end in a variety of ways:

(i) By the principal revoking the agency – However, principal cannot revoke an agency coupled with interest to the prejudice of such interest. Such Agency is coupled with interest. An agency is coupled with interest when the agent himself has an interest in the subject-matter of the agency, e.g., where the goods are consigned by an upcountry constituent to a commission agent for sale, with poor to recoup himself from the sale proceeds, the advances made by him to the principal against the security of the goods; in such a case, the principal cannot revoke the agent's authority till the goods are actually sold, nor is the agency terminated by death or insanity. (Illustrations to section 201)
(ii) By the agent renouncing the business of agency;
(iii) By the business of agency being completed;
(iv) By the principal being adjudicated insolvent (Section 201 of The Indian Contract Act, 1872).

The principal also cannot revoke the agent's authority

after it has been partly exercised, so as to bind the principal (Section 204), though he can always do so, before such authority has been so exercised (Sec 203).

Further, as per section 205, if the agency is for a fixed period, the principal cannot terminate the agency before the time expired, except for sufficient cause. If he does, he is liable to compensate the agent for the loss caused to him thereby. The same rules apply where the agent, renounces an agency for a fixed period. Notice in this connection that want of skill continuous disobedience of lawful orders, and rude or insulting behavior has been held to be sufficient cause for dismissal of an agent. Further, reasonable notice has to be given by one party to the other; otherwise, damage resulting from want of such notice, will have to be paid (Section 206). As per section 207, the revocation or renunciation of an agency may be made expressly or impliedly by conduct. The termination does not take effect as regards the agent, till it becomes known to him and as regards third party, till the termination is known to them (Section 208).

When an agent's authority is terminated, it operates as a termination of subagent also. (Section 210)

The Securities and Exchange Board of India (SEBI) Act, 1992

In 1988 the Securities and Exchange Board of India was established by the Government of India through an executive resolution and was subsequently upgraded as a fully autonomous body (a statutory board) in the year 1992 with the passing of the Securities and Exchange Board of India Act, 1992 on 30th January, 1992.

The basic objectives of Securities and Exchange Board of India are:

i. To protect the interests of investors in securities;

ii. To promote the development of the securities market;

iii. To regulate the securities market; and

iv. For matters connected therewith and incidental thereto.

Relatively with a brief act containing 7 chapters and 35 sections the SEBI Act governs all the Stock Exchanges and the Securities Transactions in India.

Establishment of the Securities and Exchange Board of India

Chapter two of the SEBI Act deals with the establishment of the Securities and Exchange Board of India. Section 3 says about the establishment and incorporation of Board. Sub section 1 says that a Board by the name of Securities and Exchange Board of India shall be established. The Board shall be a body corporate by the name Securities and Exchange Board of India which will have perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to enter in to contract and can sue or be sued by the said name. The head office of the Board shall be at Bombay. The Board may establish other offices at any other places in India.

The management of the Board is mentioned in section 4 of the Act. The Board shall consist of the following members, namely:

(a) a Chairman;
(b) two members from amongst the officials of the Ministry of the Central Government dealing with Finance and administration of the Companies Act, 2013;
(c) one member from amongst the officials of the Reserve Bank;
(d) five other members of whom at least three shall be the whole-time members, who shall be appointed by the Central Government.

Power and Functions of the Securities and Exchange Board of India

Chapter 4 of the SEBI Act, 1992 deals with the powers and function of the Securities and Exchange Board of India. The functions of the Securities and Exchange Board of India has been dealt in section 11. Sub-section (1) of section 11 declares that it shall be the duty of the Securities and Exchange Board of India:

i. to protect the interest of investors in securities and
ii. to promote the development of and

iii. to regulate the securities market by such measures as the Board thinks fit and
iv. for matters connected therewith and incidental thereto.

The Board is entrusted with two functions, namely:

A. Regulatory functions and
B. Developmental functions.

A. Regulatory Functions: The Board is responsible for:

i. regulating the business in stock exchanges and any other securities markets;

ii. registering and regulating the working of stock brokers, sub-brokers, share transfer agents, bankers to an issue, trustees of trust deeds, registrars to an issue, merchant bankers, underwriters, portfolio managers, investment advisers and such other intermediaries who may be associated with securities markets in any manner;

iii. registering and regulating the working of the depositories, participants, custodians of securities, foreign institutional investors, credit rating agencies and such other intermediaries as the Board may, by notification, specify in this behalf;

iv. registering and regulating the working of venture capital funds and collective investment schemes, including mutual funds;

v. promoting and regulating self-regulatory organisations;

vi. prohibiting fraudulent and unfair trade practices relating to securities markets;

vii. promoting investors' education and training of intermediaries of securities markets;

viii. prohibiting insider trading in securities;

ix. regulating substantial acquisition of shares and take-over of companies;

x.   calling for information from, undertaking inspection, conducting inquiries and audits of the stock exchanges, mutual funds, other persons associated with the securities market intermediaries and self- regulatory organisations in the securities market;

xi. calling for information and record from any bank or any other authority or board or corporation established or constituted by or under any Central, State or Provincial Act in respect of any transaction in securities which is under investigation or inquiry by the Board;

xii. performing such functions and exercising such powers under the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), as may be delegated to it by the Central Government;

xiii. levying fees or other charges for carrying out the purposes of this section;

xiv. conducting research for the above purposes;

xv. calling from or furnishing to any such agencies, as may be specified by the Board, such information as may be considered necessary by it for the efficient discharge of its functions and

xvi. performing such other functions as may be prescribed.

B.   Developmental Functions

i.   Promoting investor's education;

ii. Training of intermediaries;

iii. Conducting research and publishing information useful to all market participants;

iv. Promotion of fair practices;

v.   Promotion of self regulatory organizations.

Beside these above mentioned functions, the Board may take measures to undertake inspection of any book or register or any other document or record of any listed public company which intends to get its securities listed on any recognised stock exchange where the Board has reasonable grounds to believe that such company has been indulging in insider trading or fraudulent and unfair trade practices relating to securities market.

SEBI has to be responsive to the needs of three groups, which constitute the market:

i.   the issuers of securities;

ii. the investors;

iii. the market intermediaries.

Prohibition of Manipulative and Deceptive Devices, Insider Trading and Substantial Acquisition of Securities or Control:

Securities and Exchange Board of India has prohibited insider trading, substantial acquisition of securities or control. Insider trading can be defined as securities trading by insiders based on material non public information in violation of a fiduciary or similar duty of trust and confidence to the company issuing the security to the company's shareholders or to the source of information. The main benefit of the insider trading goes to the insider. An insider can be the directors, officers, shareholders holding substantial number of shares, persons who are not employed by the corporation but receive confidential information from a corporation while providing services to the corporation like professional advisors, lawyers, investment bankers. In other words, the knowledge of unpublished price sensitive information in hands of persons connected to the companies which put them in an advantageous position over others who lack it, such information can be used to make gains by buying shares a cheaper rate anticipating that it might rise and it can be used to insulate themselves against losses by selling shares before the prices fall down, such kind of transaction entered into by persons having access to any unpublished information is called Insider Trading. Consequently, SEBI banned insider trading and laid down the SEBI (Prohibition of Insider Trading) Regulation 1992. Similarly, substantial acquisition of shares and take-overs has also been prohibited by SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Accordingly section 12A says that No person shall directly or indirectly-

i.   use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognised stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

ii. employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange; engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

iii. engage in insider trading;

iv. deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;

v.   acquire control of any company or securities more than the percentage of equity share capital of a company whose securities are listed or proposed to be listed on a recognised stock exchange in contravention of the regulations made under this Act.

Conclusion

The enactment of the SEBI Act within the context of other statutes such as the Companies Act, Depositories Act and Securities Contracts Regulation Act has provided a strong regulatory framework for the Indian market. Subsequently much of the growth of the Indian market can be attributed to the robust processes for issuance, pricing, allotment and listing of securities enabled by SEBI. Strengthening SEBI's power in the investigative, administrative and legal aspects of enforcement would enable it to speedily address legal challenges such as those faced during dematerialization or disclosure requirements. In the future, SEBI should adopt more transparency to gain higher public confidence.

The Companies Act, 2013

The Companies Act, 2013 has been enacted to consolidate and amend the law relating to the companies. The changes in the Companies Act, 1956 were indispensable due to change in the national and international economic environment and for expansion and growth of economy of our country. The Companies Act, 2013 when fully implemented will replace the Companies Act, 1956 in full.

The Companies Act, 2013, which got the assent of the Hon'ble President of India on 29th August, 2013 and notified in the Official Gazette on 30th August, 2013, will be marked by greater focus on shareholder democracy, need for more corporate disclosures and less intrusive regulations. The new law makes it mandatory for firms to maintain their documents in electronic format, introduces the concept of one person company, Class Action Suits, Serious Fraud Investigation Office, asks big companies to set aside funds for corporate social responsibility, greater shareholder participation and stringent penalties.

Almost the whole of the Companies Act, 2013 has been made effective except certain provisions, under chapter XV, XVI, XVIII, XIX, XX, part II chapter XXI, chapter XVII, chapter XXVIII of the Companies Act, 2013.

Company

A company is a group of persons who have come together or who have contributed money for some common purpose.

A company as an entity has several distinct features which together make it a unique organisation. The following are the defining characteristics of a company.

Separate Legal Entity

On incorporation under law, a company becomes a separate legal entity as compared to its members. The company is different and distinct from its members in law. It has its own name and its own seal,

its assets and liabilities are separate and distinct from those of its members. It is capable of owning property, incurring debt, borrowing money, having a bank account, employing people, entering into contracts and suing and being sued separately.

Limited Liability

The liability of the members of the company is limited to contribution to the assets of the company upto the face value of shares held by him. A member is liable to pay only the uncalled money due on shares held by him when called upon to pay and nothing more, even if liabilities of the company far exceeds its assets. On the other hand, partners of a partnership firm have unlimited liability i.e. if the assets of the firm are not adequate to pay the liabilities of the firm, the creditors can force the partners to make good the deficit from their personal assets. This cannot be done in case of a company once the members have paid all their dues towards the shares held by them in the company.

Perpetual Succession

A company does not die or cease to exist unless it is specifically wound up or the task for which it was formed has been completed. Membership of a company may keep on changing from time to time but that does not affect life of the company. Death or insolvency of member does not affect the existence of the company.

Separate Property

A company is a distinct legal entity. The company's property is its own. A member cannot claim to be owner of the company's property during the existence of the company.

Transferability of Shares

Shares in a company are freely transferable, subject to certain conditions, such that no share-holder is permanently or necessarily wedded to a company. When a member transfers his shares to another person, the transferee steps into the shoes of the transferor and acquires all the rights of the transferor in respect of those shares.

Common Seal

A company is a artificial person and does not have a

physical presence. Therefore, it acts through its Board of Directors for carrying out its activities and entering into various agreements. Such contracts must be under the seal of the company. The common seal is the official signature of the company. The name of the company must be engraved on the common seal. Any document not bearing the seal of the company may not be accepted as authentic and may not have any legal force.

Capacity to sue and being sued

A company can sue or be sued in its own name as distinct from its members.

Types of Companies

Companies under the Act can be classified as follows:

1. On the basis of liability:

(a) Company limited by shares:

When the liability of the members of a company is limited by its memorandum of association to the amount (if any) unpaid on the shares held by them, it is known as a company limited by shares. It thus implies that for meeting the debts of the company, the shareholder may be called upon to contribute only to the extent of the amount, which remains unpaid on his shareholdings. His separate property cannot be encompassed to meet the company's debt.

(b) Company limited by guarantee:

A company having the liability of its members limited by the memorandum to such amount as the members' may respectively undertake by the memorandum to contribute to the assets of the company in the event of its being wound up. Thus, the liability of the member of a guarantee company is limited up to a stipulated sum mentioned in the memorandum. Members cannot be called upon to contribute beyond that stipulated sum.

(c) Unlimited company:

A company not having any limit on the liability of its members. In such a company the liability of a member ceases when he ceases to be a member.

2. On the basis of members:

(a) One person company:

The Companies Act, 2013 introduces this new class of companies. One person company (OPC) has only one person as a member. OPC has been introduced to encourage entrepreneurship and corporatization of business. OPC is a private limited company with the minimum paid up share capital of Rs. 1 lakh and has at OPC differs from sole proprietary concern in an aspect that OPC is a separate legal entity with a limited liability of the member whereas in the case of sale proprietary, the liability of owner is not restricted and it extends to the owner's entire assets constituting of official and personal.

The procedural requirements of an OPC are simplified through exemptions provided under the Act in comparison to the other forms of companies.

(b) Private Company:

A company having a minimum paid-up share capital as may be prescribed and which by its articles,

(i)   restricts the right to transfer its shares;

(ii)   limits the number of its members to two hundred (except in case of One Person Company): Persons who are in the employment of the company; and persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased are excluded in the number ofmembers

(iii)   prohibits any invitation to the public to subscribe for any securities of the company.

Small company is also a kind of private company. It means a company, other than a public company,—

(i)   having paid-up share capitaf which does not exceed 50 lakh rupees or such higher prescribed amount. Such prescribed amount shall not be more than 5 crore rupees; or

(ii)   having turnover which does not exceed 2 crore rupees or such higher prescribed amount. Such prescribed amount shall? not be more than 20 crore rupees:

(c) Public company:

is a company, which:

■   is not a private company

■   has a minimum paid up share capital as may be prescribed

■   has 7 or more members required to form the company.

A company which is subsidiary of a public company (not being a private company) shall be deemed to be public company even where such subsidiary company continues to be a private company in its articles.

3. On the basis of control:

(a) Holding and subsidiary companies:

'Holding and subsidiary' companies are relative terms. A company is a holding company in relation to one or more other companies, means a company of which such companies are subsidiary companies.

"Subsidiary company" in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i)   controls the composition of the Board of Directors; or

(ii)   exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

(b) Associate company:

This is a new definition inserted in the 2013 Act.

In relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

The term "significant influence" means control of at least 20% of total share capital, or of business decisions under an agreement.

4. On the basis of access to capital:

(a) Listed company:

It is a company which has any of its securities listed on any recognised stock exchange.

(b) Unlisted company:

means company otherthan listed company.

5. Other companies:

(a) Government company:

A company in which not less than 51% of the paid-up share capital is held by—

(i)   the Central Government, or

(ii)   by any State Government or Governments, or

(iii)   partly by the Central Government and partly by one or more State Governments,

It includes a company which is a subsidiary company of such a Government company..

(b) Foreign Company:

A company or body corporate incorporated outside India which—

(i)   has a place of business in India whether by itself or through an agent, physically or through electronic mode; and

(ii)   conducts any business activity in India

(c) Companies formed with charitable objects etc:

Companies which are formed to promote the charitable objects of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment etc. Such company intends to apply its profit in promoting its objects and prohibiting the payment of any dividend to its members.

(d) Dormant company:

Where a company is formed and registered under the Companies Act, 2013, for a future project or to hold an asset or intellectual property and has no significant accounting transaction, such a company or an inactive company may make an application to the Registrar in the prescribed manner for obtaining the status of a dormant company.

(e) Nidhi Companies:

Company which has been incorporated as a nidhi with the object of cultivating the habit of thrift (cost cutting) and savings amongst its members, receiving deposits from, and lending to, its members only, for their mutual benefits and which complies with such rules as are prescribed by the Central Government for regulation of such class of companies.

The Foreign Exchange Management Act, 1999

Upon review of the Foreign Exchange Regulation Act, 1973 (FERA) in 1993, it was realised that significant changes had taken place since the promulgation of FERA. Among the major changes noticed were: Large increase in country's Foreign Exchange Reserves, substantial growth in Foreign Trade, rationalisation of tariffs, current account convertibility, liberalisation of Indian investments abroad, enhanced access to external commercial borrowings by Indian corporates and active and significant participation of Foreign Institutional Investors in the Indian stock market. The Central Govt, looking at such significant developments, decided to bring in fresh amendments in the law relating to foreign exchange to suit the new environments. The objective was to facilitate the external trade, ease receipts and payments pertaining thereto and promoting orderly and fully organised foreign exchange markets.

Thus, the Foreign Exchange Management Act, 1999 (FEMA) which seeks to replace the Foreign Exchange Regulation Act, 1973 (FERA), was brought into effect from 1st June, 2000.

FERA aimed to regulate certain payments, dealings in foreign exchange and securities, transactions indirectly affecting foreign exchange and the import and export of currency for conservation of the foreign exchange resources of the country and the proper utilisation thereof in the interests of the economic development of the country.

While FERA sought to 'control' foreign exchange transactions, FEMA seeks to 'regulate' and 'manage' such transactions. FERA, in its substantive form, prohibited all foreign exchange transactions unless there was a general or specific permission to do so and subject to conditions as specified. Under FEMA,

however, all current account transactions are permissible by the law itself and, thus, it is a positive law to this extent.

Further, an offence under FERA attracted criminal proceedings, whereas the offence under FEMA is considered as one of a civil nature. Also, under FEMA, maximum penalty would be thrice the sum involved (as against 5 times under FERA). Where however the contravention amount is not quantifiable, the penalty would be Rs 2 lakh, and Rs 5,000 per day from second day onwards where a contravention continues beyond one day. Again as per latest AP (DIR Series) circular the government has, in consultation with RBI, reviewed the procedures for compounding of contravention under FEMA 1999. The procedure has been reviewed to provide comfort to the citizens and corporate community by minimsing the transaction costs while taking severe view of the will full MALAFIDE and FRAUDLENT transactions. Accordingly the responsibility of compounding contraventions has been vested with RBI except of (clause A) of Section 3 which deals essentially with HAWALA transactions which will continue to be dealt with by the Directorate of Enforcement. Under FEMA, compounding of contravention allows the contravener to settle an offence through imposition of a monetary penalty without going in for litigation after the admission of the contravention by such contravener. The RBI has issued instructions to those authorised dealers for compounding contraventions who are operationalising the revised procedures. Once a contravention has been compounded by the compounding authority, no proceeding can be further initiated against the contravener. A proper procedure for compounding has been laid.

Under FERA there is presumption of existence of a guilty mind, unless the accused person proves otherwise. Under FEMA, it is for the prosecution to prove that a person has committed the offence. Section 35 of FERA empowers the enforcement officers to arrest a person, if they had reasons to believe that the person was guilty of FERA violations. FEMA provides such power of arrest only if penalty levied under Section 13 of FEMA is not paid by the guilty within the given time.

Salient Features of FEMA

- It will facilitate trade rather than prevent misuse of foreign exchange.

- Definitions of capital account transaction and current account transaction have been introduced keeping in mind the possibility of introduction of capital account convertibility in the near future.

- All current account transactions shall be allowed (subject to reasonable restrictions). Reserve Bank to classify those capital account transactions that aro to bo pormlttod and to regulate transfer and Issue of foreign securities by a resident In/outslde I ml In us well tin hotting up of branches/offices by foreign companies In India.

- All key sections rotating to dealings, holding and payments in foreign exchange and exports have been simplified.

- Liberalisation in enforcement provisions reflects that the attitude is of putting trust in the persons covered.

Power to make rules

Section 46 of FEMA empowers the Central Government, by notification, to make rules to carry out the provisions of the Act. Such rules may provide for

- imposition of reasonable restrictions on current account transactions u/s 5.

- manner in which the contravention may be compounded u/s 15(1).

- manner of holding an inquiry by the Adjudicating Authority u/s 16(1).

- form of appeal and fee for filing such appeal u/s 17 and 19.

- salary and allowances payable to and other terms and conditions of service of the Chairperson and other Members of the Appellate Tribunal and the Special Director (Appeals) u/s 23.

- salaries and allowances and other conditions of service of the officers and employees of the Appellate Tribunal and the office of the Special Director (Appeals) under Section 27(3).

■ additional matters in respect of which the Appellate Tribunal and the Special Director (Appeals) may exercise the powers of a civil court under clause) i) of subsection 2 of Section 28.

■ authority or person and the manner in which any document may be authenticated u/s 39(ii), and

■ any other matter which is required to be or may be prescribed

Power to make regulations

Section 47 of FEMA empowers the Reserve Bank, by notification, to make regulations to carry out the provisions of this Act and the rules thereunder. Such regulations may provide for:

■ permissible classes of capital account transactions, limits of admissibility of foreign exchange for such transactions, and the prohibition, restriction or regulation of certain capital account transactions u/s 6;

■ manner and form in which declaration is to be furnished u/s 7 (I)(a);

■ period within which and the manner of repatriation of foreign exchange u/s 8;

■ limit up to which any person may possess foreign currency or foreign coins u/s 9(a);

■ class of persons and limit up to which foreign currency account may be held or operated u/s 9(b);

■ limit up to which foreign exchange acquired may be exempted u/s 9(d);

■ limit up to which foreign exchange acquired may be retained u/s 9(e);

■ any other matter which is required to be or may be specified.

The Central Government and Reserve Bank have, by various notifications, issued rules and regulations.

Following are some other important legislations which are pertinent in the Indian Corporate Scenario.

■ Companies (Foreign Interests) Act, 1918

■ Company Law Board Regulations, 1991

■ THE Companies (Amendment) Act, 2006

■ The Depositories Act, 1996.

■ The Foreign Trade (Development and Regulation) Act, 1992.

■ The National Securities And Depositories Limited - ByeLaws, 1996.

■ Prevention of Money Laundering Act, 2002.

■ Prevention of Money-Laundering (Amendment) Act, 2005.

■ The Partnership Act, 1932.

■ The Securities Contract (Regulation) Act, 1956.

■ The Sick Industrial Companies Act, 1985.

■ The Sale of Goods Act, 1930.

■ The State Financial Corporation Act, 1951 Special Economic Zones Act, 2005.

■ Securities and Insurance Laws (Amendment and Validation) Act, 2010.

■ The Securities Contracts (Regulation) Act, 1956.

■ Securities Contracts (Regulation) Amendment Act, 2007.

■ Securities Laws (Amendment) Act, 2004.

■ Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Introduction

A web search engine is designed to search for information on the World Wide Web. The search results are generally presented in a list of results often referred to as search engine results pages (SERPs). The information may consist of web pages, images, information and other types of files. Some search engines also mine data available in databases or open directories. Unlike web directories, which are maintained only by human editors, search engines also maintain real-time information by running an algorithm on a web crawler.

Working of a Search Engine

Internet search engines are special sites on the Web that are designed to help people find information stored on other sites.

There are differences in the ways various search engines work, but they all perform three basic tasks:

— They search the Internet
— or select pieces of the Internet
— based on important words.

They keep an index of the words they find, and where they find them. They allow users to look for words or combinations of words found in that index. Early search engines held an index of a few hundred thousand pages and documents, and received maybe one or two thousand inquiries each day. Today, a top search engine will index hundreds of millions of pages, and respond to tens of millions of queries per day.

Drawbacks of Search Engines

Poor precision - List of retrieved documents contains a high percentage of irrelevant documents.

Poor recall - Most web's search engines consult databases of the most frequently used words in documents, such as words drawn from documents title and first few sentences hence they won't retrieve documents in which the keywords for which you are searching are buried somewhere within document. Many page authors send search engine numerous web pages containing various tricks like irrelevant title tag or repeating certain words in first few levels that are irrelevant to actual contents of the page, to boost the ratings.

Varied document quality -spider can't discriminate between valuable documents and spams.

Varied indexing depth - Some spiders retrieve only the document's title others retrieve entire document text. Unless you understand how spider works you are not very likely to succeed.

INTER FIRM AND INTRA FIRM COMPARISON

Inter Firm Comparison

Inter Firm comparison is the technique of evaluating the performance efficiency, costs and profits of firms in an industry. It consists of voluntary exchange of information/data concerning costs, prices, profits, productivity and overall efficiency among firms engaged in similar type of operations for the purpose of bringing improvement in efficiency and indicating the weaknesses. Such a comparison will be possible where uniform costing is in operation.

Inter-firm comparison, is one of the main techniques, available to management of the day for higher management control and planning. Progressive management always asks itself the questions.

(1) How is our unit performing in comparison to that of others?

(2) Are we operating as efficiently as we might?

(3) Are there areas of our business where improvements might be made?

(4) If we are successful, what are the 'strong points' on which our success depends?

(5) How can we increase our efficiency and profitability?

Intra Firm Comparison

The term intra-firm comparison means comparison of two or more departments or divisions belonging to the same firm with the objective of making meaningful analysis for the purpose of increasing the effectiveness or efficiency of the departments or divisions involved.

This may also mean comparison of results achieved by an organization over two different financial periods or periods of consideration. The idea is to compare the firm's performance with its own performance in some other department or at some other point in time.

Advantage of Intra Firm Comparison

1. Intra firm comparison helps an organization understand it own strengths and weaknesses and the way have evolved over a period of time.

2. Comparison with the departments with-in the organization helps an organization develop and promote a profit-centre model (wherever possible) and compare the ultimate results yielded by various departments.

3. Intra firm comparison also helps top level management in identifying the problem areas with-in the organization which may have been contributing to the declining performance over a period of time.

4. Cost control decisions, pricing decisions, production planning, expenses planning, future investments are all those decisions which may very well be facilitated and helped by a sound intra firm comparison.

Limitation of Intra Firm Comparison

1. Top management of the organization may be reluctant or un-cooperative in Intra Firm comparison as it requires an added effort and financials may be required to be re-grouped or presented in a different format to facilitate the comparison.

2. Various departments in the organization may not be functioning on same logics or in the same business environment. This may either make the comparison very difficult or may render it useless.

3. Since management over various different periods of comparison may be different, the process of comparison and analysis may become a fault-finding exercise and may loose its real importance.

4. Intra firm comparison will yield limited result always as it does not provide any exposure of industry trends and best practices. It is always in isolation with other firms in the industry therefore sole dependence on intra firm comparison may open limited venues only.

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