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Editorial Note

Humor has a unique place in literature, particularly in English literature. Mark Twain, a great Humorist, stated that humor is a great thing, the saving thing, the minutes it crops up, all our irritations and resentments slip away and a sunny spirit it takes their place. Humor is the tendency of particular cognitive experience to provoke laughter. Humor is a broad term that refers to anything that people say or do that is perceived as funny and tends to make others laugh, as well as the mental processes that go into both creating and perceiving such as an unusual stimulus and also the affective response involved in the enjoyment of it stated by Rob H. Martain in his book Psychology of Humor.

The etymology of humor began as a Latin word humors means fluids or liquids. It has a medical connotation. Bharata Muni's Natya Shatra contains humor as one of the nine Navarasa in which it is known as 'Hasya'.

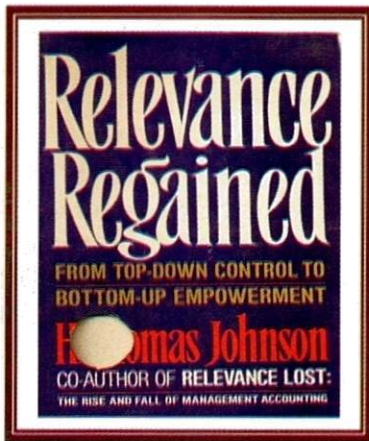
Whether we can use humor effectively in day today activities of the Management? The business cartoon caricatured by Scot Adams appeared in the name of Dilbert induces laughter at worker place. Some of his quotations are worth remembering. They are I can only please one person per day. Today is not your day. Tomorrow is not looking either good. Change is good but you go first. Another business cartoon worth remembering is Mario Mirands business cartoons.

Defiantly, humor has a place in practicing management. Humor has become a recognized asset in the work place. It facilitates communication, builds relationship, reduce stress and induces creativity.

Humor at a workplace is often associated with stress. Stressful employee cannot perform effectively. Humor is greatest stress reliever. Godfrey in the Journal of Women's Health Stated that, "Humor is potentially effective means of coping with the anger. Further he stated that, "One must be careful with its use". Sarcastic or hostile humor can incite additional anger.

A sense of humor is apparent among creative people. Research reflects that creativity and humor is associated with each other. Creative people display interest in humor and also capacity in producing original humor thought. Getzeles and Jackson stated that when ranking a series of desirable traits creative students placed a sense of humor second, whereas of the same intelligence but less creativity ranked it lowest among all the desirable traits. When both groups drew pictures of various themes, over half of the creative students made drawings judged as humorous, and their essay showed the same tendency.

Dr. Babu Thomas
Editor



Relevance Regained: From Top-Down Control to Bottom- Up Empowerment

H. Thomas Johnson

Free Press, New York

Prof. H. Thomas Johnson is known for his contribution in the area of Quality Management. "Relevance Regained", the book under review is an outcome of the third phase of his research. Prof. Johnson says, "This book builds upon research into management methods and management accounting that I have conducted since 1969. That research divides into three phases and three books". (p.217). The first two phases of his research culminated in the books : 1) A New Approach to Management Accounting History (New York, Garland Publishing, 1986) and 2) Relevance Lost: The Rise and Fall of Management Accounting (Boston, Harvard Business School Press, 1987) co-authored with Robert S. Kaplan. Prof. Johnson explains, "I developed ideas for this book between 1987 and 1991 in over a hundred presentations and more than twenty five articles that dealt with questions not answered to my satisfaction in Relevance Lost. (p. 217).

The book is divided into three parts and eleven chapters. Titles of these parts explain Prof. Johnson's underlined theme of each of the parts. It may be summarized as follows.

Part I Chapter 1 to 3: Relevance Lost in Top-down Control

Management Accounting information does not and cannot address the imperatives of competition in today's global economy. How American businesses after the 1950s by using top-down accounting results to control behavior, impaired their ability to run flexible

processes capable of adapting to and capable of satisfying customers' expectations.

Part II Chapters 4 to 9: Relevance Regained by Bottom-up Empowerment

Management information's true function must be to help companies respond to the real imperatives of global competition - responsiveness and flexibility. How process-level information can enable employees to achieve the flexibility and responsiveness companies acquire to compete on a global basis. Flexibility is achieved by reducing output variation in processes, thus eliminating delays and excess caused by variation. Responsiveness is achieved by building relationships that lead to satisfied Customers, suppliers and employees.

Part III Chapter 10 to 11: Information, Empowerment and Society

Both the imperatives of global competition are achieved by companies that empower employees to solve problems and to improve constantly the output of processes. Prof Johnson calls this as "the bottom- up empowerment" approach. Why and how business schools rethink everything they do in teaching, research, and management. Also explains the implications for business schools of addressing the imperatives of competition in a global economy. Why and how business leaders must not lose the opportunity the information revolution gives them to build their organizations upon a foundation of democratic

principles and dignified human goals.

Prof. Johnson has written this book in a very simple and straight forward manner. He has given ample examples to support the themes advocated and explanations given. At the beginning of Preface he states: "Everyone in the business world today realizes that the key to long-term competitiveness is total customer satisfaction. To profitably satisfy its customers in the long run, a company must be run as though the customer were in charge". At another point, he explains, "Empowerment implies ownership of information the key to learning. Constant learning by empowered workers is the key to change". Figures P-1 and P-2 depict "the bottom Empowerment Cycle" and the "Top-Down Control Cycle" in a very precise manner and distinguish them very clearly.

Prof. Johnson explains: "Whereas managers before the 1950s seemed content to periodically check outcomes of properly managed processes with accounting information, managers after the 1950s encouraged people to achieve accounting results by manipulating outputs of processes". (p. 24) He gives three examples of managers in the first category: (i) Andrew Carnegie in the late 19th Century, (ii) Henry Ford in 1920s and (iii) Alfred Sloan in the 1920s and 1930s. Mesta Machine Company's example is given as "a company that crumbled in the 1970s and 1980s as a direct result of top management by remote control". (p.29) Prof. Johnson also cites "three excellent examples of contribution margin pricing folly" recounted by management scholar John Shank. (p.46) He also explains new approaches and techniques like JIT, MRP, ABC, TQM etc, their advantages and limitations and concludes that: "In the end a few important gains take place, but not the sustained and continuous improvement achieved by a world-class competitor". (p.6) Prof. Johnson has compared the approaches of American manufactures and their Japanese counterpart in the following words: "Scale economies and volume of output were regarded as key imperatives of competition (by Americans). Process-minded Japanese manufacturers, however, were geared up by the late 1960s to work no faster than demand

required, to change over quickly to run balanced, linked processes with little interruption and to do work right the first time". (p.44) Doing things right the first time was "a message Dr. W. Edwards Deming reinforced in his famous presentation to Japanese manufacturing executives during the summer of 1951". (p.43)

While a critique on "Top-down Control", as explained above, formed Part I of the book, its Part II deals with bottom up empowerment to enable companies to become globally competitive. Prof. Johnson deals with this by discussing imperatives of competition (Chapter 4), responsiveness (Chapter 5), flexibility (Chapter 6), and management information for competitive excellence (Chapter 7), Activity-based cost management (Chapter 8), and an improvement process (Chapter 9). He gives examples of Carnegie's Edgar Thomson works and Ford's River Rouge system as companies wherein quality performance (and not financial manipulation) dictated their business leadership" (p.61). Table 4.1 gives summary of earmarks of business behavior during "remote control regime" and present time requirement of "global excellence (p.71). Prof. Johnson asserts: "Global competitors believe the business of management is people, not finance" (p.72). He gives examples of Toyota Motor Company (p.82) and Direct Tire Sales in Watertown (Massachusetts) (p.83) as they became responsive and developed "long-term, mutually dependent relationship with customers". Following strategies that "improve one's ability to do whatever customer wants, when the customer wants it, at little or no extra cost" is flexibility and that is competitiveness (p.92). Prof. Johnson stresses the point that removing constraints (like set-up and changeover, work layout, product design etc) is the pathway to flexibility (p.93). "The main thrust of everyone's attention in the flexible organization is eliminating work by locating and removing sources of delay, excess and variation that make work necessary" (p.96). Prof. Johnson concludes: "The global economy compels companies to recognize that their most important asset is the power of people workers, managers, suppliers and customers to remove constraints that impede flexibility" (p.103).

About management information, Prof. Johnson advises the companies to unplug their operating control systems from accounting controls. Opportunities for outsourcing decisions, opportunities for continuous improvement and opportunities to cut lot sizes can be captured by removing constraints and eliminating work. Support for strategy to capture these opportunities requires "new management information that is real-time and problem-solving-oriented" (p.130). Prof. Johnson gives GE's example (p.134) in the context of Activity-Based-Costing (ABC). "Activity-based Prescriptions for improved competitiveness usually entail steps that reduce costs or raise margins while doing "business as usual" ... But something more is needed to continuously improve the output of customer-focused processes," Johnson Concludes (p.153). He insists upon "putting an improvement process in place". He gives five important points about the concept of an improvement process after explaining the process that was carried out at GE, The Weyrhaeuser Company and Connor Formed Metal Products (Los Angeles).

Part III of the book has two concluding and important chapters - one on business

education and another on information revolution. Prof. Johnson has criticized university business schools in the US on the ground that "they have failed to understand or teach the skills and knowledge businesses need to compete in the global economy" (p.195) and asked them to change to satisfy their customers (i.e. industries). Lastly Prof. Johnson advocates that the business leaders must build their organizations upon a foundation of democratic principles and dignified human goals on the basis of opportunity provided by the information revolution.

This review may be concluded with Robert W. Hall's phone conversation with Prof. Johnson on May 2t 1991 (which is quoted at the beginning of Chapter 9). Hall says: "Every company can buy the same technologies and tools, but not the same people power. That you must create inside. That is the ultimate source of competitiveness".

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