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Editor

Continuous Learning Activity, Emotional Stability and Adaptive Performance among University Non-Academics

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Abstract

This paper investigated continuous learning activity, emotional stability and adaptive performance among university non-academics. The descriptive survey research design was used. Employing multiple regression and Pearson Product Moment Correlation, three stated hypotheses were tested and results showed a statistically significant influence of continuous learning activity and emotional stability on adaptive performance of university non-academics [$F(2, 229) = 30.48$] was calculated, and the obtained value was greater than tabulated critical [$F^2_{,229}(0.05) = 3.04$ $p=.00$], with R^2 at 0.21. This presupposes that 21% of the variance in adaptive performance is as a result of continuous learning activity and emotional stability. Also, a positive and statistically significant relationship was found between university non-academics continuous learning activity and their adaptive performance ($r=.44$, $p=.00$). Further, a positive and statistically significant relationship was found between emotional stability and adaptive performance of university non-academics ($r=.21$, $p=.00$). From these findings, it could be recommended amongst others, that continuous learning activity and emotional stability machinery should be strengthened among non-academics by the management of university.

Keywords : Continuous learning activity, emotional stability, adaptive performance, university non-academics, university management.

Introduction:

Due to the rapid changing nature of the global and technological work environment, organizations are incessantly confronted with new challenges and working conditions (for example, new work location and job position). These new challenges and situations demand for active workers, who uniquely can adapt to these changing conditions, as well as perform meritoriously in order to achieve organizational success. Adaptive performance of workers is an indication of effectiveness of any organization (Lim, Yoo, Kim & Brickell, 2017), in a globalized world. Neal and Hesketh (1999) observed that, adaptive performance is concerned with a person's ability to adapt to dynamic work conditions. In the same vein, Pulakos, Arad, Donovan and Plamondon (2000) described adaptive performance in eight behavioural classifications: solving problems creatively; dealing with uncertain and unpredictable work situations; demonstrating physically oriented adaptability; handling emergencies or crisis situations; handling work stress; learning work tasks, technologies, and procedures; demonstrating interpersonal adaptability and demonstrating cultural adaptability. It can be inferred from these descriptions that adaptive performance characterizes the ability of worker(s) in organization(s) (private or public) to adjust to changing work situations in their organizations with a view to achieving organizational success and competitive advantage. 'Continuous learning activity', denotes the process where individual and/or organizational learning is encouraged on a permanent basis (Tannenbun, 1997). 'Continuous learning activity' is vital in today's intricate, ambiguous and incessantly changing work environment (Patrick & Kumar, 2012; Sessa & London, 2015). This suggests that continuous learning activity help workers to update their knowledge, skills and aptitudes needed to accomplish the organization's present tasks and tackle future challenges. The bottom line is that an employee who is equipped with the necessary skills and knowledge should be able to adapt and perform in an intricate work situation. Congruently, emotional stability connotes the capability of an individual to maintain emotional balance under stressful conditions (Arora & Rangnekar, 2015). Nettle (2006) as cited in Huang, Ryan, Zabel and Palmer (2014) observed that emotional stability is concerned with the feeling of an individual to fight or fly in the presence of likely danger. In today's work environment, the difficulties that workers are beleaguered with, and cope with, are not ones where

organizations would want workers to depart (fly), but it requires workers to employ available resources to outlive the change (fight)(Huang et al., 2014). Therefore, emotional stability becomes key to adaptive performance of workers. This study posits on the submission of Pulakos et al. (2000) that, university non-academics who engage in continuous learning activity and are emotionally stable should adapt to and perform competently when transferred to new work locations or consigned with new job position. Workers who are involved in continuous learning activity, perform tasks promptly (Sinaei, Kamali, Nematollahi & Etminan, 2017), have better team performance (Fapohunda, 2013) and involve in ground-breaking activities. Correspondingly, workers who are emotionally stable cope with work stress (Liu, Wang, Zhan, & Shi, 2009) and have higher foci to achieving. The current study therefore, examines adaptive performance as the corollary of continuous learning activity and emotional stability among university non-academics. This study, among other things, aims to contribute to existing literature in the area of training and development, workplace adaptive performance and organizational behaviour.

Statement of the Problem

In view of increasing need for a dynamic workforce with ability to cope with the changing work environment, in Nigeria, there is need for a study on adaptive performance. That is, workers who can demonstrate the ability to cope with job or organizational transformation and transfer knowledge from one task to the other as work demands (Rowe, 2014). For workers to acclimatize appropriately to the changing working conditions, they need to engage in learning activity continuously to make up for their skill deficits, stay informed of advancements in their profession and foresee, how changes in their organization may disturb work demands and skills requirements (London & Smither, 1999; Noe, Tews & Michel, 2017). Additionally, when workers are equipped continuously with the requisite knowledge to cope with the changing work conditions, they also need to be emotionally stable in order to transfer the learnt aptitudes to the changing work roles (Boyes & French, 2010; Jundt, Shoss & Huang, 2015). The above observation justifies the study to investigate the influence of continuous learning activity and emotional stability on adaptive performance, as well as the relationship among continuous learning activity, emotional stability and adaptive performance. Extant literatures in Nigeria show that researches on adaptive performance is at the sprouting stage, and the domain remains an unexplored area within the Nigerian context. Mang, Aondo and Fada (2016), investigated the influence of emotional intelligence on adaptive performance of entrepreneurs in Jos-North, Nigeria and recently Genty and Bankole (2017) examined work-life balance and adaptive performance of techno-entrepreneurs in Lagos State, Nigeria. But a conspicuous gap exists on the relationship among continuous learning activity, emotional stability and adaptive performance particularly amongst university non-academics. Thus, this study aims to fill that gap and contribute to the growing body of literature on the subject-matter. The study examines the influence of continuous learning activity and emotional stability on adaptive performance, and the relationship among continuous learning activity, emotional stability and adaptive performance among university non-academics using samples from Lagos State University in Ojo, Ikeja and Epe campuses. Also, a paucity of literature on continuous learning activity, emotional stability and adaptive performance from the Nigerian perspective corroborates the rationale for this current study.

Literature Review

This section encompasses conceptual elucidation on adaptive performance, continuous learning activity and emotional stability. Also, the theoretical framework to guide this study was appraised, and lastly the review of extant literatures on the relationships between the variables was carried out. The following sections deal with conceptual descriptions of adaptive performance, continuous learning activity and emotional stability.

Adaptive Performance

Pulakos et al. (2000) stated that, adaptive performance can be understood using eight behavioural dimensions and they include: solving problems creatively; dealing with uncertain and unpredictable work situations; demonstrating physically oriented adaptability; handling emergencies or crisis situations; handling work stress; learning work tasks, technologies, and procedures; demonstrating interpersonal adaptability and demonstrating cultural adaptability. Also, adaptive performance occurs when workers accept new roles and procure new skills (Chan, 2000), so as to react to actual or predicted work changes, and achieve organizational aims. Similarly, Jundt et al. (2015) describe adaptive performance as task-performance-directed actions that individuals enact in response to or in anticipation of changes relevant to job-related tasks. This observation was substantiated by Wihler, Meurs, Wiesmann, Troll and Blickle (2017), who stated that adaptive performance is premised on individual's ability to respond to changing work conditions and stay effective and efficient. This presupposes that

adaptive performance is concerned with the capacity and capability of an individual to respond competently to changes in working situations.

Continuous learning activity

Continuous learning activity has been described as long term knowledge acquisition task, engaged in by an individual, in order to avoid skills and occupational obsolescence (Kuznia, Kerno & Gilley, 2010). It aids the achievement of long and short term successes of employees and organizations (Jain & Martindale, 2012). It can be inferred that continuous learning activity could be a blessing to individuals who would engage in it, and an impediment to those who would be hesitant or reluctant to upgrade their skills.

Emotional Stability

The concept of emotional stability, also known as neuroticism, is a personality specific trait that involves how an individual responds to certain conditions. According to Bostjancic (2010), emotional stability was perceived to be the equipment of an individual with the appropriate competences and flexibility to resolve life contradictions with peace and cleverness as a way to reaching immediate answers or results. On the other hand, Goleman (2006), argued that emotional stability is the capability of an individual to maintain perseverance, zeal, self-conduct, and self-motivation through the understanding of self-emotions as well as recognizing other people's feelings. Also, emotional stability is a chance to communicate with others through clear reasoning (Zeidner, Matthews & Roberts, 2012) under an unstable condition.

Theoretical Framework

Updating model by Dubin (1990) will support this study in understanding the relationship among continuous learning activity, emotional stability and adaptive performance.

Updating model

Dubin (1990) observed that owing to speedy growth and intricacy of knowledge, an employee's knowledge can be outdated within a period of five years. This obsolescence varies from one field to another. Consequently, keeping up to date on new knowledge and skills necessitates employees to embrace continuous learning activity needed for adaptive performance (Sullivan, 1999; Arik & Dunne, 2014; Johnson-Coffelt & Gabriel, 2017). Furthermore, Mainemelis and Ronson (2006) submitted that updating helps achieve emotional reinforcement which ultimately leads to organizational creativity, job embeddedness and employees' ability to cope to uncertainty. The updating model will serve as the theoretical backdrop to this study. This is because the model acknowledges that getting involved in continuous learning activity enhances the adaptability of individuals to unforeseen situations and contributes to their emotional stability.

Relationship among Continuous Learning Activity, Emotional Stability and Adaptive Performance

It is obvious from available literature that there are inadequate data to understand the influence of continuous learning activity and emotional stability on adaptive performance. Eldor and Harpaz (2016) in their study, noted that learning climate in organizations could be helpful to employees' extra-role performance on the job. It can be inferred that continuous learning process of employees is a principal determinant to understand their adaptability to unforeseen conditions in the organization (Pulakos et al., 2000). Further, the stability of employees' emotions is equally vital for adapting to unanticipated circumstances (Van der Horst, Klehe & Van der Heijden, 2017).

Relationship between Continuous Learning Activity and Adaptive Performance

Continuous learning activity manifests a positive orientation toward employees' job mastery (Han & Williams, 2008). It is the practice of constant individual enhancement through preparation, knowledge acquisition and utilization of new knowledge and skills towards changing organizational environments (London & Mone, 1999). In this context, continuous learning incorporates the individuals' career vision and the organization's future performance requirements (Han & Williams, 2008). Recently, the work of Pradhan, Jena and Singh (2017), found a significant and positive relationship between organizational learning activity and adaptive performance in the Indian manufacturing industries.

Relationship between Emotional Stability and Adaptive Performance

Among the U.S. Army, Pulakos et al. (2002) found a significant positive relationship between emotional stability and adaptive performance. Boyes & French (2010) observed that when confronted with a stressful assignment, emotionally stable employees have a tendency to cope better and get more involved than the emotionally unstable person, who would like to avoid assignments. Similarly, Huang et al. (2014) in their meta-analysis of personality and adaptive performance at work, confirm a positive relationship between emotional stability and adaptive performance. This submission corroborates the argument of Barrick and Mount (1991), who noted that, individuals with neurotic predispositions are not emotionally stable and are less prosperous in all jobs as their worry, anxiety, extreme thoughtlessness and unwary temperaments prevent them from achieving their responsibilities. Under a stressful situation, neurotic personalities are interconnected with life-threatening emotional responses, which result in poor health (Baek et al., 2016). Consequently, they cannot adapt to uncertainty. Antithetical to the submissions above, Smillie, Yeo, Furnham and Jackson (2006) in their two studies (a laboratory experiment and longitudinal study) found a negative relationship between neuroticism and performance. Similarly, Corr (2003) found no relationship between neuroticism and task processing.

Research Objectives

The objectives of this study are:

1. To determine the influence of continuous learning activity and emotional stability on adaptive performance among university non-academics.
2. To examine the relationship between continuous learning activity and adaptive performance among university non-academics.
3. To examine the relationship between emotional stability and adaptive performance among university non-academics.

Null Hypotheses

H_{01} : Continuous learning activity and emotional stability do not have significant influence on adaptive performance of university non-academics.

H_{02} : There is no significant relationship between continuous learning activity and adaptive performance of university non-academics.

H_{03} : There is no significant relationship between emotional stability and adaptive performance of university non-academics.

Methodology

The study used the descriptive survey research design to examine the influence of continuous learning activity and emotional stability on adaptive performance, and the relationship among continuous learning activity, emotional stability and adaptive performance among university non-academics. The study population includes all non-academic staff of Lagos State University and it is one thousand seven hundred and eighty, according to LASU non-academic staff establishment. Based on Krejcie and Morgan (1970) sampling size determination table, a sample of three hundred and seventeen (317) were drawn from the population. Data were collected using the multi-stage sampling technique. Using the stratified sampling technique, the non-academics were assigned to two strata, based on their category, i.e. senior and junior category. Table 1 shows the non-academic strata and the numbers in the brackets represent the samples drawn from each stratum using the convenience sampling technique.

Table 1: Non-academic staff category and sampling determination

S/N	Senior Category	Junior Category
1	1009(181)	771(136)
Retrieved	135	98
<i>N=1780, n=232</i>		

***Note:** N= Population, n= sample size used for final analyses

The study adapted three scales for data collection purpose. For continuous learning activity, the Continuous Learning Opportunity Dimension (CLOD) developed by Marsick and Watkins (2003) was adapted, using a 5-point Likert's type rating scale ranging from strongly disagree to strongly agree. The scale has yielded good internal consistency and its reliability estimated ranged between .72 to .81 (Ellinger, Ellinger, Yang & Howton, 2002; Song, Joo & Chermack, 2009). In this study, Cronbach's alpha coefficient for this scale was $\alpha = .78$. Further, items 1 and 6 of the scale were reverse scored to guide against acquaintance bias. The construct of emotional stability was measured by adapting items 4, 9, 14, 19, 24, 29, 34 and 39 of the Big Five Inventory (BFI) developed by John and Srivastava (1999). The 8 items measured emotional stability on a 5-point Likert type rating scale, ranging from strongly disagree (1) to strongly agree (5). Alansari (2016) reported a good internal consistency of Cronbach alpha coefficient of .83 among males and .74 among females in the Arabian world. In the present study, the Cronbach alpha coefficient was .73. Also, items 1 and 8 on emotional stability scale were reversed scored to guide against response set. For adaptive performance, the Adaptive Performance Scale (APS) developed by Pulakos et al., (2000) was adapted, using a 5-point Likert type rating scale, ranging from strongly disagree (1) to strongly agree (5). According to Javed, Bashir, Rawwas and Arjoon, (2017), the scale produced a Cronbach alpha of .78 among employees of the hospitality industry in Pakistan. In the current study, Cronbach alpha coefficient for this scale was $\alpha = .79$. Items 1 and 10 of the scale were reverse scored to guide against acquaintance bias. Data were collected from the respondents for three weeks. The research instruments were distributed personally by the researchers at the main campus of the university. A total of three hundred and seventeen questionnaires were distributed, out of which two hundred and forty-two questionnaires were returned, but only two hundred and thirty-two were found fit for final analysis. The version 20 of Statistical Package for Social Sciences was used for analyses.

Results

This section presents statistical results of the tested hypotheses and the discussion of results.

Hypothesis 1

Tables 2, 3, 4: Results of multiple regression analysis on the influence of continuous learning activity and emotional stability on adaptive performance

Table 2: Model summary of regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.46 ^a	.21	.20	.41

a. Predictors: (Constant), Continuous_Learning_Activity, Emotional_Stability

b. Dependent Variable: Adaptive_Performance

Table 3: ANOVA of regression analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.27	2	5.14	30.48	.00 ^b
	Residual	38.58	229	.17		
	Total	48.85	231			

a. Predictors: (Constant), Continuous_Learning_Activity, Emotional_Stability

b. Dependent Variable: Adaptive_Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	2.37	.22		10.58	.00
1	Emotional_Stability	.10	.04	.140	2.35	.02
	Continuous_Learning_Act.	.35	.05	.414	6.94	.00

a. Dependent Variable: Adaptive_Performance

Tables 2, 3 and 4 state the result of a multiple regression that was estimated to predict adaptive performance based on continuous learning activity and emotional stability. A significant regression coefficient was found ($F(2, 229)=30.48, p<.00$), with R^2 of .21. Which presupposes that 21.0% of the variance in adaptive performance is as a result of continuous learning activity and emotional stability. Also, from table 4, the beta value under the standardized coefficients shows that continuous learning activity is the highest contributor to the change in the dependent variable ($\beta=.414, p<.00$), while emotional stability contributes ($\beta=.140, p<.02$). The null hypothesis was rejected because results show that, continuous learning activity and emotional stability influences the adaptive performance of university non-academics.

Hypothesis 2

Table 5: Results of bivariate correlation between continuous learning activity and adaptive performance among university non-academics with descriptive analysis

Variables	N	Means	Std. Deviation	r	p
1 Continuous Learning Activity	232	4.03	.55		
2 Adaptive Performance	232	4.08	.46	.44	.00

** p is significant at 0. 05 level (2-tailed)

Results in Table 5 above established the relationship between continuous learning activity and adaptive performance among university non-academics. The result shows that the relationship was positive and statistically significant ($r=.44, p<.00$). The null hypothesis which states that, there is no significant relationship between continuous learning activity and adaptive performance of university non-academics was rejected while the alternate was accepted.

Hypothesis 3

Table 6: Results of bi-variate correlation between emotional stability and adaptive performance among university non-academics with descriptive analysis

Variables	N	Means	Std. Deviation	r	p
1 Emotional Stability	232	3.03	.62		
2 Adaptive Performance	232	4.08	.46	.21	.00

** p is significant at 0. 05 level (2-tailed)

Table 6 above indicates the relationship between emotional stability and adaptive performance among university non-academics. The result indicated that the relationship was positive and statistically significant ($r=.21, p<.00$). Based on this result, the null hypothesis which states that, there is no significant relationship between emotional stability and adaptive performance of university non-academics was rejected while the alternate was accepted.

Discussion

Hypothesis-1 which states that, continuous learning activity and emotional stability do not influence adaptive performance among university non-academics was rejected, because the finding shows that university non-academics involvement in continuous learning exercises and their emotional stability jointly influence their adaptive performance. Therefore, the alternative hypothesis is accepted. As suggested by the updating model, workers' who engage in continuous learning initiatives and workers who are emotionally stable tend to be more creative on the job, and can adapt better to uncertainties on their jobs.

From the stated findings in Tables-2, 3 and 4, this study validates the stance that continuous learning activity and emotional stability have significant influence on adaptive performance of university non-academics. University

non-academics, who are involved in continuous learning activity and are emotionally stable have the tendency to perform under situations of uncertainty, handle work stress effectively, exhibit physical adaptability (Pulakos et al., 2000) and aid extra-role-performance (Eldor & Harpaz, 2016).

With respect to hypothesis-2, a positive and significant relationship was detected between continuous learning activity and adaptive performance. Non-academics, who are involved in continuous training, development and education will likely demonstrate higher adaptability to unanticipated working conditions, than those who do not participate. This can be said through the obtained positive relationship between continuous learning activity and adaptive performance ($r=.47$) as shown in table- 5. This finding corroborates the study of Pradhan et al., (2017), who found a positive relationship between organizational learning activity and adaptive performance. In practice, getting employees involved in regular training, development and education, ensures effective team building in the workplace (Fapohunda, 2013), and that further aids to enterprise sustainability (Idris, Adekalu & Genty, 2014) and fulfilment of organizational needs (Jayeoba, 2016).

Equally, a positive and significant relationship was established between emotional stability and adaptive performance in this study. The result substantiates that of Pulakos et al. (2002) and Huang et al. (2014), who found a significant and positive relationship between emotional stability and adaptive performance. This endorses that emotionally stable university non-academics can cope with uncertain working conditions and handle work pressure better than those who are emotionally unstable. However, it refutes the submission of Smillie et al. (2006), who found a negative relationship between neuroticism and performance in their laboratory experiment and longitudinal study.

Conclusion and Recommendation

This study assessed the influence of continuous learning activity and emotional stability on adaptive performance of university non-academics. The researchers conclude that there exists an influence of continuous learning activity and emotional stability on adaptive performance of university non-academics. Also, there is a significant and positive relationship among continuous learning activity, emotional stability and adaptive performance of university non-academics. The significance of these results lies in the fact that continuous learning endeavours and emotional stability can improve adaptive performance of non-academic staff of Lagos state university.

The study therefore, recommends that management of the university shall encourage the involvement of their non-academic staff in continuous learning schemes, within and outside the university. Similarly, the emotional stability of non-academics should be strengthened by not subjecting employees to excessive work stress. Also, the study recommends that continuous learning activity and emotional stability machinery should be strengthened for non-academics by the management of the university. Consequently, the adaptive performance of non-academics will be improved. The findings described in this paper are restricted to understand the impact of continuous learning activity and emotional stability on adaptive performance among university non-academics, utilizing data gathered from a university in South-West, Nigeria. Data could be gathered from other universities to replicate the study. Lastly, similar studies can be conducted in industries and organizations to bring about cross-sectorial insight.

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How do Members Interact in Small Teams? Results from a Study in a Simulation Game

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Abstract

This study was conducted to explore the nature of interactions between team members. Member behaviour was observed in small teams with simple goals using *Salad Bowl*, a simulation game. First, an instrument was developed with statements containing expressions such as *objective* and *commitment* to capture the players' experiences. Then, it was translated into the Thai language and tested for meaning and validity. Finally, it was administered to 175 participants at the end of their games, and its data was processed and tested for internal reliability. Two factors of team interactions, goal orientation and emotive actions, were extracted after factor analysis and were named after scrutiny of the statements. A regression analysis showed that goal orientation had almost twice the positive impact on emotive actions, as did emotive actions on goal orientation. Extensions of these findings in future research and in use for other team domains were also discussed.

Keywords: communication, emotive actions, goal orientation, interactions, simulation game, taskwork, teamwork

Introduction

Individuals work with each other to achieve a goal of common interest and value. Teamwork is the formal organisation and engagement of individuals in interconnected actions to achieve that goal (Salas, Shuffler, Thayer, Bedwell, & Lazzara, 2015). Team interactions are important because they solve problems where an individual cannot, and create value because joint efforts produce more and faster. A game is an interactive and dynamic environment where team members' behaviour could be observed, closely. The simulation game is a source and an opportunity to test and develop theories in contextual knowledge. Lessons learnt from games could also be used to improve the educational game design and other learning environments, and to build policy decisions and social systems (Kriz, 2017).

The objective of this study was to explore the nature of interactions between the team members in a simulation game. The teams would be of small size, and have simple goals and short lives as their characteristics in the game. The study would extract factors of team interactions, and apply statistical techniques to understand the findings in future research and in applications for other team domains.

Team tasks, interactions, and outcomes

Crawford and Lepine (2013) concluded from their meta-analytical findings that *transition, action, and interpersonal processes* affected *team performance, member satisfaction, cohesion, and teamwork process*. They offered a distinction between *taskwork* (actions and interactions between team members, using tools and techniques) and *teamwork* (alignment, coordination, cohesion, ties and connections between members). The complexity of team interactions could be avoided by enhancing the members' understanding of task work and teamwork, which would lead to a better flow of communication, coordination, and assistance. Studying 27 teams and their 178 members across 16 weeks, Guchaita, Leib, and Tews (2016) found that *shared teamwork knowledge affected team performance and team satisfaction*, whereas shared task work knowledge did not. They defined *shared task work knowledge* as the knowledge of tasks, processes, and team goals, while *shared teamwork knowledge* was the members' understanding of their interactions, roles, communications, and interdependencies. Team effectiveness could be affected by members' *team learning behaviours* such as curiosity, feedback, and perception of and response to errors. Thus, *team learning* was a mediator between *shared teamwork knowledge* and the team effectiveness measures of *team performance* and *team satisfaction*.

Collaboration is the strongest input in team effectiveness because it enhanced the positive effect of *trust* and depressed the negative effect of *task conflict* on team performance. Group trust *facilitated coordination*,

cooperation, and sharing of information between members, and therefore, was especially vital during periods of high interdependence. Although developing trust and reducing conflict may improve team performance, it would be more prudent and effective to develop collaborative skills in the team (Chiocchio, Forgues, Paradis, & Iordanova, 2011). *Interprofessional collaboration* between health professionals helped them discharge their social responsibilities towards their patients. It impacted their healthcare environment and enhanced the positive and optimal outcomes of their patients, considerably. Shared decisions and responsibilities, accountability, communication, and education were the key elements of collaboration. From a survey of nearly 2,000 students in different health professional disciplines in three different Universities, Hojat et al. (2015) found that *interprofessional collaboration* was composed of two factors, viz., *working relationships* and *accountability*. Women scored more than men in all the three University samples, with statistically significant differences that showed women were more oriented towards collaboration than men.

The principal conditions within a team are its *composition*, *context*, and *culture*. They affect its principal processes, significantly and are the bases for emergent team states like cooperation, *conflict*, *coordination*, *communication*, *coaching*, and *cognition* (Salas et al., 2015). Each team has a unique environment in which its members strived to meet its organisational needs, to manage performance and communicate, and to solve its problems. The quality of teamwork, i.e. of members' interactions, affected team performance, significantly and positively, and would be determined by its *communications*, *coordination*, *agreed efforts*, *engagement*, and *support* between members (Qin, Hsu & Stern, 2015).

Hu and Liden (2015) conceptualized *team effectiveness* in terms of inter-related team elements of *performance*, *organisation citizenship behaviour*, and *voluntary turnover*. They found that *prosocial motivation* ('the desire to exert efforts to benefit others') affected the elements of team effectiveness, indirectly and significantly, through *team cooperation*, *team performance*, and *team viability*. Prosocial motivation, when supported by *task interdependence*, had a direct effect on *team cooperation and team performance*, and an indirect effect on *organisational citizenship behaviour* and *voluntary turnover*. Working with others could achieve faster and better results earned due to less time, cost, and effort. In academic settings, learning could be faster and smoother, as Betta (2016) showed in his team-based learning exercise covering 149 students. They learnt to work together and to solve problems from their colleagues. Their interactions increased their engagement with the topic of study and their interdependence with others. Thus, emotions originated and produced a variety of actions.

Method

Participants

The participants in the study were graduate students, university teachers, and international professionals in simulation and gaming (S&G) of both genders and between the age of 18 and 72 years. They were registered either as guests or speakers at the 8th and 9th international conferences in 2016 and 2017 of The Thai Simulation and Gaming Association (Thai Sim) held in Chonburi and Bangkok, Thailand, respectively. They were aware of S&G, were present at both conference events, and had volunteered to play in the game. They comprised a convenient sample because they were easily accessible to the authors at both conference venues.

Instrument

We developed an instrument that captured the essence of team members' experiences in a simulation game. First, we considered expressions descriptive of interactions between team members, such as *objective*, *communication*, *decisions*, *commitment*, *excitement*, *enjoyment*, *discussions*, *consent*, *attachment*, *cohesion*, *skill*, *emotion*, *analysis*, *creativity*, *problem-based learning*, *role clarity*, *social loafing*, and *task design*. Then, a questionnaire of 22 statements was made and verified by experts. Next, we did a pilot study to check for irrelevance and ambiguity of language and pruned the list to 14 statements. A shorter instrument was also deemed necessary to elicit responses from participants at the end of a hectic game. Finally, it was translated into the Thai language by three teachers who translated it back to English to test the veracity of the first translation. This rigorous exercise established the validity of the instrument. This questionnaire was then verified by three experts who attested to its content validity.

Game process and data collection

Salad Bowl, the simulation game, had the features and conditions necessary for this study. It would be played by teams who would attend to simple goals within a short period of 20-25 minutes. It was designed, developed, and facilitated by the first two authors at Chonburi and Bangkok. The participants were first organised randomly into

small teams of 5-6 members each, who were then seated separately from other teams in a large auditorium that served as the game room. Each team was given a set of jigsaw puzzle-like pieces, a large flipchart, and a glue stick (Image 1). The first author explained the game process and rules in a PowerPoint presentation in English, and the second author, almost simultaneously, explained its contents to the game players in Thai. Not many instructions were given, leaving it to the players' curiosity and imagination to ascertain the nature of the problem in the game. The players were prohibited from speaking to each other within and across the teams, thus introducing a small element of difficulty in the game.



Image 1. Salad Bowl game in progress

After all teams finished their tasks, they displayed their completed work and their names, with great pride, on their respective flipcharts which were photographed by camerapersons. To recognise the best performances, the three fastest teams who completed their puzzles, fully and correctly, received token prizes. To firmly embed their learning, players described their experiences and perspectives on a variety of team and interactional issues, viz., *analytical skills, creativity, experiential learning, problem-based learning, role clarity, social loafing, system thinking, task design, and uncertainty*. Finally, the study instrument was administered to each participant at the end of the game for data collection.

Results

Although 175 participants played Salad Bowl, completed instruments were received from only 149 participants in Chonburi ($N = 50$, $M = 4.60$, $SD = .58$) and Bangkok ($N = 99$, $M = 4.38$, $SD = .78$), respectively. The corrected item-total correlation figure for statement #13 was 0.00, and therefore, that statement was not considered for further data process and analysis. The remaining 13 statements were subjected to exploratory factor analysis under principal component analysis with varimax rotation using SPSS 21.0. Two factors were extracted after three iterations of rotations, with each factor having an eigenvalue greater than one (Table 1). The extraction explained 46 percent of the variance, and the statement loadings ranged from .49 to .76.

Table 1: Team interactions: Descriptive statistics and loadings of statements and factors

	M	SD	Goal orientation	Emotive actions
Goal orientation				
8. A team can work better if their members know that they have only one goal.	4.64	.55	.72	
1. Each member worked for the success of his team.	4.69	.53	.68	
12. Our members had positive attitudes toward the ultimate goal.	4.65	.53	.66	
14. We put in a lot of effort to take decisions, quickly.	4.61	.60	.65	
7. I was able to contribute to the overall objective of the team.	4.35	.67	.58	
4. We had no difficulty to understand the goal.	4.22	.72	.56	
2. I discovered the purpose and use of communication in a tea	4.39	.67	.49	
Emotive actions				
5. The presence of competition excited me.	4.44	.74		.76
11. All team members enjoyed the tasks.	4.51	.68		.67
9. Our team members sought views and suggestions from each other.	4.03	1.16		.65
6. Our good decisions came from discussions and common consent.	4.36	.82		.62
3. Working with others is better than working alone.	4.63	.61		.56
10. I felt attached to our team members.	4.42	.68		.54
Eigenvalues		3.23		2.87
Percentage of total variance		24.87		22.05

The study was deemed reliable due to the high value of Cronbach α of .85. The sampling was deemed adequate for its sample size and correlations between statements as variables because the KMO measure of .87 was generated at a significance of .00 from the factor analysis exercise. After a study of their respective statements, the factors were named *goal orientation* and *emotive actions*, choosing names that summarized the meaning of the statements for each factor, giving due weightage to the statement loadings. For example, the factor, *goal orientation* had 'A team can work better if their members know that they have only one goal' as one of its statements, and the factor, *emotive actions* had 'The presence of competition excited me' and 'All team members enjoyed the tasks' as its statements.

To understand the relationship between the factors, the Pearson product-moment correlation coefficient (r) between the two factors was computed, and found to be .62 ($p < .001$). In the regression analysis, the independent variable predicted 38% ($R^2 = .38$, $F(1,177) = 91.46$, $p < .001$) of the variance. Goal orientation significantly predicted emotive actions ($\beta = .82$, $p < .001$), much more than emotive actions did on goal orientation ($\beta = .47$, $p < .001$).

Discussion

Our exploratory study of team interactions in a simulation game produced two factors, *goal orientation* and *emotive actions*. As the teams were small and were engaged in simple goals, the study avoided the issues of larger teams with difficult tasks or problems. The short life of the game and of the team controlled for the effects of age, gender, and capability of the members in their interactions and perceptions. Therefore, findings can be extended, selectively, to other fields of research and application.

The results corresponded to previous research findings as follows. A closer examination of the statements that comprised the *goal orientation* factor had *goal* (Salas et al., 2015), *objective*, *success* (Crawford & Lepine, 2013; Hu & Liden, 2015), and *decisions* (Hojat et al., 2015), as key descriptors and elements. The *emotive actions* factor had elements such as *engagement* (Qin et al., 2015; Betta, 2016), *enjoyment* and *attachment* (Crawford & Lepine, 2013), and *working with others* (Hojat et al., 2015). *Communication* and *discussions* (Chiocchio et al., 2011; Salas et al., 2015; Qin et al., 2015) were seen in both factors.

The high positive correlation coefficient between the factors showed their strong linkage between tasks and effects, especially in communication and discussions. Our regression analysis revealed a fresh insight of team interactions. The coefficient (.82) for *goal orientation* as independent variable against *emotive actions* as the dependent variable was twice that (0.47) of *emotive actions* as the independent variable on *goal orientation* as the dependent variable. Thus, *goal orientation* would impact *emotive actions* more strongly than *emotive actions* would impact *goal orientation*. Therefore, a highly emotionally charged team environment may be cohesive and cooperative, but may not be goal-oriented, and therefore, fail to achieve its ends. On the contrary, a team committed to its end-objective would generate the emotional energy necessary for team performance and take decisions, effectively. *Goal orientation* appears to have cognitive roots, while *emotive actions* appear to have an affective base.

Factor: Goal orientation

After an extensive review of 88 empirical studies, De Shon and Gillespie (2005) found that goal orientation was defined in terms of *goals*, *traits*, *quasi-traits*, *mental frameworks*, and *beliefs*. Its dimensions were described in terms such as *mastery*, *learned helplessness*, *performance*, *work avoidance*, *performance-approach*, and *performance-avoid goal orientations*. Faced with such a wide variety of definitions, they doubted the veracity of the assessment of *goal orientation*. In their motivated action theory, they defined goal orientation as 'a label used to describe the pattern of cognition and action that results from pursuing a mastery-approach, performance-approach, or performance-avoid goal at a particular point in time in a specific achievement situation'.

Innovation is seen to be an aspirational process driven by passion, curiosity, and motivation by research personnel frequently affected by the uncertainty of results, risk of failure, and fall in morale. Alexander and Knippenberg (2014) proposed that researchers could succeed if they accepted their failures to be learning stages, experiments, and opportunities for new approaches. They would need to focus their efforts on smaller goals, such as milestones, which offered better chances of completion. Thus, their confidence and success in innovative work would depend on their *learning goal orientation* and *performance prove orientation*, i.e., dispositions towards learning and ability.

Team identification and *team learning orientation* were emergent states that overcame problems caused by conflicting members' interests despite a common goal. Even when members had strong differences between them, the teams performed well due to their strong cohesion implied by *team identification* and *team learning orientation* that united the members in their quest for their common goal (Crawford & Lepine, 2013). Pearsall and Venkataramani (2015) pointed out that such emergent states would develop only after interactions, and surmised that members with strong *goal orientations* in cohesive teams would reach their goals only if they were engaged in communications and planning exercises (Qin et al., 2015; Salas et al., 2015).

Dull, Schleifer, and Mcmillan (2015) studied 521 university students across 16 weeks and found differences in learning approaches and motives. They discovered four motivation goal clusters, viz., *multiple-goal*, *mastery*, *performance*, and *low motivation*. Students' deep interest, persistence, and intrinsic motivation were supported by their search for meaning and stemmed from *deep approach motives* due to their *mastery goal orientation*. Their memorization behaviour came from *surface approach motives* due to *performance goal orientation*. Therefore, goal orientation was not a monolithic, unitary construct; instead, students' goals were motivational patterns or goal combinations based on their learning outcomes, irrespective of age and gender. Students in the *low motivation* cluster performed poorly, even though they were as capable as the others, suggesting that a strong goal orientation was necessary for achieving success. Based on a study of 356 players in an all-day business simulation game, *goal orientation* was found to be the strongest factor in the construct of *team cohesion*, along with the other two factors, *open communication* and *mutual understanding* (Dumblekar & Dhar, 2017). The three factors were so highly and positively correlated that none could be achieved without the presence of the other factors. Thus, *goal orientation* produced *team cohesion* in the presence of exchange of information and opinions (*open communication*) in an emotional state (*mutual understanding*).

Factor: Emotive actions

Emotions and their recognition were critical to team performance because they conveyed members' intentions and perceptions between themselves, and connected and coordinated their tasks. Members' consistent emotional behaviour may be either akin to a *cultural trait* or may be borrowed and adapted from other members' behaviour, almost akin to a *groupthink phenomenon*. Elfenbein, Polzer, and Ambady (2007) showed that the accuracy of emotion recognition was a valuable team skill that could enhance the quality of *coordination*, *interdependence* and *team performance* (Betta, 2016).

Emotional intelligence (EI) is the recognition and regulation of one's own and others' emotions, while emotional self-efficacy is one's belief in one's EI. From a survey of 1,085 students, Pool and Qualter (2012) developed the Emotional Self-efficacy Scale and extracted factors that covered the use, management, identification, and understanding of own emotions, and the perception of and dealing with others' emotions through facial expressions and body language. As an emotion was an affective reaction by an individual to other persons or events, it could change her mood, and prepare and shape her behaviour for a response. Thus, it had implications for her *decision making*, *creativity*, *motivation*, *leadership*, and *other interactions* (Robbins, Judge, & Vohra, 2012). Intense workplace feelings like anger, happiness, envy, relief, guilt, and gratitude were discrete emotions directed at specific events or things and do not last long. They affect the individual's attitudes, actions, relationships, and behaviour, and others' responses as outcomes (Totterdell & Niven, 2014).

Emotions drive human behaviour and action. From two studies of 1,682 respondents, DeFrance and Hollenstein (2017) determined that individuals employed *distraction*, *rumination*, *reappraisal*, *suppression*, *engagement*, and *arousal control* as strategies to regulate emotion. They also identified and categorized users as *average*, *suppression propensity*, *engagement propensity*, and *multi-strategy* profiles in terms of their strategy usage. Emotional awareness was a potential moderator of emotional behaviour and could influence the nature of emotional regulation and the choice of regulation strategy.

Conclusion

Our exploratory study showed that small team interactions were made of two strongly and positively correlated factors, viz., goal orientation and emotive actions (similar to Crawford & Lepine's (2013) *taskwork* and *teamwork*, respectively). As the simulation game had little complexity, the two factors may be some of the simplest and minutest factors of team interactions. *Goal orientation* was found to affect *emotive actions* more than *emotive actions* would affect *goal orientation*. The statements in the scale showed that *decisions*, *communication*,

excitement, enjoyment, and attachment to other members were dimensions of team interactions. Emotions were an individual's reactions, such as anger and guilt, to her colleagues and her environment, and would direct her creativity, decisions, and performance in her team. The nature of the goal defined the team processes and shaped the tasks and interactions between its members. Therefore, members with goal clarity and orientation would generate the emotional energy and actions to produce useful team interactions.

Implications for further research

The game had a simple task process; therefore, the teams did not have a hierarchy. To observe and understand the behaviour of members, supervisors, and leaders in attending to and completing difficult tasks, researchers need to add more roles and tasks in the game. They may then discover member traits, task features, and organisational contexts that affect team interactions under such conditions.

Two avenues of research in larger teams using simulation games may be pursued. One may explore members' interactions in team dimensions such as *common philosophy, the scope of practice, conflict resolution, change management, leadership, and team evolution* (Brown, Hutchison, Ryan, Thorpe, & Markle, 2015). Leadership is an important role in teams with diverse member interests leading to conflicts, which may not be present in small teams or in teams with simple goals. Therefore, the other avenue may cover the tensions and paradoxes of leaders and members on interactional issues such as *team boundaries, culture, interdependence, cohesion, and diversity* (Johnson, 2016).

Recommendations for use

This study showed that small teams with simple goals have members who are emotionally driven to interact and produce cohesive performance and effectiveness. The typical large organisation is composed of discrete and overlapping teams and layers of authority. Therefore, its teams need constant supervision due to complex processes and difficult communications. For effective team interactions leading to faster team results, we recommend that organisations may use small teams with simple goals, tasks and self-regulatory mechanisms.

For effective team interactions, learning and development efforts must focus on *goal orientation* because it affects team interactions (and therefore, team outcomes) much more than *emotive actions* could do. Learning goal orientation (LGO) builds talent and creates skills due to the effect of challenging situations, experiential learning, and other mechanisms (De Geest & Brown, 2011). To shape leadership and other skills, we recommend that LGO development programs should address top managers before their introduction to their employees, with the onus on the learners to identify and assess their goals.

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Sustaining Micro Insurance through Innovation

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Abstract

Micro insurance is a developmental tool that is intended to protect low income populations from the risks that they may face in their day to day lives. Of late, technology is being used to spread awareness about micro insurance. Despite this the reach of micro insurance has been limited. Penetration levels are abysmally low. Treating micro insurance as a scaled down version of traditional insurance is not a good idea. This results in marketing products to underprivileged communities that they may not need. This research effort traces the challenges facing micro insurance sector in India and also highlights the limitations.

Innovations are a need of the hour – whether it is product innovation or innovations in distribution mechanisms. New micro insurance covers have to consider the unique needs of low income population. Product innovations can be successful only if there is an adequate distribution/ delivery network to ensure that such innovations reach the underprivileged sections of society. Community involvement in new product design can help growth of the sector. Claims payment processes must be simple and build trust among the low income population. The poor need to be treated as customers. They need compelling value propositions so that they can opt for micro insurance cover. Segmentation of micro insurance covers as life, general and health will be a wise move that can further aid the growth of micro insurance. The paper has made recommendations which if considered can lead to sustainable growth of micro insurance in India.

Key words : Micro insurance, product innovation, new product design, socially underprivileged, low-income population, sustainability, scale, distribution channels, crop insurance, index-based cover, self help groups.

Introduction

Micro insurance addresses the insurance dilemma of low income populations whose risk coping mechanisms outside any form of insurance threaten to keep them poor forever. A product is generally defined as ‘micro-insurance’ if it is modest in premium and coverage. Micro-insurance can be found in all business lines, including life, accident and disability, health, property, and agriculture (crop and livestock). Any micro-insurance product will have the following basic features; relatively low premiums; defined and limited cover; short policy terms to limit risk; few, if any, exclusions; preference for group underwriting; simple and rapid claims processing while still controlling for fraud.

CSR thought leader Michael Porter has exhorted businesses to relook at the value chain to create shared social and economic value. The insurance industry is hardly known for getting inspired from Porter’s theories and business models. However, insurers in a few countries are pioneering the idea of micro insurance. Micro insurance addresses the problem of poverty caused by unexpected life events like sudden deaths, crop failures or natural disasters. In developing nations, micro insurance represents a market of potential growth and profitability.

Product innovations need support through innovations in distribution and efforts to build awareness among low income populations. Actuarial interventions are definitely needed for designing new covers – however a better understanding of the needs of low-income population through regular interactions with them will be a great value addition.

The trajectory followed in this effort is delineated now. First, we gain some conceptual clarity and insights about micro insurance including operational definitions gleaned from a critical review of secondary sources of information available. This is followed by understanding the status of micro insurance in India, the challenges and limitations of micro insurance. Finally, observations from literature are recorded along with suggestions and recommendations. Conclusion is then drawn based on information collected, collated and reviewed.

Micro Insurance – Concepts & Definitions

The International Association of Insurance Supervisors (IAIS) defines micro insurance as “the protection of low-income people against specific perils in exchange for regular premium payments appropriate to the likelihood and

cost of the risk involved.” Low income populations have inadequate informal tools to manage their risks. So they need some kind of insurance cover.

Micro insurance is defined as insurance provided for low income people by a variety of insurers, run in accordance with generally accepted insurance principles, and funded by premiums. It comprises risk-pooling products. It is appropriate for low income market, cost, terms, coverage and delivery mechanisms.

Micro insurance has to strike a balance between market perspectives (insurers’ view not to lose money) and social protection. The micro insurance schemes must balance the competing objectives (Cohen & Sebstad, 2006).

- a. Providing coverage to meet the needs of the target population
- b. Minimize operating cost for insurers
- c. Minimize the price including transaction cost for policy holders to enhance affordability and accessibility.

Effective regulation and low cost distribution skills coupled with community involvement and consumer education can convert latent demand for micro insurance to a potent demand for the same.

Micro insurance faces several demand and supply driven barriers that are mainly due to

- a. Attitude/ affordability of vast majority of people
- b. Pricing and product design
- c. Lack of cohesive and reliable data on insurance population and assets
- d. Inadequate technical knowledge
- e. Inappropriate skills
- f. High distribution and service cost
- g. Poor consumer awareness and knowledge

Poverty reduction requires sustainable income streams among the poor – but these incomes also need protection through proper risk management. Micro insurance can be an integral component of poverty reduction strategy.

Background of Micro Insurance in India

India’s life insurance penetration is 2.72% and general insurance penetration is 0.77%. The total market size of the insurance sector in India is projected to touch US \$ 350-400 billion by 2020. From Table 1, it is clear that the ratio of premium to GDP was 3.49% during the period 2016-17. It is clear that insurance continues to be underpenetrated in India. This is further supported by data in Table 2. The micro insurance sector in India has also not grown as much it was expected to.

IRDA drafted micro insurance guidelines in 2010; lower threshold limit for agents’ commissions was fixed. Regional rural banks and NGOs in rural areas were designated to distribute micro insurance products.

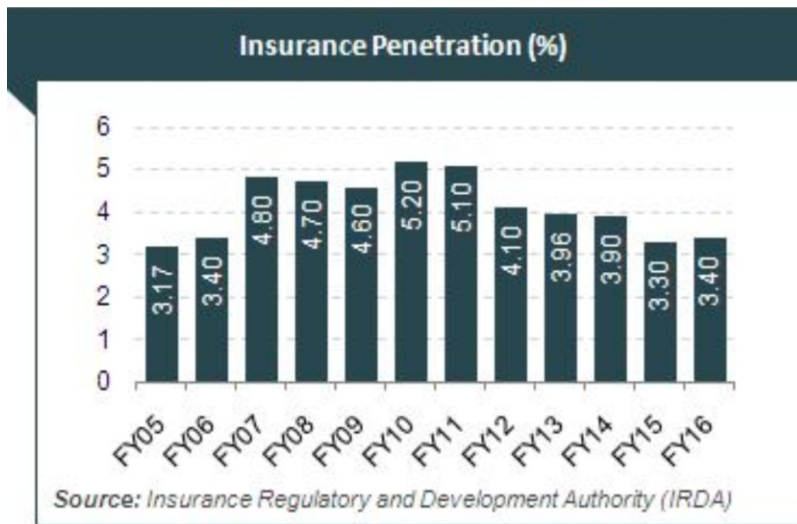
Table-1: Ratio of Premium to GDP

Name of country	Ratio of premium underwritten to Gross Domestic Product (2016-17)
India	3.49%
Thailand	5.42%
China	4.77%
Malaysia	4.77%

The main thrust of micro insurance regulations is protection of low income people with affordable insurance products to help, cope with and recover from common risks with standardized popular insurance products adhering to certain levels of cover, premium and benefit standards. NGOs and self help groups act as agents to insurers in marketing the micro insurance products and also allow both life and general insurers to promote combi-micro insurance products (combining different lines of business).

IRDA amended the micro insurance regulations in 2015 allowing district co-operative banks and regional rural banks to act as micro insurance agents for better penetration of micro insurance business.

Table-2: % Insurance Penetration



As of now, there are 60 products offered by general insurance companies targeting low income segment of the population – examples – cattle policy, kisan agriculture pumpset policy, Janata personal accident policy, silkworm sukshma bima policy, sheep and goat micro insurance policy, sampoorana griha suraksha policy. The regulator must also encourage comprehensive covers that are customized to the needs of the low income households.

In the year 2016-17, Pradhan Mantri Fasal Bima Yojana covered 50.9 million farmers. The gross premium was Rs. 1725524 lakhs and the number of claims was 8712396. The claim payout was Rs. 657366 lakhs.

Table-3: Micro insurance cover in India

For the year 2016-17	
Individual new business premium under micro insurance segment	Rs.38.22 crores under 9.56 lakh new policies.
Group business premium	Rs. 460.43 crores covering 3.22 crore lives.
Number of micro insurance agents	35200
% share of agents	NGOs – 21.7%, Self help groups – 1.1%, Micro finance institutions – 1%, business correspondents – 0.2% , other micro insurance agents – 75.9%

Source : IRDA Annual Report 2016-17

Table-4: New business under micro insurance portfolio 2016-17 (Premium in Rs lakh)

Insurer	Individual Policies	Individual Premium	Group Schemes	Group Premiums	Lives covered
Private Total	475269	2234.37	387	12035.36	9281170
LIC	480892	1587.13	4812	34007.62	22965393
Industry Total	956161	3821.50	5199	46042.98	32246563

Source: IRDA Annual Report 2016-17

Table 4 clearly indicates that LIC has played a dominant role in covering more lives under micro insurance portfolio and that private sector has not focused on group schemes. Table 5 shows that the private sector has enrolled more number of micro insurance agents during 2016-17.

Table-5: Micro insurance agents of Life insurers 2016-17

Insurer	As on 1st April 2016	As on 31st March 2017	% change
Private Total	8990	15899	76.85%
LIC	18574	19301	4%
Industry total	27564	35200	28%

Source: IRDA Annual Report 2016-17

Table-6: Micro insurance agents of Life insurers 2016-17

Micro insurance agents	Private Total	LIC	Industry Total
NGOs	142	7504	7646
Self Help Groups	20	369	389
Micro finance institutions	22	337	359
Business Correspondents	6	74	80
Other Micro Insurance agents	15709	11017	26726
Micro insurance agents total	15899	19301	35200

Source: IRDA Annual Report 2016-17

Figures in Table 6 clearly indicate that LIC has joined hands with more number of NGOs, self help groups, micro finance institutions and business correspondents as compared to the private insurers.

Research Questions

1. How can micro insurance product innovations achieve social bottom line as well as financial bottom line?
2. How can innovations be used to drive a sustainable micro insurance sector?

Key Characteristics of Micro Insurance

Micro insurance must be physically accessible. The policy document must be simple and easy to understand. The premiums must be small to accommodate irregular cash flows. Exclusions must be few. Sums insured must be small – often for short terms. Pre-underwritten community or group pricing and innovative distribution channels are vital. There is a need for continuous engagement with customers.

Low income persons are vulnerable to numerous perils, including illness, accidental death and disability, loss of property due to theft or fire, agricultural losses and disasters. Vulnerable households suffer from ongoing uncertainty about whether and when a loss might occur. Due to this apprehension, the poor are less likely to take advantage of income generating opportunities that might reduce poverty. Micro insurance offers protection of low income people against specific peril in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved.

Micro finance helps improve people's livelihoods. Micro insurance helps them to protect the gains in the event of any unfortunate events. People in micro insurance need appropriate products, processes and knowledge. Policies, products and procedures must be simple.

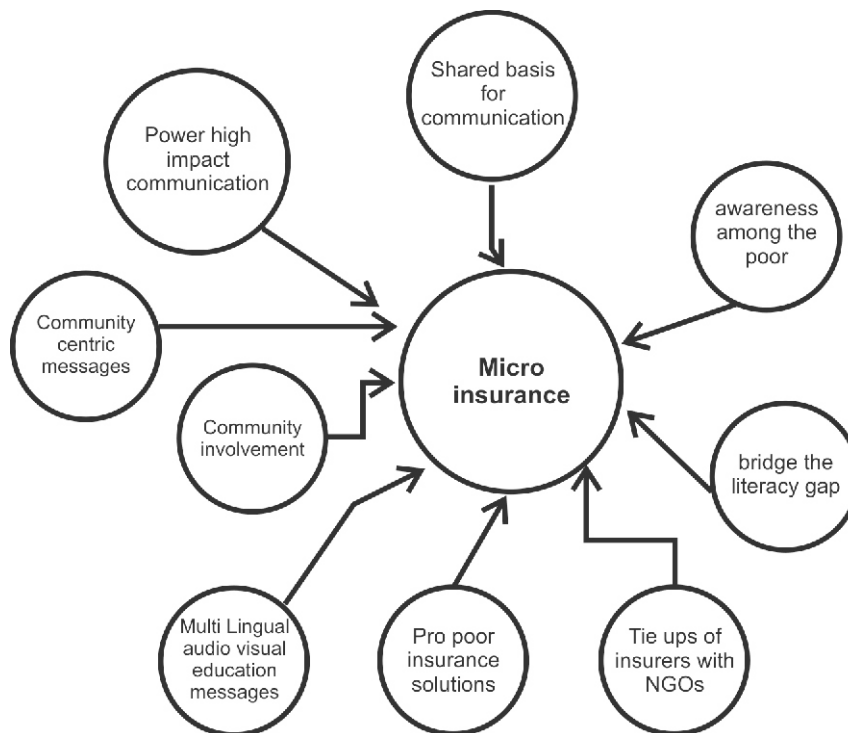


Chart 1: Characteristics of Micro insurance (Source: Author)

Need For Innovations in Micro Insurance

Innovations to address constraints of developing economies have led to extension of micro insurance schemes to mature economies as well. Innovations in the form of new products, distribution channels and segments characterize micro insurance.

Micro insurance helps insurers to increase insurance adoption and drive growth. Innovations across the value chain can lead to social and economic impact. Innovations are needed to tackle tough development challenges and arrive at inclusive solutions that enhance service delivery to the poor.

The market at the bottom of the pyramid (a marketing philosophy that was made popular by C K Prahalad and Gary Hamel) is immense; the economies of scale can drive profits from huge volumes despite low margins. However, the mindset of insurance company must change; in Indian villages, there is a myth that insurance is something that will benefit you only when you die; therefore consumer education is important to drive away ignorance.

Success in micro insurance will lead to a win-win proposition – the poor will benefit due to the protection and insurers will make profits that can drive further growth. However, insurers' skepticism to accept claims (as is usually wont in traditional insurance covers) will not work in case of micro insurance; if cover cannot help a poor person in times of need, all innovations will be merely confined to the garbage can.

263 million people are covered by micro insurance worldwide. Innovative products are needed based on the understanding of complexities of daily lives of the socially underprivileged section. There are geographical,

regional, and religious and community based barriers. So, innovation is needed not only in products but also in exploring alternative channels and finding new partners.

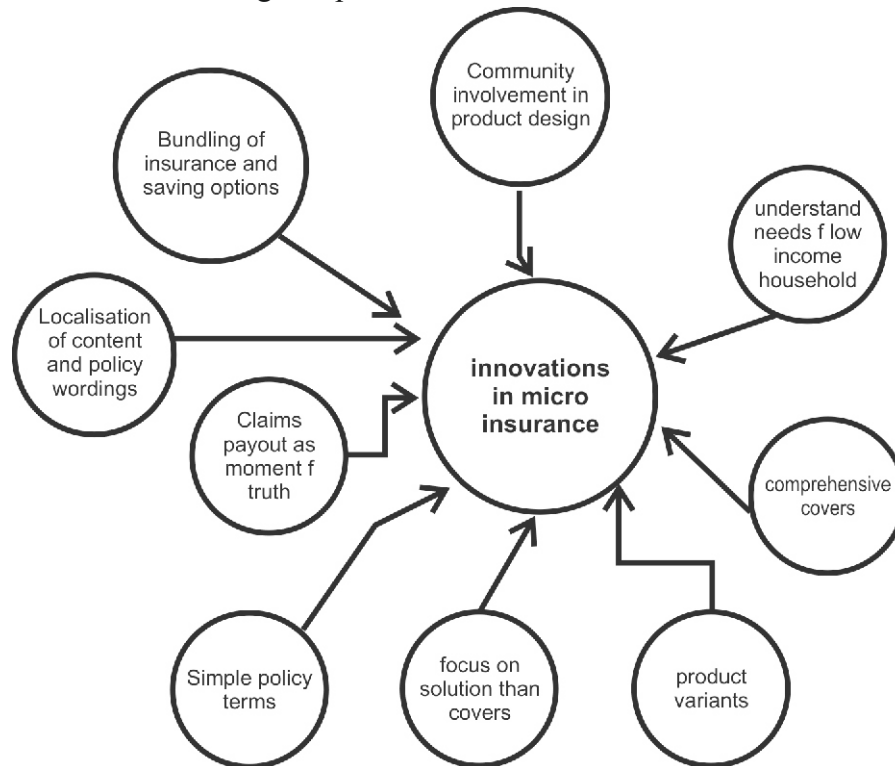


Chart 2: Innovations in Micro insurance (Source: Author)

Challenges in Micro Insurance

High operating costs and accessing clients in remote areas are the main ills plaguing micro insurance. Micro insurance is yet to achieve a critical mass. Lack of quality data for underwriting is also a challenge. If a compelling value proposition is conspicuous by its absence, then uptake of micro insurance by marginalized sections of society cannot be high.

Low levels of insurance awareness and education are main causes for the low level of penetration of micro insurance in India. However, not offering products and services that are of value to customers is also the main reason. Treating poor people as customers is important instead of thinking that they deserve something like charity. Dignity is for everyone – be it rich or poor.

Customers who need insurance the most – the mass market- are the last to get it. Listening to customers and their needs, re-shaping product terms and processes and partnering with large brands are essential to provide customers with innovative micro insurance covers.

If smart phones and mobile devices can reach nook and corner of the country and if mineral water can be found in remote corners of India, then micro insurance can also reach... innovative distribution is what is needed.

Pricing is the not the most important variable for micro insurance. Accessibility of rural communities continues to be a challenge. Estimating the probability of an event happening and the value of the loss are areas where micro insurance appears to be lagging. Connecting data sets and localizing them continue to be issues. The tendency of insurers to sell covers without knowing what risks the insured is experiencing can be a setback.

Limitations of Micro Insurance

Micro insurance is low-cost health insurance based on a community, cooperative, or mutual and self-help arrangements— this can provide financial protection for poor households and improve access to health care. However, low benefit caps and a low share of premiums paid as benefits—both designed to keep these arrangements in business—perversely limited these schemes' ability to extend coverage, offer financial protection, and retain members.

In India, micro insurance is still not popular due to following reasons:

1. Small ticket size
2. Poor agent and distributor commissions
3. Unviable proposition
4. Customer unfriendly

Designing Micro Insurance Covers

There are three main dilemmas in micro insurance model

1. What product type is relevant? – health, life, agriculture or property
2. What product features will meet needs of client?
3. How to market the product?

Sustainability and scale are essential for the growth of micro insurance in India.

Designing innovative products can involve learning from customers. In order to be successful and more relevant to the poor, micro insurance products need to provide both near-term and long-term benefits.

Innovative, simple, flexible products taking into account the lifestyle and needs of the low income group are a must. Exclusions must be clear and simple. Proposal approval must be quick and premium payment must be flexible; Maturity/ death claim settlement must be a simple affair. Product design must be simple. Policy wording must be in simple language with few exclusions. Premium collection must match frequent and irregular payments.

Designing 'micro insurance' products specifically covering an event risk reduces the price and increases acceptability among the customers. As they say, insurance is a product where everyone knows the price but only a few understand the value. It is an innovation at product level which is steadily attaining the attention of customers by the efforts of various online fin-tech players. Interestingly, India with all its diversity in income patterns, education levels, occupations etc is a huge experimental playground for micro insurance products.

Product innovation must address issues concerning flexibility and adaptability of the insurance cover to meet individual needs and preferences. Returning part of the premium at specific policy periods can be considered for low income populations. Customers can be given cash back bonus as part of “No claims” so that they are incentivized to take proper care of their assets.

Cultural factors must be considered while designing micro insurance products. The products have to be simple and communication must be in local language. People may be more willing to discuss a life plan rather than something called as funeral insurance. Ghana has a dial-a-doctor scheme wherein medical advice is provided to consumers via a mobile phone.

Promoting efficiency to cut down on administrative expenses is important. Efficiencies can be brought about by simple products, procedures, non-traditional delivery channels and deployment of technology. Use of hand held devices to manage claims along with innovative premium payment options are essential for achieving scale.

In some parts of the globe, leading insurers and brokers have established a consortium to aid the penetration of micro insurance in developing countries. While it is important for micro insurance to be affordable and accessible, the offer has to be customized to the unique needs of the people for whom micro insurance is targeted.

Index-based insurance is an innovation by which an external indicator triggers payments to claims rather than a claims process initiated by the insured. Insurers have to work hand-in-hand with clients, meteorologists, financial experts and brokers to build indexes that most accurately reflect the clients' risk.

Issues in Index Based Crop Insurance

Product innovations in rural micro insurance include “index based” products. These products cover losses when there are observable variations from standard local rainfall levels or crop yields.

In index insurance, basis risk results when index measurements do not match an individual insured's actual losses. One source of basis risk results due to poorly designed products and other source results from geographical elements. Robust product design can take care of basis risk. Geographical risk is a factor of the distance between the location where the index is measured and the production field. The greater is this distance, the greater is the basis risk. This often leads to a strange situation wherein those who do not suffer losses receive compensation and those who suffer losses do not receive the compensation. So, to address this risk, the index has to cover an area that is homogeneous both in terms of weather and in terms of farming techniques. Risk gets minimized as the density of weather stations and satellite pixels is increased.

Different Types of Innovative Products in Micro Insurance

1. Pure term assurance product
2. Term assurance with return of premium
3. Group insurance covers
4. Endowment insurance
5. Family health insurance
6. Individual health insurance contracts

“Freemium” products, positive experience of customers, easy settlement of claims are drivers for popularizing micro insurance covers. Essentially the two types of innovations that are relevant to insurance are: Sustainable innovation and disruptive innovation. Insurance product features may be added or fine-tuned, processes streamlined or distribution channels can be expanded. This kind of sustainable innovation delivers tremendous value. Disruptive innovation is a game changer – it changes the way an industry operates. Predictive analytics, usage-based insurance, insurance linked securitization and micro insurance can be classified under disruptive innovation.

Innovative designs of micro insurance covers must consider bundling the covers with savings plans. The insurance cover must go beyond ‘protection against risks’ to ‘offering solutions for problems’. Regulation must not be merely prescriptive; it must also encourage research and collection of data to understand the ground realities.

It is high time that a think-tank is created to look at the possibility of creating two separate micro insurance verticals – life and non-life. Within non-life, health insurance must be offered as a separate product. Micro insurance is one area where apparently the interests of life and non-life sector converge; but innovative bespoke product design needs clear cut demarcation so that the right kind of efforts can be made.

Steps to Engineer Innovations in Micro Insurance Products

1. Redesign the micro insurance product to make it more relevant
2. Adapt product to market
3. Look at options for combining savings and risk cover at the same time
4. Innovative products need innovative and trustworthy distribution channels
5. Communicate about what is covered in insurance and what is not

Use buzz marketing to attract communities to subscribe to micro insurance. Mahindra Tractors and Asian Paints used village heads/ panchayats as advocates for their new products and this enabled building of trust among the villagers.

Use of Technology to Drive Growth of Micro Insurance

Technology plays an important role in innovative distribution – for example – customers access micro insurance through mobile network operators. Technology will be the key to increase the access to micro insurance. Micro insurance has now become a driver of poverty alleviation strategies by governments. Advances like satellite data, global positioning systems and point of sale terminals can improve micro insurance in a variety of ways.

Point-of-sale devices allow customers to enroll and make premium payments remotely. Tele-medicine is another innovation that has been providing support for rural health insurance efforts. The back office operations must be efficient to ensure value addition to customers of micro insurance schemes. It is also important for the micro insurance provider to choose the right kind of technology.

In Africa, mobile Network Operators (MNOs) have been playing an increasingly important role as a distribution channel for micro insurance products. Mobile applications can quickly transmit critical data to insurers' systems to determine eligibility of claims. Technology is being used to fight fraud and customize products and services to cater to the unique needs of micro-segments.

Micro insurance providers can team up with mobile phone operators to distribute micro insurance in rural and semi-rural areas. Some insurers are offering free insurance to clients for 12 months to help them to experience the product. Customers using a certain amount of airtime minutes per month receive free life insurance. The customers have the option to pay extra fees to increase insurance cover. The use of mobile based payments platforms is thus an exciting innovation.

Innovations in micro insurance must be aimed at delivering consumer-centric products. Innovation has to be relevant and has to deliver customer value. Mobile apps, fin tech systems and digital innovations are transforming the way micro insurance is administered. Commission-based selling is not going to drive micro insurance sales. On demand coverage is slowly gaining popularity. Mobile technology has become the conduit for delivering micro insurance solutions. The term "insurance cover" may need to be rephrased as "solutions" when it comes to micro insurance.

Marriage of technology with business models is thus leading to path breaking innovations in micro insurance. A few insurance companies provide cover for car insurance only when people need it – the cover period ranges from a single hour to a whole day. It may appear that this sort of approach defeats the purpose of insurance as a protection tool against risks; however, in the era of Internet, when consumers are more informed, it makes sense to empathise with the customer – more so – when customer belongs to a marginalized section of society. On-demand covers in micro insurance is a innovation that is worth looking at.

Customers can use a mobile app to sign up, get a quote and buy coverage in less than 10 minutes. On-demand insurance is here to stay. It is best to remember who micro insurance aims to serve.

Caselet

A farmer goes to an approved dealer to buy a bag of fertilizer. He pays 5% extra to get climate coverage. The dealer scans a special bar code. The policy is now registered with the insurer. A text message is sent to the farmer's mobile phone. When data transmitted from a particular weather station indicates drought, the farmer registered with that station automatically receives payouts via a mobile money transfer service.

Distribution Channels to Support Product Innovations

Distribution channels in micro insurance rely on unconventional delivery methods like micro franchising through women's groups, mobile technology and sales and payment processing at rural kiosks. Micro insurance products are difficult to localize because they require on-the-ground knowledge of a product's design, administration and monitoring. Partnerships with local NGOs and micro finance institutions can help expand the reach of micro insurance. Making micro insurance products available through local retail stores or distributing policies through mobile phones are attractive options.

A low-cost policy covering cost of a farmer's crop investment – seeds, fertilizer and pesticides – in the event of a loss due to extreme drought or excessive rain. The coverage is generally limited to customers' up front expenses and this reduces the cost of the cover. Micro insurance products for low wage women can be offered through nonprofit organizations catering to protection against risks to life, health, property and accidents. Agro dealers selling seeds, fertilizers and chemicals can offer insurance on the spot for an incremental amount. The bar code on the bill can be scanned and the policy gets registered with the insurer; customer gets a text message that indicates policy details.

Innovation is a key to success that knows no geographical boundaries.

Successful Examples of Micro Insurance Innovations across the Globe

In Peru, farmers buy micro insurance from water boards. In South Africa, micro insurance products are sold by retailers off-the-shelf. Philippines sells micro insurance through churches and schools in remote areas. Villagers can top up insurance product in the same way as they top up their mobile SIM.

Chinese insurers have delayed premium collection till the end of the insured period while underwriting pig insurance. Pakistan has introduced the scheme called “Easy Paisa Khush-hall”. Mobile account holders are provided monthly life insurance coverage based on the average monthly balance in their mobile accounts. The cover amount ranges from Rs.50000 to Rs. 15 lakhs. Once customer is on board, regular dialog with him reminding that he is safe and secure with insurance subscription is vital.

Nano Health is a start up (a social enterprise) that offers micro insurance and tackles chronic diseases by providing door-to-door diagnostics via its network of community health workers. The slum-based electronic medical record system is facilitated by a low-cost point-of-care device called Doc-in-a-Bag.

In Thailand, micro insurance is sold at convenience stores. Special protection is offered during the Thai New Year Holiday of Songkran when the risk of travel accidents is higher. Distribution of micro insurance through mobile phones leads to lower transaction costs for insurers.

In Colombia, low cost health insurance is tagged along with delivery of gas for cooking. In Kenya, farmers can buy crop insurance cover by using a mobile phone to send the photograph of the bar code on a bag of fertilizer or seed; premiums can be paid using the M-pesa mobile banking system.

In Philippines, the Church became a partner in consumer education to teach residents personal finance and start a saver's club.

Revamping the Agency Model

Indifferent agents who are driven more by commissions instead of a service sense have caused immense harm to insurance industry; agents collecting insurance premium and vanishing are certainly not helping the cause of insurance. Rigorous selection process for agents is important; in case of micro insurance, this is even more relevant because once a community loses trust in a product they wouldn't want to touch that product with a large barge pole. Trained, competent and committed agents drawn from the community can provide end to end solutions to the marginalized sections. Their adeptness in communicating in the local language is an essential pre-requisite. Agents should not only understand the product design but also give suggestions to insurer based on field experience.

Achieving Scale & Sustainability in Micro Insurance

Minimization of operational costs is vital to ensure sustainability of micro insurance. Costs associated with insurance are related to those incurred for verification of claims, managing large volumes of data and huge number of transactions. In case of micro insurance, maintaining a good ratio of operating costs to premium payments becomes a challenge.

How quickly an insurer can scale, how low can margins go and how clearly the offering can be communicated to the marginalized sections of society – these will drive the success of micro insurance efforts.

Creation of self-help groups, raising community awareness about the benefits of micro insurance, use of posters and music/dance to propagate the message are time-tested ways of engaging the low income population about micro insurance. To meet the costs of such events, sponsors can be invited. At the end of the day, one should never forget that micro insurance has to be sustainable.

Observations

Micro insurance is a social safety net for low income households. Micro insurance is an exceptional example of a dual value proposition – a product that is as responsible as it is profitable. There is a need for paradigm shift – thinking has to change from “how to distribute micro insurance to the poor” to “how to help low income communities manage their own risks”. How can communities make informed decisions to adopt micro insurance

solutions and improve local risk management?

Consumer education cannot always guarantee increased demand for micro insurance products like health cover. Demand is driven by personal characteristics of community, understanding of insurance, trust, ability to pay, availability of alternative risk coping mechanisms. Overcoming behavioral constraints can help in renewals of policies.

Single risk covers may be less appealing but composite products will need to be carefully thought out and planned. Achieving scale is difficult and explaining product features to clients is also a challenge. Free insurance cover can be provided initially to promote a savings mind set. Consumer education is essential for bundling schemes.

Avoiding lengthy paper work processes and preliminary health checks are important for health insurance. Subscription via text message leads to enrollment and periodic insurance premiums are set up for automatic deductions. Timely payouts (claims paid within three business days) can help low income families. Linking micro insurance with taking care of school fees can promote education in rural areas.

Insurers can learn from the popular bottom of pyramid model as well as the successful Grameen Bank model of Bangladesh. Doing market research using management students can provide rare insights about the needs of low income communities. Locally recruited and trained young graduates can work well as agents. Customers should understand the products sold to them. Plans have to contain simple descriptions and licensing requirements for micro insurance must be less stringent.

Micro insurance covers bundled with saving options are one among the many new product ideas that are being suggested in this effort. Marketing of micro insurance has to be evangelistic to promote customer advocacy and therefore it is essential that product innovations are clearly understood by self -help groups and those who need them. Micro insurance needs a unique approach across all fronts throughout the customer touch points and this is what will make it sustainable in the long run. The lessons learnt from experience underwriting micro insurance can help insurers implement them in traditional insurance covers. Last but not the least, insurers must not limit themselves to offering covers for protection of risks – they must go beyond offering their unstinted support for community development activities.

Designing innovative products is only part of the story; innovative distribution and a simple claims procedure is what it takes to grow the micro insurance portfolio. If we make the poor run from pillar to post to make claims then micro insurance cannot stake claim to be a cover for the marginalized.

Low-income households may not understand what risk protection is all about. They may feel that unless the insured event happens, the money that they spend for premium may be a waste. A term life product that gives cash benefit on survival of the policy term becomes attractive.

With increase in life expectancy across the globe, endowment products are becoming popular and relevant. These products pay a lump sum upon maturity or death. Earlier standard endowment products had become unpopular as they failed to deliver value in comparison to other saving options. Agents were paid high commissions. New products that combine savings and insurance are becoming popular. Linking micro insurance covers with annuity/pensions can fuel interest. The low income households can be assured of survival benefit in the form of micro annuities.

Often there is a complaint that insurance products are generic with a high premium. Generic product gives broadest coverage but confuses customers with a lot of expectations and disclaimers. Micro insurance brings down the cost for consumers by putting in innovative constraints on 'coverage', 'time' or usage.

For e.g. a customer might be interested in looking at a personal accident cover before she goes on a long weekend drive. Once the event is completed, her perception of risk drops significantly and so does the perceived need. This concept can be extended to micro insurance by giving on-demand covers.

As C K Prahalad mentioned in his research effort, the poor people also deserve respect as “customers”. Micro insurance is not a charitable effort – it should not be misconstrued as one. Inclusiveness is all about appreciating dignity of the marginalized and underprivileged section of society. May be it is time for changing definition of micro insurance and stop using the word “poor” in the definition?

Suggestions & Recommendations

1. Micro insurance must be viewed from a different lens compared to conventional insurance methods. For example – insurers should think of providing annual life insurance covers at nominal premium.
2. The conventional agency model needs replacement with an innovative mechanism where the agent (mostly from the community itself) is trained and manages customer relationships, premium collection and claims payment.
3. Product innovation in micro insurance cannot be seen in isolation from innovations in distribution; an innovative product that is not accessible to customers makes little sense. All the 7Ps of services marketing are relevant for micro insurance – Product, Price, Promotions, Place, Physical Evidence, People and Processes.
4. Promotions must be evangelistic – with the intention of turning customers into advocates for products sold. Trust and credibility play a vital role in micro insurance and only community involvement can drive this.
5. Micro insurance products must be well-integrated with other savings products. Claim rejections must be minimized; benefits of volumes and scaling up of the model must be adequately leveraged.
6. The cover should be designed in such a way that part of premium can be given as cash back offer if there is no claim for 6 months.
7. Developing appropriate institutional arrangements that are viable and encourage a savings mindset is essential. For example – in case of no claims after a particular period, part of the amount can be diverted to a national savings certificate or a kisan vikas patra. The administration of this process must be carefully executed to make it as simple as possible.
8. Innovative distribution channels like retailers, mom and pop shops, schools, temples and churches must be used to distribute micro insurance.
9. Premium amounts for micro insurance need to be arrived at after understanding the income patterns of the insured.
10. Innovation must aim to deliver micro insurance products that are affordable as well as relevant. Information transmission must be made easy and simple.
11. Micro insurance can be provided on wheels
12. Incentives and promotions are essential to make micro insurance popular among the low income households
13. Use of digital marketing methods via app and localization of content can aid penetration of the market
14. Strategic tie up between insurers, mobile phone manufacturers and telecom services.
15. Exclude laborious form filling exercises
16. E-certificate confirming cover
17. Increase micro insurance density
18. New product variants
19. Partnership with local communities
20. New channels/ platforms
21. More payment gateways
22. Micro insurance can also be projected as a disaster risk management tool

Conclusion

Micro insurance products are hyper targeted offerings that meet precise needs of the customer taking into account the realities staring at poor people and the latter’s limited purchasing power.

Micro insurance is a strong developmental tool for nations to encourage inclusive economic growth and socio-economic development. Innovation has to be considered across the total product cycle – product development, sales, and collection of premiums, servicing and processing of claims.

Innovation is not possible without understanding the environment in which one is working. Absorption of experience-based and context specific knowledge should drive product innovations in micro insurance. The policy makers, regulators, insurers and brokers need to interact meaningfully to understand how micro insurance can be made sustainable.

A Swiss Report highlights the fact that insurance is highly underestimated in emerging markets. The power of insurance to facilitate economic growth and provide economic stability has not been properly exploited. Public-private participation may be needed to enhance the prospects of micro insurance.

In the long run, customer life cycles can be managed through insurance offerings by linking products to needs that arise during life of a customer paired with branchless banking. The right product design and right pricing are essential to make offers meaningful to customers.

Micro insurance should not be treated as a scaled down version of regular insurance. The product and processes must be reengineered to meet the preferences of the low income market. When it comes to micro insurance, innovation is more than a response to customer demand for more convenient ways to interact – it is an operational imperative. Geographic isolation of rural communities, lack of infrastructure and illiteracy should drive insurers to develop new tools and combine them in novel ways with existing systems and devices. Financial inclusion must include micro insurance as an integral component.

Micro insurance has been developed as a derivative sector. In Uganda, Kenya and African countries insurance companies have started offering micro insurance products while in Bangladesh, NGOs and micro finance institutions are offering such products. In India, micro insurance has been driven more by regulation than real interest of insurers in promoting the welfare of the marginalized and underprivileged sections of society. This situation needs to change. A half-hearted approach can seldom lead to a sustainable business model. The Indian micro insurance market is characterized by absence of innovative products despite the fact that innovative distribution channels are being explored by a few insurers.

What is needed is a low cost, highly scalable model where self-help groups drive the growth of micro insurance. Mobile vans with digital displays showing videos must be used to engage the marginalized communities. Policies need to be issued in 24 hours; claims must be easy to process and administer. Digital pens can be used by agents to convert handwritten notes to formal policy application; pen data can be transferred to company website through blue tooth or send to insurance officers through WhatsApp.

Smart cards can be given to insured to avail of subsidies in primary health care centers. Small retailers can sell scratch cards; customers buy scratch cards by paying premium; the concealed code can then be texted or sent as an image to the insurance company. Micro insurance products need to be bundled with niche products like loan protection. In case of death of the insured, loan can be waived off.

Businesses often focus on sales and collection of premiums but when it comes to claims, all efforts are made to reduce the claims ratio. This is a vicious cycle. Such an approach can be inimical to micro insurance because if insurance cannot help the socially underprivileged when they need help the most, this will lead to trust deficit.

Agents have often garnered a bad reputation due to their “sell and disappear” approach. So, building trust is important. In health insurance, tele medicine can help people in remote communities who can access quality health care through village health centres/ dispensaries. Weather-based index insurance can make payout claims based on the amount of rainfall. This kind of cover does not need an elaborate claims verification process.

Positive claims experience of insured will build confidence in others that they can rely on micro insurance to protect incomes and deal with risks. Cheap term insurance covers can be provided as part of micro insurance. This can be bundled with property insurance or livestock insurance.

Regular dialog with community members to understand the challenges faced by them is essential. These insights must drive further innovative product designs. Experiences must be shared with regulator and also on a common platform so that others can learn from the experience of one insurers. Competitive mindset must be replaced with a collaborative cum co-operative mindset among insurers who choose to underwrite micro insurance.

Micro insurance is a revolutionary new safety net system for the world's poor. Micro insurance involves pooling money among the poor to cover catastrophic expenditures associated with illness. Micro insurance has emerged out of the shadows of micro finance. The number of distribution channels has increased.

Insurance can also be a spring board. The cover can protect against losses of household income and help in preventive care. Insurers can create greater awareness about preventive health care. Micro insurance can be bundled along with loans.

Innovations at all stages for products, in pricing policy and in delivery channels are essential. The marketing of micro insurance must understand social and cultural needs of target population. Post offices can be used as distribution channels. Rural knowledge centers can be set up by government and this can also generate employment for the local population.

In some nations, payments via block chain technology and mobile platforms have increased the outreach of health and life insurance policies. On-line platforms make insurance administration an easier affair. Peer-to-peer insurance models are gradually making in-roads in UK, Germany, China and New Zealand. These models are based on a risk sharing network where a group of associated or like-minded individuals pool their premiums together to insure against a risk. These models simplify the insurance process, reduce costs and enhance efficiency to increase customer satisfaction. Mutual insurance companies or self help groups have a similar business model. Premiums are paid into a claims pool. Unclaimed money is donated for charitable causes.

Digitalization of insurance offers, block chain systems and peer-to-peer approaches can lead to massive reduction in costs and these innovations can also be extended to micro insurance. Peer-to-peer approaches are based on mutual trust and co-operation. The innovative covers must be so designed that behavior of insured to protect against the risk due to voluntary efforts must be rewarded suitably.

The whole micro insurance space is characterized by diversity. So, a unilateral approach may not always work. Insurers can learn from each other's innovations. The Indian Government can facilitate setting up of mobile clinics in rural areas. On a pilot basis, a model village can be created so that other rural areas can emulate the same.

The state must take efforts to build a community of financial wellness facilitators. The community must be mobilized to take part in the financial literacy program.

Micro insurance is a tool to fight social exclusion. It is social protection coverage outside the formal economy. While some experts say that there is a need for a market driven approach to provide services to low income households, the opinions are mixed. IAIS feels that there is a need to move away from market based approach. There are limits to extending the Bottom of Pyramid business model. Overselling is not going to help. Empathy-based selling is what is needed. Micro insurance is only one of the tools for risk protection.

Utility companies, cell phone manufacturers, micro finance institutions, retailers and consumer co-operatives can be used for distribution of micro insurance products. The success of "Amul" in India and "Grameen Bank" in Bangladesh is ample proof that community involvement and engagement plays a crucial role in success of rural developmental efforts. It is time that micro insurance is also popularized through a similar route. Credit linked micro insurance can be attempted and rural women can be roped in as partners.

Regulation must encourage public-private participation to underwrite micro insurance on a profit-sharing basis. Private insurers can design new micro insurance products that can be sold through distribution channels of public insurers. Micro insurance must be affordable, reliable, and accessible and trust worthy.

Claims payment is the moment of truth for micro insurance, so design of new products must bear this in mind. Across the globe, a consortium of insurers underwrites micro insurance with an aim to broaden the scope and deepen the reach of micro insurance. Gandhian innovation focuses on decentralization, accessibility, sustainability and affordability of new products and services. Here the main thrust is not on wealth but on people.

Brazil, India, Mexico, Peru, Philippines and Taiwan have implemented regulation for micro insurance. Uganda, Kenya, Nigeria, Pakistan and South Africa are contemplating legislation.

It is clear from all the arguments presented above that product innovations in micro insurance when complemented with innovative distribution mechanisms can lead to marginal profits for insurers. These innovations when scaled up can lead to a boost in profits. These innovations can be attempted for traditional insurance products as well. This will lead to a win-win situation wherein both low income population as well as insurers will benefit. Balancing social needs with commercial needs is a delicate act but if managed well, it can reap rich dividends.

Micro insurance is a low price – high volume business; its success depends on keeping the transaction costs down. The truth is that the future of insurance in emerging markets is closely linked to the future of micro insurance. Product innovations in micro insurance will act as a catalyst to expedite this development.

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A Live Study on Market Performance of Fem Hair Removal Cream & Bleach in Guwahati Region

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Abstract

The acquisition of Fem Care Pharma by Dabur in 2008 is in line with Dabur India's strategy to aggressively expand the latter's scale of operations and strengthen its presence in the fast moving consumer goods' (FMCG) space. Fem Care Pharma is a leading player in the bleaching cream and liquid soap segment. The transaction will give Dabur an entry into the high-growth skin care market with an established brand name 'FEM'. Further, Dabur also has the potential to extend the brand into new and related skin care categories. This study is based in Guwahati region in which we collected primary data from wholesalers, retailers and end users, with the objective to understand the current situation of Fem hair removal cream and bleach, in terms of their market performance, intermediary feedback and consumer feedback. Three separate questionnaires were prepared to collect the information, and it was a freelancing consultancy assignment given to us by Dabur, because they wanted to know the market performance of brand FEM, five years after its acquisition. The study suffers from some limitations, like statistical tools and techniques were not used in it, and we have described the findings with the help of charts and graphs. Other limitation of the study is that we have conducted it in the year 2012 and after six years, there are few changes in the market environment, that has already taken place, but still we have tried to update the information in order to make it relevant with the present scenario.

Keywords: Brand Acquisition, FMCG Sector, Market Performance, Market Potentiality.

Introduction

Dabur acquired Fem Pharma in two phases i.e. in first phase which was in 2008 it acquired around 72% stake in fem in an all cash deal while the rest 28% was being acquired in 2009 again in an all cash deal. The total amount Dabur paid to acquire Fem was near about 254 Cr. This acquisition was indeed strategic in nature for both the brands because it was mutually beneficial for both of them, with this deal Dabur ventured into female skin care segment where it had no established brand whereas Fem brand got the advantage of extensive distribution channel of Dabur.

Dabur is now a well-known brand in Indian market, but its positioning as Ayurvedic brand often creates hurdles in the path of certain brands which Dabur had launched in recent years, take for example the juice brand Real, which was targeted to youth, but because of Dabur's positioning as Ayurvedic Brand it took time for Real to take off in the market since consumers were not able to digest the idea of a fruit juice made up of real fruits without any Ayurvedic property by Dabur.

Fem Care's acquisition will allow Dabur to drive its core FMCG business as well as consolidate its position as a leading Indian consumer goods company with presence across key categories like skin care, hair care, oral care, health care and foods. Fem Care Pharma, which has a leadership position in the fairness bleach category and a strong market position in hair removal and liquid soap category, is best known for its brand 'Fem'. The other brands in its portfolio include Oxybleach cream, Botanica anti-ageing cream, Stratum colour protecting hair conditioners and SAKA men's bleach.

This paper's focus is on market performance of Fem hair removal cream and bleach in Guwahati region, this study was conducted in the year 2012 four years after Dabur acquired Fem Pharma, our objective was to understand the perception of intermediaries and consumers towards Fem products in comparison to competitors like Veet and Anne French.

Research Objectives

1. To Study the Market Performance of Fem hair removal cream and bleach in Guwahati region in terms of awareness, usage and satisfaction
2. To understand the perception of Intermediaries towards Fem products
3. To understand the perception of End-users towards Fem Products
4. To study the performance of Fem in relation to its core competitors

Methodology

This study is a combination of exploratory and descriptive research designs. It is exploratory because we started with literature review and experience survey in order to define our objectives and to gain insight on the selected topic. It is also descriptive study since we had presented our findings and analysis through numerical estimates; we have described the information gathered through charts and tables on proportional/percentage basis.

Research Tool

The primary data is collected through filling structured and formal Questionnaires by wholesalers, retailers and consumers. It was an investigator administered questionnaire to collect data

Sampling

- Sample size: 430 (200 Males and 230 Females) consumers, 97(All Males) retailers and 20(All Males) wholesalers.
- Sampling Area: Guwahati.
- Sampling Technique: Non- Probability Sampling Technique with Convenience method.

Data Collection Sources

- Secondary Data: Annual reports of Dabur, Magazines like Business world, News Paper Articles from The Hindu, Economic Times, Business Standard etc., Experience survey and various journal articles.
- Primary Data: It was collected through Questionnaire; three different questionnaires were prepared for Retailers, wholesalers and end-users.

Scope of Study

This study is based in Guwahati region with 430 end users, 20 wholesalers and 97 retailers as respondents for this study. This study covers concepts like market potential and market performance of a brand in order to decide future course of action for its sustainability and development in the market.

Limitations

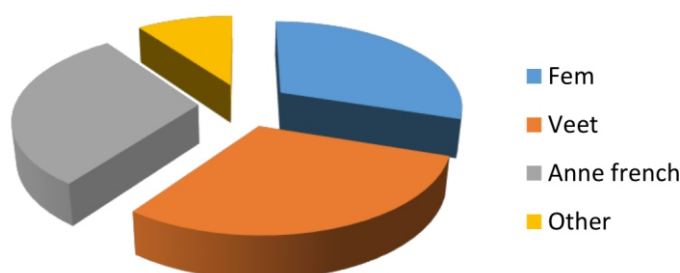
- Study has faced language problem at retailers and consumers
- Lack of consumer support in giving answers about hair removing cream and bleaches
- Consumers were not feeling comfortable to give answers
- Other human errors along with sampling and response errors

Data Analysis and Interpretation

Wholesalers (Total Respondents were 20)

1) How much stock of Hair Removal and Bleach from different brands you carry?

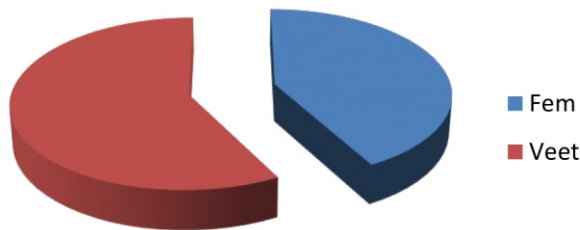
Fem	30%
Veet	30%
Anne French	30%
Other	10%



From the above table and chart we came to know that all the 20 wholesalers were carrying equal stock of Fem, Veet, and Anne French brands. The above numbers indicate that if say suppose a wholesaler is stocking 100 units of hair removal or bleach then he will stock 30 units of each brand mentioned in the chart.

2) Which Brand out of Fem and Veet has more sales in hair removing cream?

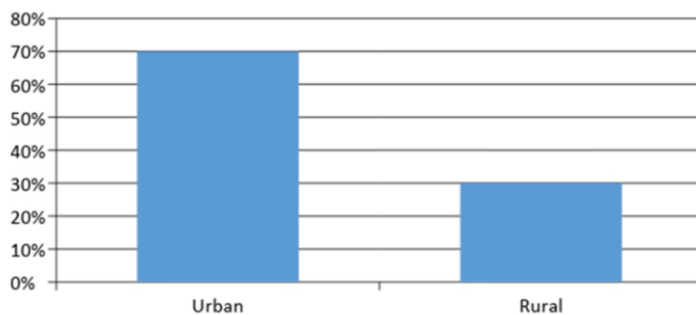
Fem	8
Veet	12



From the above chart it is evident that 12 out of 20 wholesalers were of the view that Veet has more sales than Fem. But Fem is not doing that bad as compare to Veet in Guwahati.

Urban	70%
Rural	30%

3) Most of the customers who demand bleaches & hair removing cream are from which area?



From the above table and chart it is clear that 70 % i.e. 14 wholesalers out of 20 gave the reply that demand for bleach and hair removal is more from customers living in urban area. Only 6 wholesalers said that demand is more from rural area. The 6 wholesalers who said that demand is from rural area is probably because they had proximity with rural retailers.

4) Overall rating of the brands given by wholesalers?

Veet: Good (weighted average on a five point scale came out to be 4)

Fem: Above average (weighted average on a five point scale came out to be 2.5)

Anne French: Below average (weighted average on a five point scale came out below 2)

5) On what basis you push a particular brand to your retailers?

Quality	9
Margin	11
Both	13



Out of 20 wholesalers 11 were of the view that we push the brands which offer us margin because if we get good margin then we can give good margin to our retailers also.

6) Which brand according to you is better on below given factors?

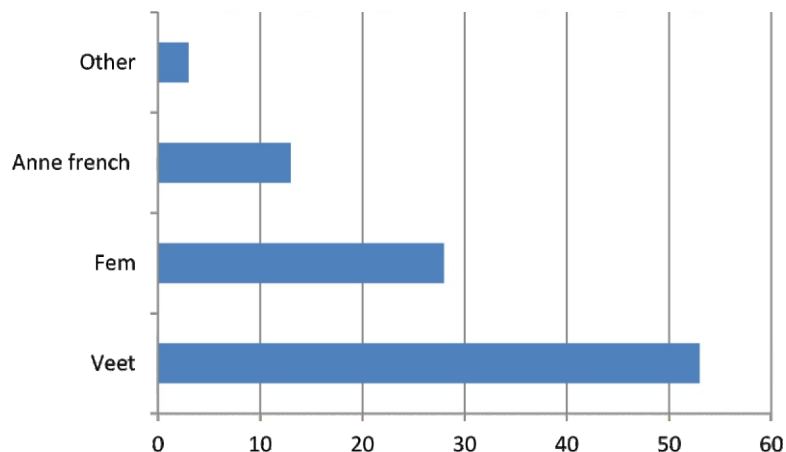
Factor	Brand
Damage Handling	Fem
Scheme Payout	Veet
On time delivery	All Brands in Study
Margins to wholesalers	Veet
Other support	Fem

Fem and Veet are working hard to generate positive consensus among wholesalers, all the 20 wholesalers gave fem and Veet with high ranks on the factors in above table.

Retailers (Total Respondents were 97)

1) Most Preferred brand by consumers according to you?

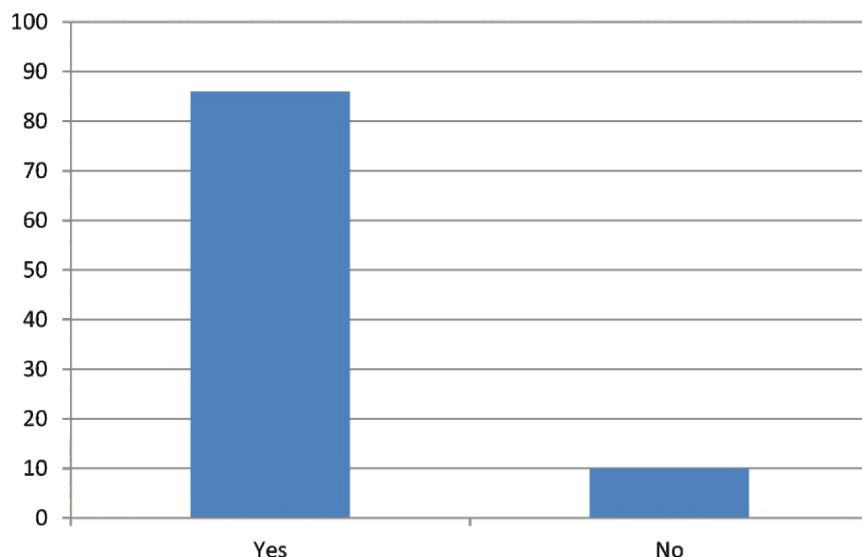
Veet	53
Fem	28
Anne French	13
Other	3



From the above chart and table it is evident that demand for Veet is more at 53 retail outlets followed by demand for Fem which is 28 retail outlets.

2) Do you carry Fem hair removing cream and bleach?

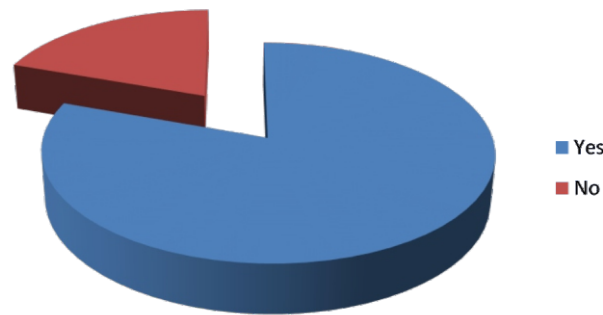
Yes	86
No	10



86 retailers were carrying fem products out of 97 retailers; it shows that the reach of Fem in Guwahati region is perpetually growing.

3) Do you believe quality of Fem bleach & hair removal cream is good?

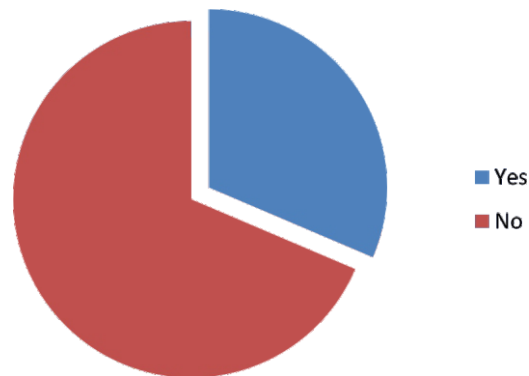
Yes	78
No	19



Out of 97 retailers 78 said that quality of fem hair removing cream is good and 19 retailers complained about it. But overall the feedback of retailers on quality parameter for Fem products was good.

4) Are you receiving better reviews about Fem hair removal cream in comparison to other brands like Veet and Anne French?

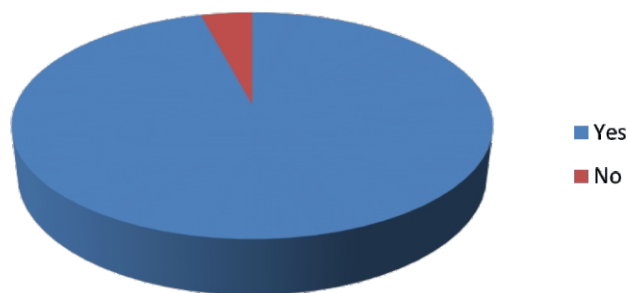
Yes	59
No	37



Out of total 97 retailers we approached, 59 were of the view that they were receiving positive reviews about Fem hair removal cream as compare to its rivals other 37 were of the view that they were not receiving good reviews about Fem hair removal cream as compare to its rivals.

5) Are you receiving better reviews about Fem bleach in comparison to the bleaches of other brands?

Yes	93
No	4



93 retailers out of 97 were of the view that Fem bleach is getting better positive reviews from customers as compare to its rival brands like Veet and Anne French.

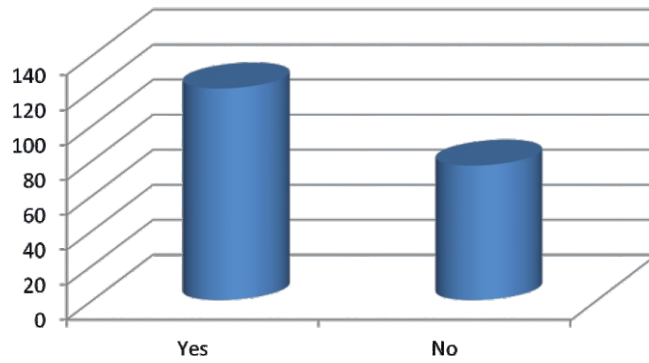
Customers (430 Respondents)

1) Gender of Respondents

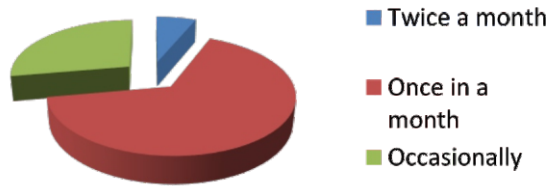
Gender	Frequency
Male	200
Female	230

2) Have you ever used bleach and hair removing cream?

Yes	367
No	63



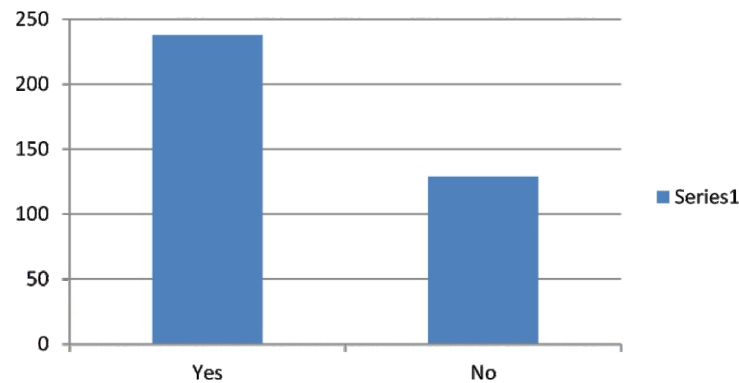
Twice a month	23
Once in a month	242
Occasionally	102



Out of total 430 respondents 367 gave answer to this question, out of those 367 respondents 242 replied that we use bleach and hair removal cream once in a month. 102 respondents replied that we use these products occasionally. Only 23 respondents were of the view that we use it twice in a month

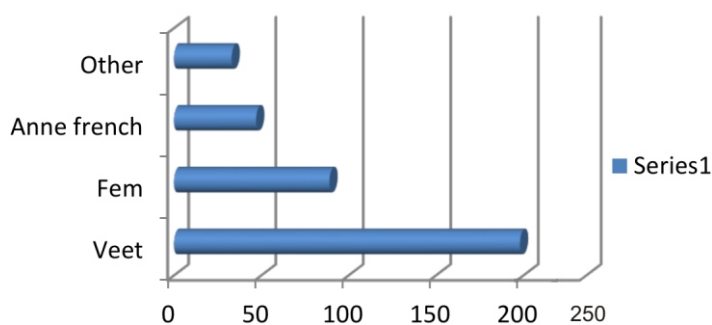
4) Have you ever heard about Fem hair removal cream and bleach?

Yes	238
No	129



Out of total 430 respondents 367 replied to this question, out of 367 respondents 238 were aware about Fem Products. But a significant number of respondents i.e. 129 were not aware about Fem Products.

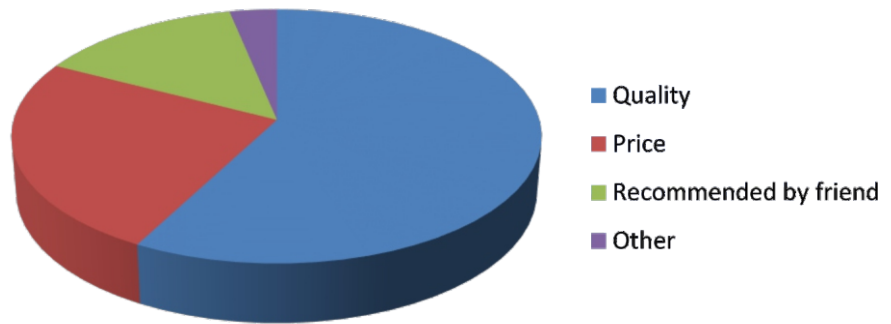
5) Which Brand of Hair Removal cream and bleach do you prefer?



From the above chart we can say that out of total 367 respondents who had replied to this question 198 preferred Veet Brand, Fem followed Veet in terms of preference with only 89 respondents, Anne French stood last with only 47 respondents preferred it over others

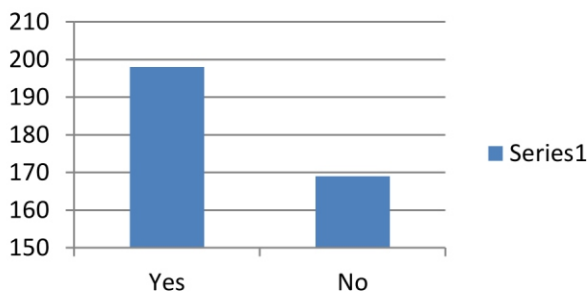
6) Which of the below given factors affect your buying decision of hair removing cream and bleach?

Quality	212
Price	91
Recommended by friend	52
Other	12



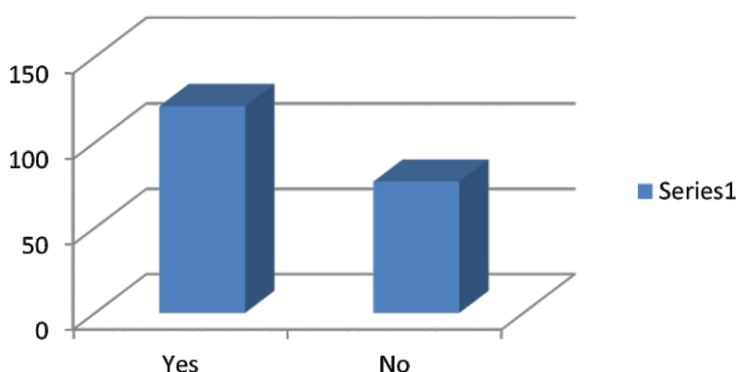
The prime factor which people consider while making a purchase decision for hair removal cream & bleach is quality. In the above chart also one can see 212 respondents considered quality as main decision making factor.

7) Have you ever used Fem hair removal cream and bleach?



Out of total 367 respondents who had replied to this question 198 had earlier used Fem products and rest 169 had never used Fem products.

8) Are you satisfied with the quality of Fem hair removal cream and bleach?



Out of 198 respondents who had used Fem products 121 were satisfied with their quality and 77 were dissatisfied with the quality.

9) Overall rating of the brands given by customers?

Fem: Above average
Veet: Good
Anne French: Average

All the respondents positioned Veet as good followed by Fem as above average.

Key Findings

We had sample size of 430 Consumers (in which 200 were males and 230 were females), 97 retailers and 20 wholesalers for this study, we found that out of 430 consumers 63 (All Males) were not at all using any hair removal cream or bleach because they believed that they were fair enough not to use any cream or bleach and hair removal should not be done by men. Rest 367 who were using hair removal cream and bleach had a very positive feedback for Veet brand because they found it very visible in the market due to its advertising and availability, in our study we found that Veet was better than Fem in consumer's perception on various factors like pricing, promotion, distribution, quality and most important satisfaction. As far as Fem is concerned it was surprising to know that out of 367 consumers who were using any hair removal and bleach 129 were completely unaware about Fem products. Out of 198 consumers who had used Fem products 77 were not satisfied with the quality and they had complains like It creates marks after use, Fem hair removing cream darkens the skin after use. There is problem in removing the hair removing cream, It's not easily removable in one go. It made allergic reaction to some customers. The third brand Anne French which we considered in the study is losing its market rapidly and consumer feedback was also negative about that brand, in this study only 47 respondents out of 367 gave it a preference over Veet and Fem. So overall rating for Fem was above average and for Veet it was good with Anne French received a rating of below average.

Even wholesalers and retailers also gave high rating to Veet in comparison to Fem and Anne French because they believed that high advertising and competitive pricing (Veet is 3Rs cheaper than Fem) along with our good commission made Veet a market leader in Guwahati region. They were of the opinion that Fem can still tap the market if they focus on appropriate push and pull measures. For wholesalers and retailers their own margin is very important factor and Veet is offering them good margin in comparison to the other two brands.

So the key problem with Fem products is awareness and commission of wholesalers and retailers.

Conclusion

The present study indicates that Fem is not a market leader in Guwahati region, all the three set of respondents i.e. wholesalers, retailers and consumers gave first preference to Veet on various parameters like awareness, satisfaction, demand etc. the present study helped in identifying pros and cons of Fem hair removal cream and bleach like Fem lacked in Advertisement where as Veet's heavy advertisement made it highly visible brand in the market, Veet was also good in terms of commission to the channel members therefore they were also pushing Veet to the consumers of hair removing cream and bleach, consumers who had used Fem products complained about some allergic effects post usage which is really very serious matter and Fem should immediately embark to tam this complain otherwise it will create many problems like consumers will start to carry a negative frame of reference towards Fem.

Market performance of any brand is a multi-dimensional concept, when we talk about market performance then we are evaluating it on various dimensions like awareness about brand, preference towards brand, satisfaction from brand, future intention to purchase, financial performance of brand etc. in relation to its core and secondary competitors. Fem as a brand has above average performance so far because based on our data analysis we can say that still as compare to its core rival Veet it is lacking in terms of awareness, preference, satisfaction and future intention to purchase. When compared with Anne French then Fem is better in all the measures of performance because based on our analysis we can conclude that Anne French is below average in its performance so far.

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An Analytical Study on Wealth Management Predispositions - With Special Reference to Millennial

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Abstract

There is a fierce race into grabbing the largest pie of cake by all but most of us want to grab that pie and store it. It is not easy to earn and rather more difficult is to save. With MNCs coming to India the dream of becoming rich is not far-fetched now. With the zeal and passion to earn and accumulate wealth, the upcoming professionals want to be independent in taking decisions to manage their wealth. Generation Y is tech savvy and agile in extracting information and making decisions. With the 4G networks, Facebook and other social media platforms, they are leveraging opportunities to shape their fortunes. They are careful investors as they have seen upheavals in the society and appreciate saving money for rainy days to reign across their lifestyle. The understanding of the hard work in amassing wealth had been passed on to them in the form of short stories by their ancestors.

Findings: Millennial have been found to be well-informed with a high propensity to save. It had also been recognized that the 'Stand-up and Start-up India' drives have been knocking on their entrepreneurial instincts.

Keywords: Wealth management, Millennial, Strategy, Marketing, Savings

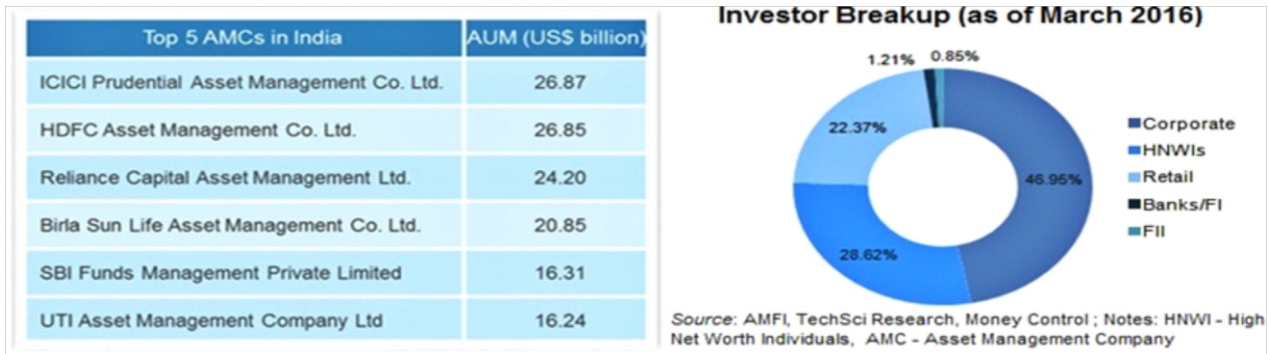
Introduction

There had been a paradigm shift in the approach towards customers. Industries of all shapes and sizes have started to look upon customers as partners and contributors of value. They are now not only the revenue providers but also product-designers, brand-builders and resonant market leaders, who command the brand-awareness in the market. It maps their evolution through three stages and along several key dimensions. It is the customers who are affected with the product and service purchase, thus it is much anticipated that they provide with the much needed key insights in the product and services improvement.

The marketers need to acknowledge this as a fact that customers are not mere buyers now; once they buy, they become brand-ambassadors to it. Due to facilitation of instant technology and legal forces of the organization, being accessible to customers and that too round the clock, 24x7, has lent vulnerability to the managers. Customers due to their perceptions would like to create their own experiences and define and refine their experiences with the brands. With their imaginations at work they would like to instill their own mechanisms of feedback and filter the criteria of relevance and appreciation.

Indian banking system, the most significant and vivacious arm of the financial sector of the nation has been an integral part of the monetary system. It is one of those sectors, which have witnessed copious vicissitudes since its inception and throughout its progress. While this is a bedrock to many industries into supplying them support in the form of credits: overdraft, debt, etc. which acts as oxygen in their business organizations, its sole source of viability withstands its credentials in its facilitation of providing the legal and more secure form of carrying out business transactions, and its pure characteristic of adapting to dynamism and volatility of the share and capital markets.

The industry has experienced many vicissitudes through its crest and trough. Banking industry in its very existential form had been meeting challenges in multi-faceted dimensions of status: public and private; strata of clientele: premium lending to financial inclusion, protection: statutory administration bodies and a host of competitive forces, operations: regulated interest rate regime or open market mechanism, modus operandi: ledger and manual processes or the comfort of online banking- this sector has phenomenally upgraded itself. With the LPG (Liberalization, Privatization and Globalization) sweeping in the nation during 1991, the industry was found tight-fisted to open up to this new change coming in. Endorsing hedonism was not in the memo of the banks. Perhaps, dearth of resources was an assisting factor for banks that prompted the banks. In the post-nationalization era, the focal point was on social banking.



Players in the Wealth Management Space			
Business Models	Market Position	Examples	Main Characteristics
Universal Banks	Strong	Kotak, HDFC, ICICI, HSBC, Axis	<ul style="list-style-type: none"> Developed lending offering. Good reach. Large players, relatively low entry levels for wealth management services. Cross-sell potential with retail/corporate network.
Wealth Management Specialists	Medium	Deutsche, BNP Paribas	<ul style="list-style-type: none"> Primarily foreign players with focus on advisory and offering of managed/structured products. Wide range of wealth management entry levels; typically high entry barriers.
Global Investment Banks	Weak	Morgan Stanley	<ul style="list-style-type: none"> Focus on the ultra high net worth segment. Institutional approach to serve clients with investment banking products.
Brokers/Dealers [Online, Retail]	Strong	DSP Merrill Lynch, ICICI Direct	<ul style="list-style-type: none"> Wide range of brokers targeting mass affluent market without focused approach for the HNWI segment. Domestic equity/mutual funds focus. Limited research recommendations.
Family Office	Weak	Client Associates	<ul style="list-style-type: none"> Holistic advisory services for specific client segments such as entrepreneurs, professionals.
Others	Medium	Independent Fund/ Insurance Advisors	<ul style="list-style-type: none"> Very low entry levels Serve clients across segments No dedicated wealth management offering Commission-driven model.

Source: Cognizant Research Center analysis

According to research reports, the wealthy households comprise only 8%, but they account for 45% of the total wealth. There is a lot of scope for wealth management sector to grow as only 20-25% from the HNWI population takes advice from the wealth managers.

As per demographic criteria, the HNWI population falls in the age-group of 30-55 years. They are looking for wealth management services, which may lead them to wealth accumulation, risk mitigation and product portfolio for yielding high returns. India is considered as an attractive economy for prospective new participants in the wealth management area as it has been predicted that it is going to be the largest economy by 2030. Another fact, which favors the growth of wealth management in India is the decrease in the share of unorganized players in the market. By unorganized players, it means the small brokers, agents and advisers. This happened because the organized players have an increased presence and also income and profitability burdens have resulted in consolidation.

As a resultant effect of this the liquid assets accessible for the organized players has increased which added to their growth in assets under management. Also it has been observed that there has been an inclination of wealth management firms in India to offer custom made services to the non-resident Indian clients. This could be a rewarding segment for wealth management in India since the number of NRI people is estimated to be huge at around 29 million all over the world.

Challenges to Wealth Management in India

Regulatory Authorities

The regulatory environment of the Indian economy is still evolving, because of which, there still is substantial vagueness in the jurisdiction of numerous regulators. And one of the reasons of wealth managers not experimenting with innovative products is because of the vigilant measures of the Indian regulators. Also looking at the various products, the commodities, derivative and bond market is not as mature as the equity market in India.

Entry mode Roadblocks

Another important challenge for potential wealth managers is setting up locations for which they have to pay a

heavy property price. The increase in the real estate prices in the last decade or so has acted as a deterrent. Moreover this factor of having physical locations cannot be avoided as wealth management as a service requires that physical presence to build client relationships.

Product and Service portfolio

Though there has been great improvement in the product portfolio being offered to investors the standards do not match with that of other mature market players. In order to succeed the wealth management service providers will have to innovate in terms of meeting the diverse customer needs. Even innovating could pose a challenge in the obstructive regulatory environment coupled with preserving the product structure and pricing transparency.

Way Forward

Wealth management services are attracting more and more attention as the economy is moving towards higher income levels and saving patterns. Looking at the trends, it indicates that there are opportunities that lay ahead of the wealth management sector to boom. But this could happen when they invest significantly in brand building to build trust, quality advisory, translucent and compliant wealth management system for the investors. Wealth management has great opportunities to expand, with the increasing number of market players. In order to avail the benefits of the potential this market possess, taking into consideration the specific features of the Indian market will be helpful for the financial service organizations. Wealth management in India is still blossoming and a promising profession for the new age India. This could be just the beginning of the best, which this industry has not yet seen.

Objectives of the study

1. To study the attitude of the millennial generation towards savings and investments,
2. To find out the type of investments that are the most popular among the millennial generation,
3. To find out as to whether the millennial generation relies on wealth management firms to manage their investments,
4. To find out the purpose for which the millennial population generally saves and invests its money and
5. To study the relationship between a person's income and his or her choice of investment.

Millennial and Wealth Management

The reasons are more than one, when one plans to invest. Those reasons are ambitions and goals driven than just tax evasion and compliance to legal structure. The return requirements, risk tolerance and liquidity needs are affected by investment portfolio and products designs. Integration of needs and aspirations and priorities rarely coincide but finding such choices that match is rare. Dan Apfel of the Network for Sustainable Financial Markets, asserted that people in the millennial generation have a mindset that goes beyond not investing in things, like gambling or weapons, they want to create positive change, not just stop investing in bad things. They want the ability to invest in solution oriented alternatives that will improve the world. For example, they're not just saying, 'I don't want to use plastic bags'. They want to create an alternative to them. This is what is driving their investment approach.

In the UK, for example, property has always been the great wealth creator. But housing has become extremely expensive and as people live longer, they'll be selling their houses to finance their retirement and care. In many cases, Boomers won't be leaving the family home to the next generation. It's not about investing for the long term anymore. It's about making money work for society. It's a whole different pitch. Boomers have always saved for retirement, putting off things like travel until they finished working, millennial want it now, not because they're entitled but for them life is about experiences.

Who's going to pay someone a 1% fee when they think they have all the same information at their fingertips? The industry is going to have to offer ideas and real direction rather than just asset allocation and stock picking." It is worth mentioning Pomares, who is quoted as: 'They gravitate towards environmental and social justice issues as well as viable investment solutions to challenges that were overlooked by previous generations. We all live in this world and we can't ignore what's happening elsewhere — it affects us all. The investment industry will need to evolve and recognize that reality.'

Research Methodology

By using survey method, 50 respondents were selected conveniently from the millennial age group (18-30 years). An interview guide was prepared and used for conducting online and offline interviews. In addition to primary data, secondary data from online journals, webpages and books were used. For analysis, various tools such as, Microsoft excel, SPSS, pie diagrams, percentages and tables have been used in the project.

Analysis and Interpretation

Respondents' Demography

Age

Table-1: Age of Respondents

Age Groups	No. of Respondents	Percentage
18 to 21	0	0
21 to 24	35	70
24 to 27	12	24
27 or above	3	6
Total	50	100

A major chunk of the respondents belong to the age bracket of 21 to 24 while the next sizeable group consists of age bracket of 24 to 27 years. The reason for the strategic selection of the sample in this age groups are that the answers had to be gauged from the millennial and their investment discipline also needs to be observed.

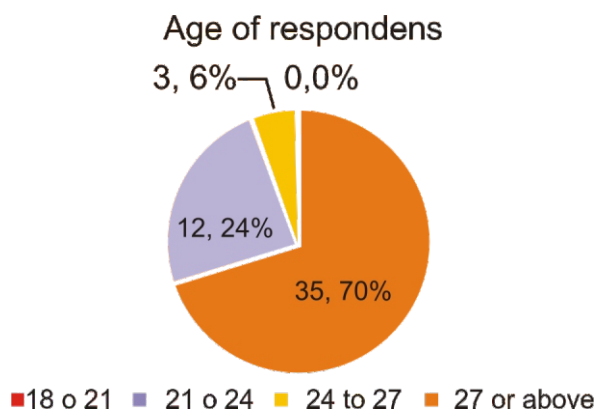


Fig-1: Respondents' Age Groups

Gender

Out of 50 respondents, 17 were females and 33 were males.

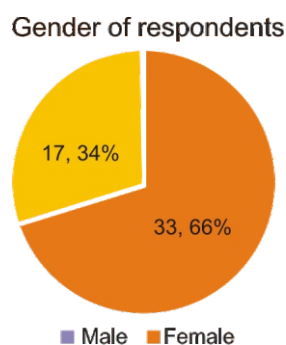


Fig-2: Gender of Respondents

Respondents' Profession/Occupation

Out of the sample of 50 surveyed, 9 were business owner and 41 were employed.

Profession of respondents

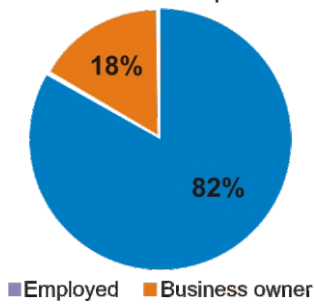


Fig-3: Respondents' Professions/Occupations

Income

The income bracket of more than 50% of the sample had been average as INR 3-6 lacs while 16 respondents had low income in the range of INR 1-3 lacs and 7 respondents had income above 6 lacs.

Salary of respondents

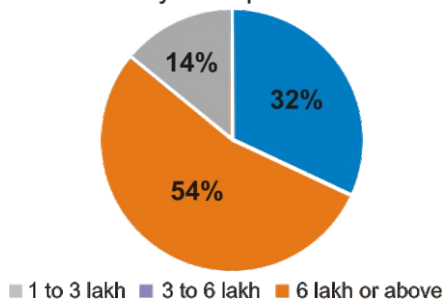


Fig-4: Income from Salary Investments

Less than 50% of the respondents declared that they have investments of their own. This is primarily due to the fact that they had just begun to earn and most of their financial needs are supported by family. Secondly, the sample size with a reasonably good income had little plans to save.

Table-2: Respondents' Investments

Response	No of Respondents	Percentage
Yes	23	46
No	27	54
Total	50	100

No of respondents Who have investments

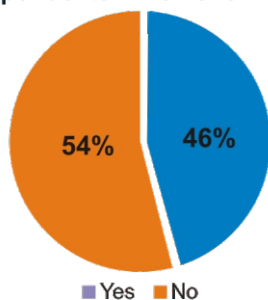


Fig-5: Respondents with Investments

Savings

Table-3: Respondents Inclined to Save

Response	No of respondents	Percentage
Yes	41	82
No	2	4
Maybe	7	14
Total	50	100

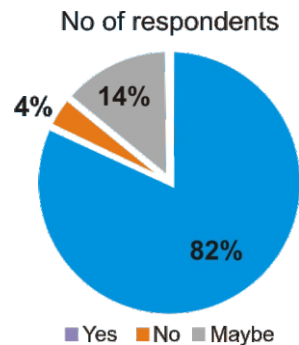


Fig-6: Respondents' Saving Habit

When asked whether they had any inclination to save, more than 80% affirmed their propensity to save but the other 18% did not. The analysis indicates that the respondents with less income too have saving motivation.

Why do you invest?

Table-4: Factors Drive Respondents to Invest

Table-4: Factors Drive Respondents to Invest

Reasons	No of Respondents	Percentage
Insecurities	9	18
Expert advice	14	28
Peer pressure	3	6
None of the above	24	48
Total	50	100

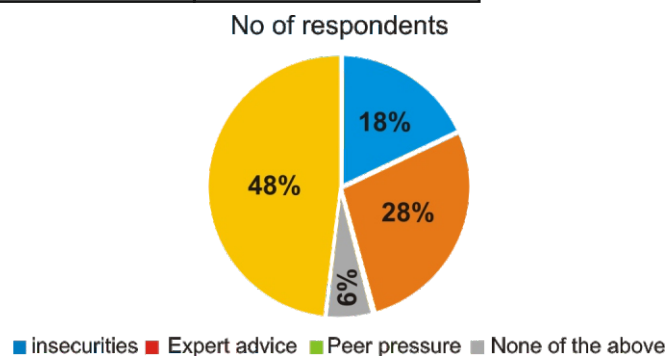


Fig-7: Factors Drive Respondents to Invest

The curiosity propelled the researcher to know what entices them to make an investment: is it because of personal insecurities, peer pressure or expert advice? Answers were interesting as about 48% said none of the above. It was observed that 28 % respondents are guided by an expert advice while insecurities and peer pressure instigate the millennial to save but more than 50% of the respondents reported to save due to parental guidance and family

advisors. As they are ambitious and are entrepreneurial in nature, they had their plans to set up a venture of their own and thus the plans to save.

Which type of investments do you have?

Table-5: Respondents' Types of Investments

Investment	Frequency	Percentage
Fixed Deposit	14	28
Recurring Deposit	12	24
Mutual Funds	20	40
Derivatives	1	2
Real Estate	6	12
None of the Above	17	34

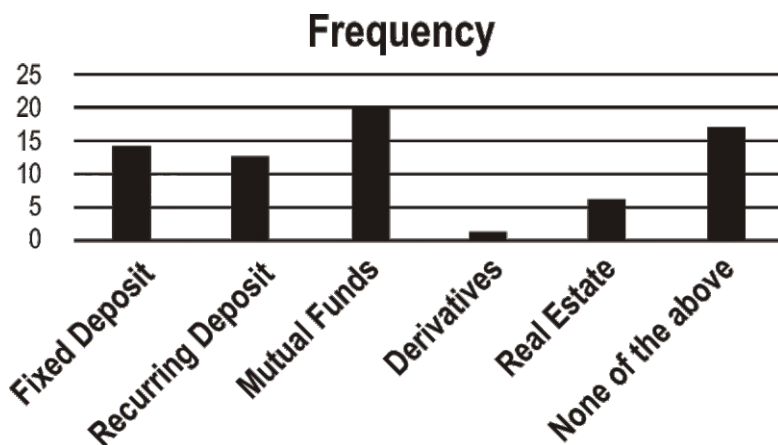


Fig-8: Respondents' Types of Investments

When asked about the types of investment, 40% of the respondents invest in mutual funds as they offer higher returns. While majority would like not to risk their avenue of investment and would like to invest in the forms of FDs and RDs as there are more respondents who are professional and would like to have regular and easily liquidifiable investments too. But 34 % respondents did not mark to invest in any of the given options as they would consider to invest in jewellery because they can use this investment and satiate social esteem factors too

What is your Purpose of investing?

Table-6: Purpose of Investments

Purpose	No. of respondents	Percentage
Reinvest	20	40
Start your own business	7	14
Take a Vacation	13	26
None of the above	10	20
Total	50	100

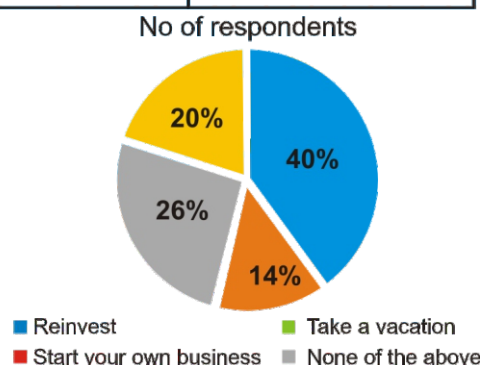


Fig-9: Purpose of Investments

With all amenities being provided by parents and realizing the significance an inclination to save and reinvest had been voted by majority. Also, that this generation had seen quite a few volatility in the economic structure and government policies. While entrepreneurial instincts spark had been held by just a few but due to stress of over-buzzing tasks promotes the idea of taking vacation.

Have you hired a wealth management firm?

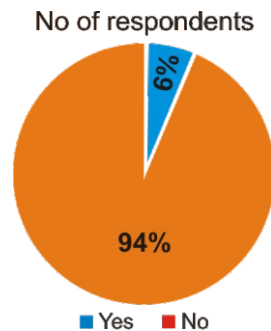


Fig-10: Respondents Using Advisory for Investment Decisions

Since the financial literacy among the respondents had been found to be fairly low and not many of them ranked them as neither competent nor confident into parking their investments so an obvious decision to hire a wealth advisory firm.

Rate your investment management skills where (1= Poor and 5= Excellent)

Table-7: Respondents' Rating of their Investment Skill

Perpose	No. of respondents	Percentage
1	9	18
2	6	12
3	20	40
4	11	22
5	4	8
Total	50	100

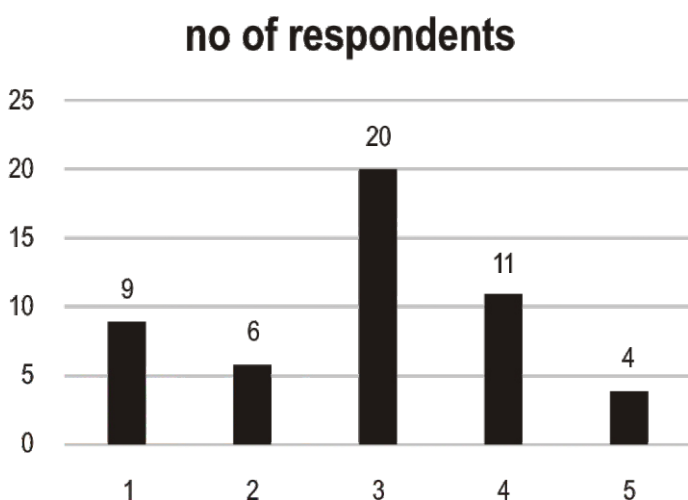


Fig-11: Respondents Rating their Investment Skills

Managing investments is both an art and science which requires an acumen that few only are blissful to own. While about 35 respondents ranked themselves high on their investment management skills but 15 respondents did not. This makes room for financial planners and advisors to hold workshops and guide this cohort of population.

Do you really intend to invest or you are simply trying to save tax?

Table-8: Respondents' Motive behind Investments

Perpose	No. of respondents	Percentage
Plan to invest	32	64
To save tax	11	22
Don't indulge into savings	07	14
Total	50	100

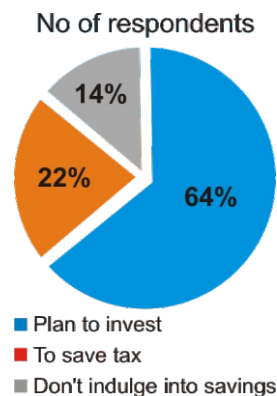


Fig-12: Respondents' Motive behind Investments

When asked about the reasons to save, only 22 % are found investing to avoid tax, but majority (64 %) do it to ensure better future.

Main Findings

- Most of the respondents have expressed their inclination and interest in saving their money.
- Fixed deposits and mutual funds seem to be the most popular type of investments among millennial, while derivatives are the most unpopular ones.
- A small percentage of respondents have hired a wealth management firm to handle their investments.
- An average millennial do not want anyone else to manage their investments.
- Even if they do hire a firm, they are looking for advice only. They do not want to hand over full control of their investments to someone else.
- They are extremely cautious and aware. Many millennial prefer filing their own tax returns.
- The millennial who are earning more than 6 lakhs per year prefer investing in mutual funds, as they can afford to be adventurous.
- On the other hand, the millennial who earn between 1 to 5 lakhs per year, are more cautious and prefer to invest in fixed deposits and recurring deposits as it promises security and a guaranteed rate of return.
- Most of the millennial who have an interest or inclination towards saving, are motivated by 'Expert advice'.
- The study corroborates the predisposition of millennial as discussed in literature review of this fast-forward generation to be experimental and risk averse.
- The generation as a cohort had been found to be confident even in the complex dynamic financial domain as this and the conventional marketing tactics had a thumb down from this very active minded generation.

Limitations of the Study**Lack of disclosure**

Many respondents who were approached, were hesitant to disclose their incomes, savings and investments. This might align with individual's need to keep their finances private.

Few Business owners

Only a small number of business-owning millennial could be contacted for the study.

Recommendations

- Wealth management firms need to understand that millennial are extremely different from the previous generations, such as the baby boomers and generation X.
- Millennial are highly brand conscious. They want to be connected with only those organizations that have a strong and visible brand personality. Wealth management firms must understand this, and work on creating a better market presence.
- Service organizations need to work on their blog marketing skills.
- Digital branding is the way forward for this generation to garner business and assent to business proposals.
- Millennial are well-informed, well-aware and extremely cautious about the business environment. They appreciate full disclosure of information while making any business deals. In case a wealth manager is not fully honest with a millennial client, things can go south very easily.
- Millennial are a spontaneous and risk-taking bunch. They are much more open to changes than the previous generations. Wealth managers must come up with high-end and lucrative investment plans in order to retain millennial clients.

Conclusion

Wealth management is a growing industry, not just in India, but globally. New players are entering every day, catering each and every investment need of the populace. Millennial are an important part of the equation. These are a diverse and unpredictable bunch on individuals. They are extremely aware, brand conscious and independent. They do not want to be dictated as to how they should manage their investments. They are looking for advice only and are not willing to give up control. Wealth management firms need to buckle up, if they intend to retain millennial clients. They must come up with better customer service techniques, better investment schemes and a much more open mind when it comes to dealing with millennial. Although a large number of millennial are simply saving up for their next adventure, next vacation or a new gadget, there are many who genuinely want to invest and have their future secured.

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Musings of an Apprentice: Business Thinking Meets Design Thinking to Create a Design-led Innovative Company

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Abstract

Businesses realize that delivering an awe-inspiring customer experience in the digital era is no longer an option. The business imperative is the need to transform themselves to avoid losing existing and future customers to competition. However, to visualize the blueprint for success and become an “Experience Maker” and fine-tune offerings based on what customers expect, the business requires rethinking everything, though some of the ideas may seem overwhelming. To leverage the “experience wave,” the business aspiring to be “future-ready” need to focus on: connectedness, immediacy, relevancy and visual quality. This calls for the change in mindset of the senior leadership to realize the underlying reality of an experience business and their ability to empower employees across all levels to take timely decisions with real-time data for the value segments and elevate the perception of the company’s ecosystem. The article shares A the perspective of a redesigned, reformed and transformed business design professional. The author shares her journey, experience, progress, and point of view on today's often discussed “design thinking or building a design-led innovation culture,.” a must have skill in today’s digital and experience era.

Background

While I love the idea of design being applied by a battalion of brains to make a meaningful impact in business and the world, I have mixed feelings about Design Thinking. I firmly believe the term was coined by Tim Brown (2009) of IDEO in a well-intentioned manner. Pioneers like Roger Martin (2009) and Tim Brown (2009) have directed the shifting role of design from a noun to verb in the networked economy. It can and is being applied by forward-thinking businesses and disruptors to create a USP (unique selling proposition) or differentiator to respond to changing trends, consumer and employee behaviors and expectations, and gain a competitive advantage that ultimately drives business growth and impacts bottom-line.

I have realized that the whole brain thinking, empathy, diverse viewpoints, research, analysis, big data insights, ideation, validation; balances the art and science behind the ways a human can engage their mind to solve complex problems in today’s networked economy, is spot on. It’s agile, learnable, repeatable, disciplined and flexible process ensures that even an ordinary person can use to get things done while creating unique and qualified value which complements the existing value management capability.

Inspired by the success of Apple, Amazon, Google, Airbnb and many more, the good news is its gaining traction globally, and India too is joining the bandwagon. However, I also have my fears. It stems from the fact that, often businesses lured by innovation and sweeping organizational change are jumping into it without really understanding what design thinking is, how it works and why do they need it in the first place.

Even worse, there are many claiming to be “design thinkers” after learning about the standard methods and tools of design thinking process or those who run a UI/UX design firm. Their engagements are driven by one-off workshops which usually ends in creating a prototype with a roleplay or pitching session, without focusing on following through the ideas for execution. Most often this is resulting in misdirected solutions and outcomes disappointing business, who abandon it and return to the old ways of working.

Because of these illusions, and the rampant use of the term, I fear it has perhaps, led to some misdirection and misconceptions, and has diluted the value of design thinking and the ROI it can realize. It is also delaying the management buy-in to invest in this critical tool that is the need of the hour.

The need of the moment is the right know-how of how businesses can apply this idea-inspiring, culture-building, co-creating and revenue-driving approach, and the commitment they need to make is to take a call, if they are ready to embark on the journey. I am glad that many business schools and are all set to demystify the concepts of design

thinking, by imparting the know-how of design thinking tools and techniques and the necessary mind set to students and business leaders.

Back in the school days

Design Thinking? What is this? Oh, and post-it notes was unheard of, even in the product design sessions in my engineering school or while understanding consumer behavior in business school.

I attended engineering school in a mostly pre-digital age. I was sharing a 386 PC with my classmate learning to code or using Auto CAD to design a product, and we had heard of something called the internet.

A couple of years later, when I joined a business school email was beginning to gain traction, surfing the internet was an expensive affair, but one had to wait for your turn to access the PC in school or internet café. eCommerce was elective coursework exposing us to a new disruptive model using technology. There was no mobile phone, social media, wearables, mobile apps, mobile or cloud computing.

There was no concept of User Experience (UX), Customer Experience (CX), Employee Experience (EX) or Service Design (SD). There was architecture, graphics and industrial design in engineering school. In business school, there was Kotler's 4 Ps (Product, Price, Place, and Promotion); and the focus was to learn how to get the final product to market while reducing internal costs and increasing margins. The customer was another crucial factor in decision making.

Well to cut the story short, the schooling equipped me with the basic skills to become employable

Engineering:

Hard, or concrete, skills: Knowledge of core subjects, machine design, CAD, application of the knowledge, familiarity with industry standards, understanding the mechanisms between components in a system, soft, or complex skills – attention to detail, scientific mind-set, analytical and creative thinking, adaptability, collaboration, team player.

MBA:

Hard, or concrete, skills: accounting, economics, statistics, marketing, sales management, operations, finance, investing and supply chain. Soft, or complex, skills: business thinking, communications, ethics, organizational behaviour, strategy, leadership, change management, negotiations, and entrepreneurship.

For better or worse, most associate an Engineering degree or MBA with only the hard skills. While hard skills are vital and important, but the “secret sauce” for success I realized later in my career is to learn and hone the complex soft skill set.

Noticeably absent? Design Thinking.

Oh, and post-it notes. I never saw those in industrial product design or consumer behaviour sessions either.

The early years of my career

I rolled up my sleeves and got immersed in the tough world of sales, and consulting.

Post-engineering, a couple of years in sales taught me valuable lessons about business. To name a few, I learned to talk to strangers, ask them questions to understand their needs and gauge their interest, take notes without losing eye contact, deal with rejection, looking and reacting to signals, prioritization, building relationships and business ethics.

With the burning desire to learn how a business functions, I landed in a business school.

I entered the emerging world of software product consulting immediately upon graduation from business school. I was among the first wave of management professional hired by the company to become a multi-tasker – a product manager, function tester, and implementation consultant. I was tasked to collaborate with software engineers, sales, and marketing to start shifting software from a highly technical, unapproachable space to solve business

problems and help the client's employees accept this software.

I resisted any notion of my role being constrained:

- **as a sales executive** – to miss sales closure on the grounds of poor product features
- **as product manager** – to becoming reactive to changing market dynamics
- **as a function tester** – to have no foresight to envisage all possible scenarios the users can use the software
- **as an implementation consultant** – to create the necessary balance between “let's move to action” and “let's make sure we are acting on the right things” in client organizations.

Instead, I worked diligently to understand the business needs; business or people constraints of clients in different industry; their business process; the underlying process variations because of the different business models and organization culture; passing on consumer feedback to the product team; the (often) non-trivial limitations of emerging technologies and so on.

The curiosity to apply my engineering design and business thinking fundamentals challenged me to grow my literacy (I realized it much later that it's a must for design knowledge) to help my clients reshuffle their focus:

- 1. Understanding and applying principles** of the software interface layout, color, space, typography, while keeping in mind the end-user context
- 2. Identifying context and forming relationships** between users, things, activities, systems and business process, honed my facilitation and change management skills
- 3. Accurately identify problems and requirements** – solution requirements, business needs, end-user needs and wants constraints and timelines
- 4. Not oversell and pretend to know everything** accepting “I don't know” is a valid answer and being honest builds trust
- 5. Creating compelling stories to get the buy-in** that could move people, get them out of their comfort zones, impacting their point of view and get their full support and understanding
- 6. Exploring possibilities** by focusing on partnering, co-creation, and enablement – by ideating with clients, peer colleagues, and think-tanks; enable clients to be self-reliant
- 7. Faking it till I could make things with my hands** my profile was often sold to the client as a senior expert consultant, just to get me off the bench, the reality being I knew nothing about it. I had to learn on the job and start delivering overnight while embracing the qualities of deep craftsmanship in all one produces to avoid getting caught
- 8. Applying critical thinking** to critique client processes, to refine concepts, establish new objectives, spot the quick wins and identify the long-term benefits, implement the solution, measure the progress and uncover additional opportunities
- 9. Stay abreast of upcoming changes** in the industry, technologies and business concepts to add spark to the conversation and to justify my relevance
- 10. Practice what I preached**, e.g. if I said “this solution meets your requirement” then I demonstrated “that this solution meets their requirement”; I can't change how others think if I didn't model what that looks like myself. The collaboration with software engineering, sales, and marketing paid off, and I successfully took multiple products and solutions to market. Moreover, I was pretty good at it.

And, still no design thinking?

A necessary change

If you were hand-picked tomorrow to make strategic decisions and run a business, would you be able to? The answer was a “Yes.”

The itch for career advancement, made me climb a straight vertical ladder with the destination of an M&A program manager, marketing director and later a practice head. I was soon saddled with additional management responsibilities, and it required me to “master people.” Unfortunately, there were no horizontal ladders available, opening the bridge to a bunch of doors on the same floor and help me gain “mastery of oneself.”

While my consulting stint had helped me meet new people from different departments, and get a hands-on feel of the problems and everything that was going on in the client organization and deliver solutions and getting appreciated for the outcomes, it had not geared me to break down my own organization's departmental silos.

In the leadership role, I became increasingly frustrated with a lack of ability to impact strategic direction in a short period. So many times we had a get-together to brainstorm and attempt solving a problem, but nothing was getting accomplished. How many times after I left a formal meeting, I doubted that anything was actually going to change? I realized, this damage was self-inflicted, as internally within the organization, we were not practicing what we preached to clients as consultants.

This discomfort resulted in a search for a solution and some self-reflection.

The reflection:

As a consultant, there was often a well-defined problem, and I complimented it with a pre-packaged solution. The solution was modular in nature as we knew “one-size-does-not-fit-all,” giving consultants like me the flexibility to customize it to meet the client requirement. The business skills acquired helped me quickly solve linear problems. It was dealing with the non-linear business problems having the following characteristics – volatility, uncertainty, complexity, and ambiguity; I was struggling with.

The realization:

“In the rush to meet deadlines and numbers, we were not allocating sufficient time to think through the problem truly. Instead, we jump at the first solution dished out, without measuring its merit as a functionally, financially and technically viable solution meeting the customer’s actual need. In the process, we often end-up treating symptoms and not the actual problem. Surprisingly, it is that “little thing” that was missed—something so obvious – paving the direct path to failure.”

Finally! Enter design thinking: During this challenging time, my organization exposed me to a design thinking workshop, which turned out to be a blessing in disguise.

My total transformation – A new way of thinking by connecting design to strategy

I transformed from being in the business of designing point solutions to being in the business of designing businesses.

Since then, I have been participated and facilitated multiple such sessions, with diverse cross-functional teams across different companies in different industries. Its collaborative nature helped circumvent the friction created by the departmental silos, involving the relevant stakeholders, right from the start in its workshop based approach. I honed the art to balance between “let’s get to action” and “let’s ensure we are acting on the right context at the right time,” while steering the team forward into expansive waters of exploring incredible options. I learned to manage this energy and empower teams to share ideas and participate without any inhibitions to deliver outcomes efficiently and effectively.

It helped me realize that innovative business changing ideas can be fleeting at times, but design thinking provides a structured approach to deal with it. I got the opportunity to try various elements of design thinking and became really passionate about it because it works. This gave me the confidence to practice, master and tweaked the method so that it provides value to my clients.

Fortunately, my thinking got rewired, and I was transformed by the design thinking process, framework, toolkit, and mindset. I got a new lens to view the business, and a fresh perspective on reality, performance and success.

– The “what is” shows me the mirror and face the current reality.

– The “what if” makes me a futurist to envisage desirable and sustainable paths of action. It helps me combine empathy and data to analyze trends; recognize patterns, opportunities, and breakthroughs in social and business innovation to create a preferable future. It gives me the ability to remove the barriers while implementing a game-changing design – using data, empathy, imagination, and intuition.

– The “what wows” keeps me grounded to focus on creating and delivering this magic over and over again.

– The “what works” helps me make and keep things simple, relevant and convenient.

I entered with a design thinking toolkit, which provided a set of lenses through which I could find solutions from the perspective of the users and not try to fix the problem based on the originator or creator. Perhaps it was a cube,

allowing me to flip a problem around in order to notice, empathize, define, ideate, prototype, test and refine.

With a rewired mind set and applying the principles of service design, I exited with an ambidextrous design-led innovation framework for the network economy which gave me a strategic multi-dimensional lens, to see collections of interdependent components in the organization as a set of relationships. It helped analyse the relations between emerging behaviors influenced by the complex social, technological and economic ecosystem in which the organization operates; to attack problems and find the best solution. Now, I can flip a much more complex shape. I am not sure what it is – perhaps it's a kisdodecahedron.

Reboot the management – a new operating system

Still Confused? Let me use a simple metaphor to clarify your doubts. Imagine a stage in a theatre; the front stage is where the magic and engagement happens and what the audience can experience. The lead actors being sales and customer service professionals, your website, mobile apps and social media. The front stage view encompasses what your business does that customers can see, hear, feel and touch; and forms their opinion based on the interactions.

The backstage view comprises of things a business does but is supposed to be invisible to the customer, but critical to enable the experience. The backstage experts support the front stage, with the crew, the lights, the sets, the makeup, and the extras and so on. In the organization context, the backstage, are the different departments marketing, product engineering, operations, information technology and so on who make front stage magic happen.

Then there is the behind-the-scenes actors – the leadership team, who provide the strategy, tools and create the conditions to make both the front and backstage break-down the silos and work as a team to address the customers and business needs. The work environment, guiding principles, practice and systems; and all the things that aren't really a part of either the front or backstage. The leadership team cultivating a new mind set to bring external 'chaos' into the organization and view it as something positive. They make bold decisions and change things, only to change them again shortly after. They do so by reducing the formal hierarchies, reduce control and fear – build trust and share the work of setting direction, exploit the diversity and re-invent strategy making and leaders who create meaning for every individual stakeholder.

The key is to reimagine the front stage and backstage from the outside in, to reduce ambiguity, uncover opportunities and simplify the organization. By connecting design to strategy, companies can apply design to clarify business strategies, simplify and humanize complex systems and create a roadmap to systematic and sustainable innovation.

Quite often this is a business case for behind the scene teams, to embark on a cultural change initiative and rewire the thinking for systematic sense making and fast decision-making to shape experiences for solid business outcomes, especially in the networked digital era. The intent is to create and reinforce a design-led innovation culture, which promotes speed, entrepreneurship, diversity, innovation, and risk-taking. As a master of ceremonies, my role is to aid businesses to prepare for this journey using the ambidextrous design-led innovation framework.

Essentially, I went from being in the business of designing point solutions to being in the business of designing businesses. Since then, I never looked back.

My biggest fears, concerns, and complaints

My passion in Design Thinking and arriving at an approach to prepare the organization mind set to Build A Design-Led Innovation Culture was born from a personal journey. My schooling and professional experience, combined with the curiosity, created a burning desire to rise through the distraction of detail and combine design and business into a single thought process, uniquely tuned to do what, I call practical service design thinking and doing.

Yet, most design thinking practitioners operate, in a complex environment and still a nascent market. Design Thinking is tossed like a magic potion capable of solving all ailments. And, any design project related to UI and UX is characterized as "design thinking."

The things I actually don't want to see happen are:

1. Design thinking replaces design doing – Whacky ideas, sticky notes, great visuals, fashionable clothes and know-how to use the toolkit, don't make good designers.

Reason: It about – a well-honed understanding of business fundamentals, using both qualitative and quantitative techniques to empathize and reflect the customer's voice, helping build an emotional connection to the brand, hands-on creation to visualize and communicate complex information, evaluate prototypes and acting on user feedback a routine, defines design.

2. The designer skill set gets unacceptably exaggerated – Having a design degree or title doesn't qualify one to design anything and everything.

Reason: Designers need to understand the limitations of their practice. They need to move beyond creating an aesthetically appealing product or focus on winning design competitions. They need to embrace their limitations and work with their business counterparts, and focus on skills they excel in (e.g., amazing ideation and visualization skills) and take a more holistic view of how to create a Minimum Lovable Product, and how their designs will be received in the marketplace.

3. Design thinking becomes misunderstood as design-led – Too many designers hold up Apple, and digital stalwarts like Amazon, Google, and LinkedIn as the success mantras of what's possible when an organization is "all-in" on design thinking and calling it design led.

Reason: The truth about Google's famous 20% policy is employees are encouraged, to spend 20% of their working time on what they think will most benefit Google, apart from working on their regular projects. Last time I checked, the late Steve Jobs was not a designer. He was a business leader, with a clear vision for his firm and the leadership acumen to implement that vision, including insights to making timely acquisitions, investments and partnerships.

4. Empathizing replaces market analysis – Human-centered design is essential but doesn't guarantee results of new product/service innovations

Reason: Henry Ford's statement comes to my mind – "If I had asked people what they wanted, they would have said faster horses." So if you are a disruptor, depending on the potential of the innovation, it might be counterproductive to follow the customers initially, as they operate from the frame of known. For example, Uber would have learned that people want to pay for their taxi with a credit card and maybe order it on their phones, but surely not ride in the private car of a stranger, who is not a licensed driver or share a ride with a stranger. Once the product/ service is out in the market, design thinking has helped Uber build sustaining service innovation to resonate with the audience.

5. We lose view of the big picture – Design Management is as much about management and employee empowerment as it is about design

Reason: Innovating the customer and employee experience is just a small piece of the puzzle. The orchestration of people, process, technologies, context, content, conversations, scenarios and environments requires a clear understanding of business dynamics. It is the ability to tackle customer, business, and organizational challenges, and setting boundaries where employees can exercise their empowerment, to build capabilities and deliver the business outcome. It is not getting obsessed with building great products but also about offering excellent service, as service can cause more frustration to customers than the product. It is about the leadership freeing up time to think, passing the baton to the middle management to manage the daily grind of managing the business, and focus on the actual work of leadership.

My hope

I'd like both Design Thinking and Business Thinking to be at par, and be viewed as a necessary acumen for building a design-led innovation culture.

However, we are still very much at the start. But, it's not enough.

We need to realize that many of the soft, complex skills in the engineering and management framework are as relevant as design thinking skills. Perhaps it is more critical. Skills like facilitation and change management, effective communication, storytelling, visualizing are key enablers to design thinking and innovation efforts.

Like leading business schools, I hope the design community takes a step back to assess what it does and does not know. Their curriculum too needs to be modified to help designers augment their understanding of business.

The crux is we need design leaders who can design and think, not ones that have been taught how to do today's wireframe, persona, empathy map, journey map, service blueprint or few other tricks up their sleeve. We need them to help organizations become trendsetters, and uproot once-thriving businesses by questioning the status-quo and embracing new ideas, unfamiliar approaches, and alien concepts. We need to get the leadership to shift from "business as usual and focusing on creating profit for shareholders" mindset to become "an opportunity and growth hacker while creating value for stakeholders."

It's the beginning of the journey to design business to survive and sustain in today's networked economy.

Back to you – design thinking and design doing in the era of 'Always-on' transformation (this is actually the conclusion)

To disrupt, you need to design the system or get disrupted with your organization getting designed by the system.

As designers and architects of the future, you have an opportunity to play an influential role in constructing the "new reality" and improving the experience of people on the planet in the network economy. A short-term profit focus or reacting and responding to current conditions will be an opportunity lost. Alternatively, you could be a visionary and help redefine "how things work." By acknowledging this and setting out with a clear charter, you have the potential to explode into a 21st Century Renaissance.

I am curious about the relevant education, how as budding designers, you choose to step up to the challenge and lead us towards a future characterized by innovation – aesthetics, functionality, and relevance.

In the wake of this: What is your view on Design Thinking and Design Doing to become a Design-Led organization? Do you agree that if design is an approach to a creative organization, it can't be independent of logic – as creativity is the skill to make sense of new logic? What experiences would you like to share by mixing Design Thinking with hard and soft skills from Business Thinking?

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Sumantra Ghoshal : A Great Management Thinker from India

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It was around 1964, a brilliant young boy finished his schooling from Ballygunge Government High School in Calcutta. He was exceptionally intelligent and took a fascination for Physics. That was the tradition those days, the most brilliant students in West Bengal would rush to join B.Sc. with Honours in Physics at the famous Presidency College in Calcutta. He however shifted to Delhi University and joined B.Sc.(Hons.) with Physics. Little did the world know at the time that instead of becoming a Physicist this brilliant young man one day would be a great Management thinker known to the global academic and corporate world as Dr.Sumantra Ghoshal.

Sumantra was born on 26th September 1948 in Calcutta and died of brain hemorrhage on 3rd March 2004 in London. In his life span of 55 years he came to be known as an inspiring Professor, an avid researcher, a prolific writer and a corporate advisor.

After studying Physics, however he became interested in Management and joined as an MBA student at Indian Institute of Social Welfare and Business Management (IISWBM) in Calcutta. IISWBM, incidentally is the first B School in India to offer an MBA degree. It was established in 1953. His initial training in Physics helped in developing a keen sense of observation and a questioning mind which stayed with him throughout his life. Sumantra's first corporate job was with Indian Oil Corporation. After working there for a few years and progressing upwards along the corporate ladder he wanted to pursue higher study in management. His brilliant track record fetched him the prestigious Fulbright Fellowship and Humphrey Fellowship and he arrived in US in 1981. He enrolled at the prestigious Sloan School of Management at Massachusetts Institute of Technology and obtained his PhD in 1985. His pursuit of academic excellence did not stop there and soon enough he received DBA from Harvard Business School in 1986. This probably is the only case in history where someone obtained two doctorate degrees from the two top universities in the world. The most remarkable feat was that the two degrees were awarded for two distinctly different dissertations on separate topics and Sumantra had worked on them almost simultaneously.

Armed with these prestigious degrees, Dr Sumantra Ghoshal decided to leave US and joined as a faculty member at INSEAD Business School in Fontainebleau, France in 1985. He soon became known for writing a series of thought provoking articles. He became Full Professor in record time and worked there for almost ten years. In 1994, he joined as Professor of Strategic and International Management at the London Business School and worked there till his last days. He also became a Fellow of the Advanced Institute of Management Research (AIM) in the U.K., The Academy of International Business and the World Economic Forum. He maintained strong interaction with his alma mater. He was a Visiting Professor at MIT and he wrote many books and articles with his close friend, Professor Christopher Bartlett at Harvard University. He also served as a member of The Committee of Overseers of the Harvard Business School. He was one of the Founding Deans of the Indian School of Business in Hyderabad. He received many laurels and awards for his ground-breaking work. The famous magazine The Economist declared him as 'Euroguru'. Accenture Consulting Company ranked him among the top Top 50 business intellectuals in 2002.

His contribution to management theory has been enormous, ground breaking and also controversial to many. He along with Christopher Bartlett researched many successful companies around the world. They came up with a new analysis. In management jargons, terms like Multinational, International and Global enterprises are used extensively and interchangeably without making any distinction. They found a fine distinction between these companies in terms of strategic competency and structure and proposed that since the world is changing rapidly, there is a need for adaptation with a drive toward a company that masters not one, but all three of the strategic capabilities. The ideal-type thus created was named as transnational enterprise.

He was the champion of individualistic freedom of thought. He and Bartlett together proposed individual behavior model highlighting a context shaped by stretch, trust, support and discipline. This individual behavior of managers would lead to a vigorous, energetic organization which can renew its growth when necessary.

He also propounded an interesting '525 rule'. The rule meant that 25 per cent of a company's sales revenue should accrue from products launched during the last 5 years. In simple words, a progressive company should introduce a new product in every 5 years. By the time the competitors can catch up, the company is on its next product. We can see that happening with Apple.

A little before his death, he wrote a paper which jolted the corporate world. He declared that much of corporate corruptions were result of the way management was taught at the B Schools. This was a reminder that most of the managers at Enron Corporation were brainy graduates from top B Schools in US. The curricula laid heavy stress on decision science with scanty respect to morality. Thus, students were made to think and work towards profit making. He wrote, *"Business schools have actively freed their students from any sense of moral responsibility"*. He believed that management theory that solely focuses on the economic aspects of man was not correct. He wrote, *"A theory that assumes that managers cannot be relied upon by shareholders can make managers less reliable."* He concluded that *"Today's management theory being 'under-socialized and one-dimensional, a parody of the human condition more appropriate to a prison or a madhouse than an institution which should be a force for good."*

He was the author of some most talked about books and articles in prestigious journals. He wrote approximately seventy articles in journals and many award-winning case studies. He wrote many books, some individually and some with co-authors. A few of his books were reprinted multiple times by different publishers in different formats. His first book *The Strategy Process Concepts Contexts Cases* was published in 1987. His last book *Managing Radical Change* won the Management Book of the Year award in India. His famous books are

1. *Managing Across Borders: The Transnational Solution* co-authored with Christopher Bartlett. This book has been listed in the Financial Times as one of the 50 most influential management books of the 20th century and has been translated into nine languages
2. *The Differentiated Network: Organizing the Multinational Corporation for Value Creation*, co-authored with Nitin Nohria won the George Terry Book Award in 1997
3. *The Individualized Corporation: A Fundamentally New Approach to Management*, co-authored with Christopher A. Bartlett, won the Igor Ansoff Award in 1997, and has been translated into seven languages.

His other books include

1. *A Structural Equation Model of Scanning Behavior of Managers*
2. *Language Strategies for Global Business*
3. *World Class in India*
4. *Organization Theory and Multinational Corporation*
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Interestingly, a collection of his important papers has been published as a book by Pearson Education in 2005. This was titled as Sumantra Ghoshal on Management: A Force for Good. The book was edited by J Birkinshaw and Gita Piramal who wrote the first chapter analyzing the evolving thought process of Ghoshal.

Dr Sumantra Ghoshal left us in 2004 creating a vacuum in the intellectual world which would be difficult to fill up. He is survived by his wife Sushmita and two sons Anand and Siddharth in London and his father in Kolkata and brother in Bengaluru.

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