



M.COM
SEMESTER - IV (CBCS)

BUSINESS STUDIES (MANAGEMENT)
MANAGEMENT OF
BUSINESS RELATIONS

SUBJECT CODE: 67522

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SYLLABUS

*Revised Syllabus of Courses of
Master of Commerce (M.Com) Programme at Semester IV
(To be implemented from Academic Year- 2017-2018)*

Group B: Business Studies (Management)

5. Management of Business Relations

Modules at a Glance

SN	Modules	No. of Lectures
1	Introduction to Management of Business Relations	15
2	Customer and Channel Relationship Management	15
3	Employee Relationship Management	15
4	Supplier, Investors and Community Relationship Management	15
Total		60

SN	Modules/ Units
1	Introduction to Management of Business Relations
	<ul style="list-style-type: none"> • Business Relations - Need , Importance of Business relations, Business Relationship Management (BRM) Competencies. • Business Relation Manager- Role, qualities, Skills. • Business Relations- Principles, Steps , Trends, Impact of Communication on Business Relations.
2	Customer and Channel Relationship Management
	<ul style="list-style-type: none"> • Customer Relations Management: Concept, Characteristics of an empowered customer, Approaches &Types, Role of Customer Relations Manager. • Designing and developing customer Value- Turning customers to loyal clients, Strategic Framework for CRM, E-CRM: Concept and Benefits, Steps, Successful CRM implementation. • Channel Relationship - Concept, importance , Challenges, Elements contributing to effective channel relationships.
3	Employee Relationship Management
	<ul style="list-style-type: none"> • Employee Relationship Management - Concept, Objectives of Employee Relations , Approaches to Employee Relations, • Role of Employee Relations Manager, Prospects & Importance of Industrial Relations, Problems & Challenges of Employee Relations, Key Drivers for shifting from Industrial Relations to Employee Relations, • Strategic Framework for ERM,Factors influencing ERM, Essentials of an effective ERM, ERM strategy.
4	Supplier, Investors and Community Relationship Management
	<ul style="list-style-type: none"> • Supplier Relations – Concept, Supplier Segmentation Pyramid, Supplier Improvement Process for better relations, Challenges. • Investors Relations –Concept, Focus, Keys to successful investors relations, Enhancing shareholders loyalty and retention. • Stakeholder relations- Types of stakeholders, Role of business in social development, strategies to improve community relations, impact of community relations on business.

Scheme of Examination:

The performance of the learners will be evaluated in two components. One component will be the Internal Assessment component carrying 40% marks and the second component will be the Semester End Examination component carrying 60% marks.

Internal Assessment:

The Internal Assessment will consist of one class test of 40 marks for each course excluding projects. The question paper pattern will be shown as below:

**Question Paper Pattern
(Internal Assessment)**

Maximum Marks: 40 marks

Questions to be set: 03

Duration: 1 hours

Question No.	Particular	Marks
Q - 1	Objective Questions Students to answer 10 sub questions out of 15 sub questions. <i>(*Multiple choice/ True or False/ Match the columns/ Fill in the blanks)</i> OR Objective Questions A) Sub Questions to be asked 08 and to be answered any 05 B) Sub Questions to be asked 08 and to be answered any 05 <i>(*Multiple choice/ True or False/ Match the columns/ Fill in the blanks)</i>	10 Marks
Q - 2	Concept based short questions Students to answer 5 sub questions out of 8 sub questions.	10 Marks
Q - 3	Practical problems or short questions Students to answer 02 sub questions out of 03 sub questions	20 Marks

**Question Paper Pattern
(Theoretical Courses)**

Maximum Marks: 60

Questions to be set: 04

Duration: 2 hours

All Questions are Compulsory Carrying 15 Marks each.

Question No.	Particular	Marks
Q - 1	Full length Question	15 Marks
	OR	
Q - 1	Full length Question	15 Marks
Q - 2	Full length Question	15 Marks
	OR	
	Full length Question	15 Marks
Q - 3	Full length Question	15 Marks
	OR	
	Full length Question	15 Marks
Q - 4	Objective Question (Multiple Choice/ True or False/ Fill in the Blanks/ Match the Columns/ Short Questions.)	15 Marks
	OR	
	Short Notes (Any three out off Five)	15 Marks

Note :

Full length question of 15 marks may be divided into two sub questions of 08 and 07 marks.

Sr.	Particular
01	<p>Standard of Passing</p> <p>The learner to pass a course shall have to obtain a minimum of 40% marks in aggregate for each course where the course consists of Internal Assessment & Semester End Examination. The learner shall obtain minimum of 40% marks (i.e. 16 out of 40) in the Internal Assessment and 40% marks in Semester End Examination (i.e. 24 out of 60) separately, to pass the course and minimum of Grade E in the project component, wherever applicable to pass a particular semester. A learner will be said to have passed the course if the learner passes the Internal Assessment & Semester End Examination together.</p>
02	<p>Allowed to Keep Terms (ATKT)</p> <p>1) A learner shall be allowed to keep term for Semester II irrespective of number of courses of failure in the semester I.</p> <p>2) A learner shall be allowed to keep term for Semester III if he/she passes each of the semester I and Semester II OR a learner fails in not more than two courses of Semester I and not more than two courses of Semester II.</p>

INTRODUCTION TO BUSINESS RELATIONSHIP MANAGEMENT

Unit Structure

- 1.0 Objective
- 1.1. Introduction
- 1.2. Need and Importance of Business relations
- 1.3. Competencies of Business Relationship Management (BRM)
- 1.4. Business Relation Manager- Role, qualities, Skills.
- 1.5. Summary
- 1.6. Exercise
- 1.7. References

1.0 OBJECTIVE

- 1. To understand the concept of Management of Business Relations
- 2. To understand and the need of Business Relation in this competitive environment
- 3. To enlist the competencies and traits required by Business Relations Manager
- 4. To identify the qualities and skills needed by Business Relations Management Professionals

1.1 INTRODUCTION

In this globalized and continuous changing business environment survival of business is a challenge, to overcome this challenge business, along with offering quality products at a cheaper rate have to maintain great relationship with every stakeholders. Effective relationship not only ensures survival but leads to growth of the company by increasing the acceptancy of the company's products and services. In Service industry the relationship can be defined as both the parties (the provider and consumer) are actively collaborating in activities to create value through production and consumption of a particular product or service.

Relationship management entails techniques for increasing brand loyalty and increasing customer support for a company's products and services. Relationship building is most commonly done with customers, but it is also

beneficial between enterprises. A company can hire a relationship manager or combine this function with another marketing or human-resources role to oversee relationship building. Building a relationship with clients pays off for everyone. Consumers who believe a firm is attentive to their demands are more likely to keep using its products and services.

Business relationship management is a method for establishing and maintaining a business relationship between a service provider and a client based on a thorough understanding of the customer's demands. The goal of the procedure is to identify client's requirement and ensuring that the service provider could meet them when company needs changed over time and in different situations.

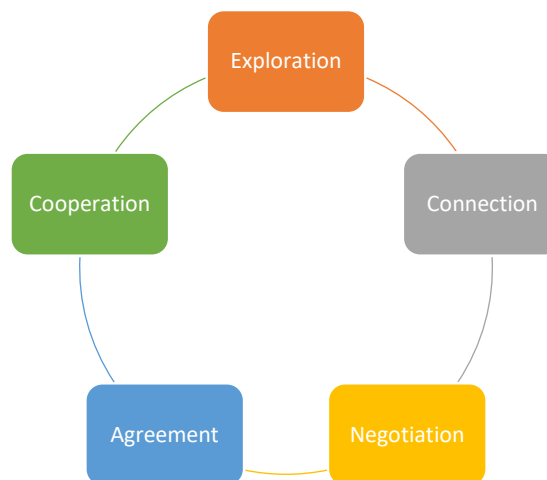
Definition

Business Relationship management is a strategy in which an organization maintains an ongoing level of relationship with other stakeholders.

“Business relationship management (BRM) promotes a positive and productive relationship between a company and its business partners. BRM seeks to build trust, solidify rules and expectations, and establish boundaries”.

Stages of Building relationship

The following points will highlight process of relationship development and maintenance



1. Exploration

In this process of developing relationship market research plays crucial role. At this level consumer searches in the market in order to identify the supplier of product he needed for satisfaction of his wants. Meanwhile business conducts market research to identify need, habits, and likes of target market.

2. Connection

At this point both the parties engage in formal introduction of each other. This could be in the form a submitting a proposal or expression of interest, and service provider will respond over such expression.

3. Negotiation

After the introduction stage, both the parties will express their intension, demands and terms of cooperation, which will bring clarity in their relation. Also they will negotiate on the common interest like sharing of resources or technology as the case may be. At this stage both the parties become more clear on their stand and also about their client.

4. Agreement

At this stage of relationship building both the parties have mutually agreed on their terms and policies. Here the service provider and consumer will

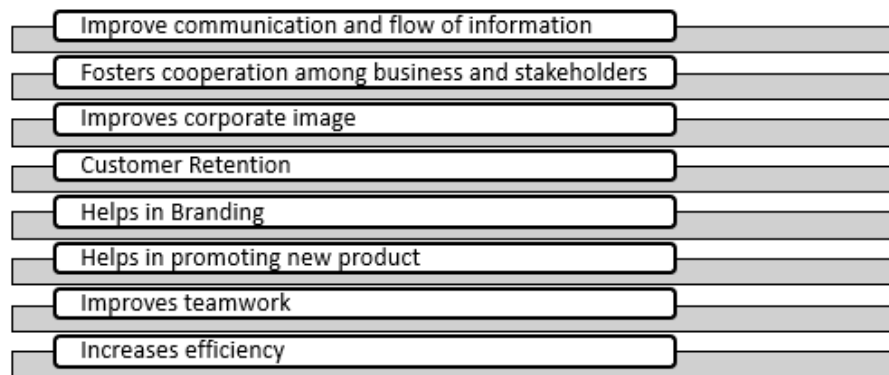
- Align their expectation
- Plan value cooperation
- Agree on service and quality of product.
- Agree on pricing policy

5. Co-operation

The realization and tracking of value occurs. The consumer uses the provider's service offerings and resources to fulfill their goals, while the provider tracks service usage and user satisfaction and makes adjustments as needed to guarantee that value is co-created as agreed.

1.2 NEED AND IMPORTANCE OF BUSINESS RELATIONSHIP MANAGEMENT

Establishing great business relationships with employees, business colleagues, suppliers, customers, and everyone else who contributes directly or indirectly to the continuous survival of their business is something that successful entrepreneurs excel at. Even businesses with excellent products and services have failed due to a lack of positive relationships with the people who count.



1. Improves Communication and flow of information

Establishing good relationship will enable a business to have regular and quality communication with all the stakeholders like shareholders, customers, investors, government agencies, suppliers and business associates. Regular flow of information from the stakeholders will bring clarity in understanding the requirement of other parties, also the flow of quality information will be helping in taking quality decisions by the management.

2. Foster Cooperation among business and stakeholders

Cooperation refers to the support extended by different stakeholders to the business. The organisation and its operation cannot be handled by individual or without cooperation. It is a team activity since requires everyone to work in the same direction with the same vision and target. Good relation with the stakeholders always result into cooperation. In order to manage the company effectively one need to have great relation with employees, shareholders channel intermediaries etc.

3. Improve Corporate Image

Image of the company can be a crucial factor for the customer while establishing an association with it. Corporate image can be understood as the feeling which an individual derive while he/she think of the company. A good relation with all the parties will of course result into positive image of the company, as the relation will be good only when company is taking effort to satisfy and consider everyone's need and desire.

4. Customer Retention

Customer retention can be defined as the satisfied customers who are repeating their consumption from the same brand continuously. Companies in order to survive need to retain their customer, who can be the base for regular source of income and can refer the product to their peers, which maximizes revenue for the company.

5. Helps in Branding

Brand is a name, term, sign, symbol, number or combination of any of these, which disguises company's product from rest of their competitors. A company can become successful only when its brand have favorable image in the market and society. Efficient services to the consumers and good quality at cheaper price along with CSR activity undertaken by the company can make a brands image favorable as it connects with the emotions of people.

6. Helps in Promoting New Product

Launching a new product in this competitive environment is again a big challenge for the company, as it does not know that what kind of response potential customers will give to the product, but if company already have a group of loyal customer who have positive mindset from their past experience of consumption. It can always be easy for the company to launch product among such people who can initially support a new product and recommend to others.

7. Improves Teamwork

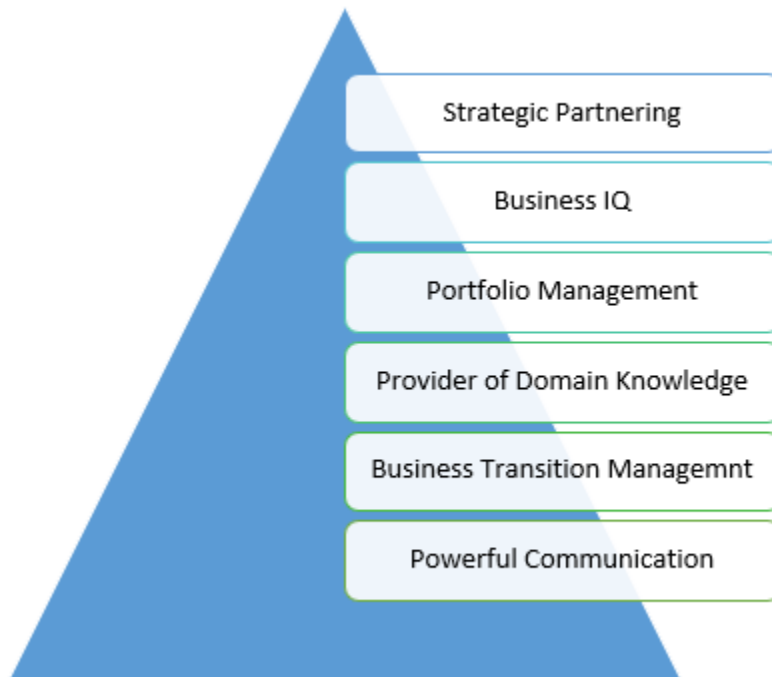
Organisation is a group activity, the goals and objectives of the company cannot be attained if there is lack of team spirit among the employees and other stakeholders in the company. The company should try inculcate a sense of team spirit among its employees, suppliers, dealers, channel intermediaries etc. effective relationship which is built on the foundation of transparency and trust always promotes team spirit.

8. Increases Efficiency

Efficiency can be generalised as the capacity of any man or machine to perform any particular activity. It can be increased when their smooth and equal distribution of authority and responsibility, no discrimination at work place, collegial atmosphere is been provided to employees.

1.3 COMPETENCIES OF BUSINESS RELATIONSHIP MANAGEMENT

Business Relationship Management is a competency that can be carried by business and service provider professionals regardless of whether they are allocated to a Business Relationship Management function. BRM is a concept that is related to and utilizes the concepts and disciplines of Customer Relationship Management (CRM), which focuses on all aspects of an organization's contact with its customers. While CRM usually refers to a company's external customers, BRM usually relates to a company's internal customers or the products and/or services of an inside provider.



1. Strategic Partnering

Successful BRMs are skilled at "demand shaping," which involves generating, identifying, and influencing market requirements. They are valued members of the business management team, with a "place at the highest level of management" where they can actively engage with executives and discuss future plans and strategies. BRMs figure out how their products and services help them achieve their goals.

2. Business IQ

Successful Relationship Managers are good at their concept of business. They are knowledgeable about their industry, environment, and wealth management factors. They're familiar with financial statement and accounting records. Successful BRMs understand how to evaluate the financial condition and how to use indicators to think critically and achieve value creation.

3. Portfolio Management

Business Relationship Managers can priorities and match the service and product investment portfolio with the company's overall strategy. They have to be acquainted with the available capabilities and services with proper management of resources to ensure that business requirements are addressed in the most effective and cost-effective way possible.

4. Provider of Domain Knowledge

Professionals who take up the job as Business relations Manager have to be good in all the aspects of functions of management let it be human resource management, research and development, production,

marketing, supply chain management or management information systems. They have clear information about the product and services offered by the company and also they are acquainted with the different policies of organisation which helps them in pitching their company among different parties and establishing association with them.

5. Business Transition Management

Due to complex working environment and ever changing expectation of the customers Changes in the business are inevitable. Organizations which evolve as per changes happening in environment are only able to survive this fierce competition. The Relationship Managers have to be adept at navigating the complexities of large reformations in the company by understanding the politics and acting as a driver/agent to the change. The relationship Managers establishes the healthy relationship with all the parties and motivates them to cooperate and participate effectively in evolution of any process or transformation of the company as per the requirement of modern business environment.

6. Powerful Communication

Communication is the backbone of any relation, often in organisation is there is no proper flow of communication or transparency among the employees at lower level, often it result into poor labour-management relationship. Which in turn affect overall working environment of the organisation leading to lower efficiency and poor performance. The Relationship Manager by its effective communication ability can create win-win situation and lead to resolve any conflict and motivate the workers and other parties.

Pause and ponder

1. Why there is need to have effective business relation among different stakeholders?
2. Why it is needed to appoint separate manager for managing the relationship in organisation?

1.4 BUSINESS RELATIONSHIP MANAGER- ROLE

Business Relationship Managers are generally professionals with good communication and equipped with qualities needed to create healthy and profitable relation with clients and other companies so that company can maximize its revenue by capitalizing the positive relation. To facilitate improved connections with clients and other partners, strong communication and collaboration skills are required. Relationship managers frequently interact with customer-facing employees to better understand their requirements and encourage them to offer the best service possible.

Professionals need strong intellectual abilities in addition to communication skills to build a comprehensive awareness of the products or services being supplied, the marketplaces in which they are sold, and larger industry trends. The better they grasp the technical components of the business, the more effectively and efficiently they can communicate with clients or partners, or assist personnel in meeting client or partner needs.



1. Initiate and Develop Relationship with Clients

Building relationship with clients is the key responsibility of Business Relationship Manager. He does so by understanding the requirement of other parties, effective communication and regular follow-ups.

2. Works with Management in developing timely solution for the client

The relationship manager have their responsibility to provide the best possible solution to their client in doing so they have to closely monitor their working pattern and assist the top level of management in designing the plan and policies. The input collected from continuous monitoring and communication from the clients by relationship manager helps in designing solutions.

3. Conduct Business Reviews with Clients on regular basis

Conducting review of business regularly facilitates effective management. A business review is an assessment of a business program's Key performance indicators and performance over time. It is the outcome of everyone's efforts, interactions, and initiatives and should be related to the ultimate mission and goals. It ensures consistency and establishes a cohesive viewpoint.

4. Addressing Customer issues in timely manner

Timely customer support refers to providing timely assistance to customers. Service includes promptly focusing on customer requests and resolving customer difficulties. Relationship Manager must take action and stay on top of their clients in order to provide timely customer support. While making excuses for missing deadlines or

forgetting about a client during a busy moment is inappropriate, mistakes do happen; the best thing to do is accept responsibility and attempt to settle any outstanding customer inquiries.

5. Working closely with clients to understand Business Need

Defining the needs of the business is an important part of organization analysis process. Understanding and determining an organization's aim, as well as articulating a strategic direction, are all part of this process. Furthermore, any critical issues about a company's accomplishments, flaws, or obstacles should be recorded. Investigation, intelligence, and logical analysis are required by a relationship manager to successfully identify a business requirement. Furthermore, the owners/managers may not be able to effectively communicate what is required, but they may be able to provide answers to other members of the organisation.

6. Provide professional Advice and Consultancy to clients

A part from building strong and profitable relationship with different parties the relationship manager is also required to advice and to provide consultancy services to the clients. The relationship manager continuously collects all the data, information and closely monitors the trend in marketing environment and advices accordingly to the clients.

7. Maintaining strong knowledge of companies marketing mix

The relationship manager is require to have a strong knowledge of 4Ps of marketing. A company marketing mix refers to the approaches, strategies and tools deployed to reach out to potential customers and drive sales. A strong marketing mix includes a number of essential methods that enable business owners to target a specific market and build a brand image that attracts customers. In a marketing strategy, or the particular measures a business takes to promote, the marketing mix outlines all of the variables that impact a target customer and how they work together to increase reach.

8. Identifying present and future business opportunities

A business's environment is exceedingly dynamic in nature. It is always in transit, that is, it is always evolving. As a result, the company's future is always shifting. And the relationship manager must keep a close watch at its environment via environmental scanning to identify opportunities and threat to the organisation.

Pause and Ponder

1. Why the job of managing relation is crucial?
2. Why the job of relationship manager is demanding and challenging?

1.4.1 Business Relationship Manager- Qualities

According to Paul Hawken “Good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them.” To be a great relationship manager, one must have a diverse set of skills, from recognizing untapped potential to being more compassionate of towards people. The following are qualities required by a good relationship manager.



1. Leadership Ability

Being an effective leader entails not just encouraging, empowering, and guiding others to achieve their goals, but also offering constructive criticism, resources, mentoring, and assistance to help them do so. Furthermore, great team captains should always consider the best interests of the individuals they supervise, be upfront about their operations, and be prepared to assist any team member who is having difficulty completing a task.

2. Empathetic

One of the worst qualities a manager can have is being emotionally detached and unconcerned about the feelings of his or her subordinates. It can also have a detrimental influence on staff satisfaction and retention. As a result, relationship managers should concentrate on learning about their clients' activities, the issues that hinder them from functioning at their best, and creating an environment in the workplace that allows people to work pleasantly, effectively, and truthfully.

3. Delegation of the Responsibilities

Successful Business Relationship managers have an extraordinary ability to spot talent in their team.

They take advantage of this ability by delegating jobs and dividing duties appropriately. As a result, their staff is able to attain maximum productivity and satisfaction with their work.

4. Emotional Intelligence

Handling problems, dealing with anxiety tension, understanding and reacting to people's sentiments, and much more are all part of being a good relationship manager. Managers who are emotionally intelligent, those who are aware of and regulate their feelings as well as those who understand the emotions of people around them can better manage difficult situations, lead their teams out of difficult times, and resolve internal disagreements.

5. Good Knowledge

A great manager is well-versed in their field as well as the industry as a whole. They're eager to learn new abilities and regularly consume information that can help them improve their performance. You must aim to become the most competent person, not only for the purpose of the job, but also because one's team looks to their manager for direction and guidance.

6. Clear Expectation

All excellent managers understand the need of setting clear (and realistic) expectations, which eliminates any uncertainty. The managers can determine their goal which are measurable, attainable, relevant, and a time based deadline for their goal.

7. Accountable

One of the most significant distinctions between a good and a terrible manager is that the latter will always find a way to blame others for any glitches or outright failures. A good leader, on the other hand, is always responsible for his or her actions. They pinpoint certain weak areas, strive to find the lesson in defeat, and emerge on the other side in a stronger position, rather than blaming specific individuals.

8. Trustworthy

A trustworthy leader would always invest in other people's relationships. They're always encouraging and willing to go above and beyond to help people around them develop and progress. A core of support and service lies at the heart of a trusted leader. They pay attention with an open mind and heart.

1.4.2 Business Relationship Manager-Skills

A Relationship Manager is a specialist who assists in the development and maintenance of excellent customer connections, both within and outside a firm. They look for new business prospects for their clients while also guiding them on the appropriate products or services for them.



1. Relationship Building Skill

This is a core skill required by a successful business relations manager, which could be achieved by having good communication and interpersonal skill. The following is the process of cultivating good relation’.

- **Building Trust-** The relationship manager should be able to gain trust of the stakeholders by maintains its integrity, honesty, reliability and professional ethics.
- **Empathy-** Empathy refers to putting yourself in the shoes of others and understanding their situation. It is the primary requirement of any relation to understand the thought, viewpoint and showing the genuine interest in the client’s situation.
- **Selfless approach-** To cultivate strong relationship it is necessary to have selfless coordination. Being selfish always destroys relationship no matter how strong it is. There should be win-win situation for both the parties, exploitation and selfish approach should be avoided.

2. Personal Network Development

Establishes and maintains a thriving, long-term network of relationships with people from many backgrounds and departments. The following behaviour indicators elaborates personal network development in detail.

- **Personal Brand-** The relationship manager should be having expertise in his job and should be known for his effective skill of presenting himself as a brand.
- **Core Network-** The manager should establish a set of core relationships within the organization, with decision-making leaders at client's organizations, and with other business, government, and/or community influencers/catalysts.
- **Sustaining-** Sustaining a relationship is more important than building one. It is the sustained relationship upon which company can rely and capitalize as a base for growth and expansion.

3. Team Leadership-

In business, leadership refers to a relationship manager's ability to set and achieve hard goals, act quickly and decisively when necessary, surpass the competitors, and motivate others to perform at their best. It can be outlined in detail by the following points

- Selection of right team
- Guidance and mentoring to the team
- Delegation of authority and responsibility
- Transparency and accountability
- Appreciation and recognition of their contribution

4. Thought Leadership

In their field of expertise, thought leaders are the informed opinion leaders and go-to people. They become renowned sources of new ideas that motivate and inspire people, bring ideas into reality, and know and demonstrate how to reproduce success. The relationship manager should be having expertise over different fields of business and should be able to guide the clients about environmental changes and challenges.

5. Firm Ambassadorship

Firm's Ambassadorship can be referred as a person employed by an organization or group to promote a brand image and thereby assist to improve awareness of the company. The company's ambassador is expected to represent the company's image in terms of appearance, behaviour, principles, and integrity. The Business Relationship Manager have to have skill to represent the company and create favorable image in the minds of stakeholders.

6. Relationship Management

Not only cultivating the relationship but maintaining and management of relationship is crucial to the company. The BRM can maintain successful relationship by

- Prioritization of clients
- Better time management
- Delivering quality services
- Timely resolution of the conflicts

Pause and Ponder

1. How the company manages to have relations with all the parties in changing environment?

1.5 SUMMARY

Business relationship management is a method for establishing and maintaining a business relationship between a service provider and a client based on a thorough understanding of the customer's demands.

BRM is a concept that is related to and utilizes the concepts and disciplines of Customer Relationship Management (CRM), which focuses on all aspects of an organization's contact with its customers.

Business Relationship Managers are generally professionals with good communication and equipped with qualities needed to create healthy and profitable relation with clients and other companies so that company can maximize its revenue by capitalizing the positive relation. To facilitate improved connections with clients and other partners, strong communication and collaboration skills are required.

A Relationship Manager is a specialist who assists in the development and maintenance of excellent customer connections, both within and outside a firm. They look for new business prospects for their clients while also guiding them on the appropriate products or services for them.

1.6 EXERCISE

Fill in the blanks:

1. ____ skills include not only how we communicate with others, but also our confidence and our ability to listen and understand.
a) Problem solving b) Interpersonal c) Cultural d) Knowledge
2. Business relations management means managing relationships with ____
a) Managers b) Customers c) Employees d) All of these
3. Effective ____ play an important role in maintaining a relationship with all stakeholders
a) Communication b) Confidence c) Clarity d) Conscience
4. ____ is also one of most widely used traits in maintaining relationship marketing.
a) Trust b) Interpersonal c) Cultural d) Knowledge

Answers:

1- b. 2- d 3-a 4-a

Short Notes

1. Thought Leadership
2. Accountability
3. Steps in Business Relationship Management
4. Delegation of Responsibilities

Answer in Brief:

1. Define Business relationship Management and explain its importance.
2. Elaborate the role of Business Relationship Manager.
3. Elaborate the competencies of Business Relationship Managers.

1.7 REFERENCES

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BUSINESS RELATIONSHIP MANAGEMENT

Unit Structure

- 2.0 Objective
- 2.1 Introduction
- 2.2 Principles of Business relationship Management
- 2.3 Steps of Business relationship Management
- 2.4 Recent trends in BRM
- 2.5 Impact of Communication on Business relations
- 2.6 Summary
- 2.7 Exercise
- 2.8 References

2.0 OBJECTIVE

- 1. To understand the principles and modern trends in the field of BRM
- 2. To highlight the steps for BRM
- 3. To examine various recent trends in BRM
- 4. To know the impact of Communication on Business relations.

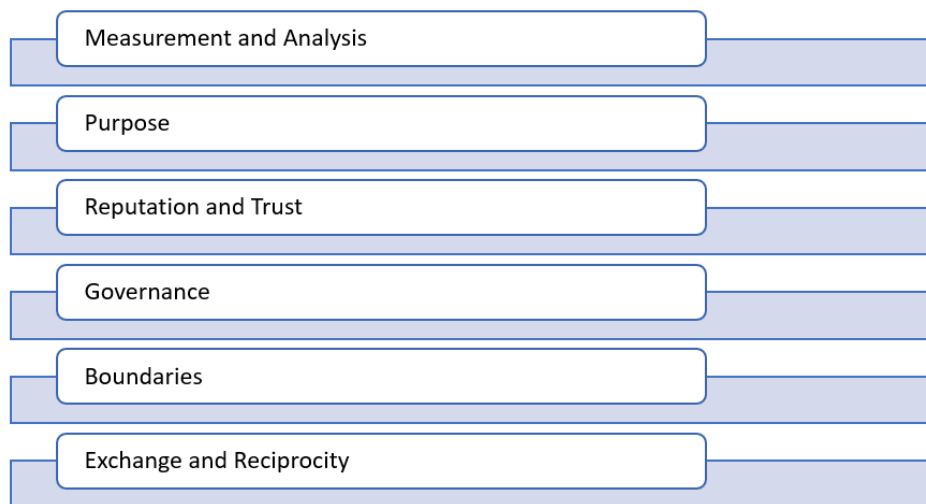
2.1 INTRODUCTION

Cultivation of healthy business relationship among various factors of business environment is the necessity of modern marketing. In modern times, businesses and their decisions are highly influenced by the factors and forces of the dynamic business environment, which in turn are crucial for establishing healthy competition and securing the rights of stakeholders like customer, shareholders, investors and channel intermediaries etc. Role of businesses are changing as per the changing patterns of relationship and expectations of society and government.

2.2 PRINCIPLES OF BUSINESS RELATIONSHIP MANAGEMENT

One of BRM's main goals is to develop a comprehensive model of business connections and their worth through time in order to make their many features apparent and quantifiable. A robust BRM framework will eventually enable strategic corporate research and innovation, as well as

BRM-based tools and processes. The following are the principles of Business Relationship Management.



1. Measurement and Analysis

Measurement and analysis of environmental factors can lead to have better understanding of the needs of customers, channel intermediaries, government agencies, investors and creditors. External variables influence a company's behaviour because it does not operate in an isolation. These elements could be linked to both the micro and macro environments. The external environment provides an organisation with a variety of opportunities, constraints, pressures, and threats. This environment has an impact on the company's style, structure, scope, and operation. Analysis of business environment provides a clear picture of internal and external variables of an organisation which provides valuable input for relationship building.

2. Purpose

Every business relationship is formed with certain objectives to fulfill. Having clear understanding of the purpose will lead to understand the client in better ways and predict their future requirements and actions. A purposeful relationship provides better insight of the business and leads to growth and developments.

3. Reputation and Trust

The history of relationships between organizations through their decision-makers, as well as word of mouth about their previous relationships with others, play a big role in building trust actions always speak louder than words. When behaviour fits expectations, trust is built. Because practically every business transaction necessitates a degree of good faith and confidence, trust is also linked to reputation and ethics. It is critical to commercial interactions. Trust is essential to your company because of all of these causes.

4. Governance

Corporate governance comprises a company's societal components. In simple terms, it is the system that directs and manages organizations. Corporate governance has an impact on how a company's goals are created and achieved, risks are clearly determined, and internal performance is improved.

5. Boundaries

Within the greater continuum of interpersonal interactions, the BRM model should establish the boundaries of commercial relationships. Aside from governance concerns, the model should look into whether there are ideal degrees of personal connection, and whether they vary by kind, role, or other factor. The model should aid in the establishment of borders that maximize efficiency while promoting good governance practices.

6. Exchange and Reciprocity

Traditional aspects of transition and reciprocity must be extended in the Business Relationship Management framework of exchange and reciprocity to account for time, money, knowledge, and reputation exchanges in addition to financial transaction. This is an important aspect of commercial interactions.

2.3 STEPS OF BUSINESS RELATIONSHIP MANAGEMENT



1. Creating trust between parties

The most crucial single ingredient for excellent business relations is trust between leadership and personnel. Establishing capabilities in management and other parties on the one hand, and developing appropriate strategies for enhancing business relationship on the other, can help to build confidence between all the parties.

2. Support from Management

Top management support is required to sustain healthy labour relations. For many reasons, top leadership support is required to integrate various strategies with the organization's objectives, which is the essential part of a strategic approach to industrial relations. Industrial relations activities and their effectiveness are dependent on the organisational climate, which top management is responsible for creating. Top management support is viewed by employees and their unions as a sign that the organisation has genuine commitment to business relations.

3. Development of Sound Policies

Policies are long term plans deliberately designed to achieve organisational objective. Policies play vital role in cultivating and maintaining long run relationship with all the parties. Companies have to develop inclusive policies for mutual benefit of all the stakeholders with company's own agenda.

4. Continuous feedback and corrective actions

The business relations manager should interact and constructive feedback about the effort and policies made by the organisation to foster good relationship. If company finds any deviation from the targeted objective of maintaining relationship appropriate corrective actions should be taken.

5. Professional Approach

The company along with the business relationship manager has to maintain professional approach in while dealing with complaints and conflicts of other parties with the company also it has to ensure that timely resolution of conflict in a very effective manner should be done.

2.4 RECENT TRENDS OF BUSINESS RELATIONSHIP MANAGEMENT



1. Customer Experience and Expectation

In modern marketing environment customer expectations are defined as any collection of behaviours or activities that people expect from an organization when they interface with it. Customers have traditionally anticipated fundamental things like good service and reasonable pricing, but today's customers have much higher expectation, such as proactive service, tailored interactions, and integrated digital experiences.

2. Artificial Intelligence

Artificial intelligence (AI) is the ability of a machine or a computer-controlled robot to accomplish tasks that would normally be performed by conscious species. The phrase is widely used to refer to a project aimed at creating systems with human-like cognitive abilities, such as the ability to reason, discern meaning, generalised, and learn from past experiences. In modern business environment the AI is playing a vital role in collection, storage and analysis of data which is key for building relationship.

3. Resource Mobility

All actions involved in gaining new and more resources for your organisation are referred to as resource mobilization. It also entails maximizing and making better use of current resources. 'New Business Development' is another term for resource mobilization. The diagram below depicts how New Business Opportunities, which are intended to mobilize resources, are integrated into the overall operation of a firm. Due to rapid globalization and shrinking universe movability of resources at a very faster pace is both opportunity and challenge to the organizations.

4. Reliance on data

The process of leveraging data to make intelligent and validated decisions is known as data driven decision making. Modern analytics technologies, such as interactive dashboards, assist individuals in overcoming prejudices and making the best managerial decisions that are in line with corporate objectives. Today for decision maker data is raw material for decision making.

5. The Digital Era

In the recent decade, digitization has made significant progress. Devices that would have been called science fiction just a few years ago, let alone economically unachievable, are now at our disposal, expanding the ways in which we may interact with the world. Technology, namely digitalization, makes our life easier while also potentially altering our mental processes. If this is the case, it appears critical to investigate the influence of its use on our intellect. Certain skills may deteriorate as a result of digitization, whereas other abilities may develop.

6. Market Media Marketing

The use of social media and social networks to sell a company's products and services is referred to as social media marketing. Companies can use social media marketing to communicate with existing consumers and reach out to new ones while also promoting their intended culture, mission, or tone. Marketers can track the success of their efforts using data analytics tools designed specifically for social media marketing.

2.5 IMPACT OF COMMUNICATION ON BUSINESS RELATIONS

Any organisation can benefit from efficient communication in a variety of ways. Communication is important in product creation, customer relations, personnel management, and almost every aspect of a company's operations. Employees are an important audience since they are frequently the link between other audiences. Employees who are informed and engaged are more likely to communicate effectively with other stakeholders.

The following points will elaborate the importance of communication in Business organisation and relationship Building

1. Provides clear expectation from employees

Effective communication aids in the establishment of clear expectations for both staff and, perhaps unexpectedly, customers. Employees will understand how their performance affects the organisation and what they need to do to receive good feedback if they have realistic expectations. Clear communication with clients can assist control their expectations regarding service issues or even how to connect with the company.

2. Building Strong relationship

Strong relationships are built on effective communication. In any relationship, communication that is focused on addressing individual needs, sharing relevant information, and providing positive and constructive criticism is essential. External connections foster robust, consistent communication about products, services, and corporate culture and values.

3. Ideas and Innovations

In a variety of areas, open methods of communication can lead to new ideas and innovation. Employees who understand their companies' priorities may concentrate on creating improvements and finding chances for innovation that will help them achieve even greater success. Employees are more willing to give ideas when they know their ideas will be sought after, and that corporate leaders will listen to their input with open ears. Customers can also provide excellent suggestions for improving products and services.

4. Employees as representative of employees

The more employees understand about the organization's culture, goods & services, and responsiveness to any adverse situations, the better they can serve as ambassadors to the community, their friends, families, and other business contacts. Employees who believe they have a strong, positive relationship with their bosses and rely on the information they receive from them are more likely to share it with others. Employees can be a valuable and dependable source of information about a business and its products and services.

5. Cultivates Teamwork

Strong teamwork and the capacity for personnel at all levels of the organisation to work together to achieve company goals will result from effective organisational communication. Furthermore, effective organisational communication will equip employees with the information, structure, and good work environment they require to feel comfortable dealing with conflict and effectively resolving challenges.

2.6 SUMMARY

A robust BRM framework will eventually enable strategic corporate research and innovation, as well as BRM-based tools and processes. Different principles include measurement and analysis of environment, Exchange and reciprocity etc.

There's a professional approach involved in steps of BRM like Creating trust, taking feedback, corrective action etc.

Artificial intelligence, Modern technology, Digital era all pose the contemporary issues and recent trends in BRM nowadays.

Any organisation can benefit from efficient communication in a variety of ways. Communication is important in product creation, customer relations, personnel management, and almost every aspect of a company's operations.

2.7 EXERCISE

Match the following:

Group A	Group B
1. Builds strong relations	a. Recent trends in Marketing
2. Measurement and analysis	b. Business Environment
3. Creating trusts	c. Step in BRM
4. Digital Era	d. Effective communication

Answers:

1-d 2-b 3-c 4-a

Short Notes

1. Steps in Business Relationship Management
2. Role of artificial Intelligence in Business Relationship Management
3. Effective communication leads to innovation
4. Role of Trust in Relationship Building

Answer in Brief:

1. Briefly define the role of communication in cultivation of Business Relationship.
2. What are different skills required to become a successful Business Relationship Manager?
3. Write a brief note on recent trends in Business Relations Management.

2.8 REFERENCES

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CUSTOMER RELATIONSHIP MANAGEMENT - I

Unit Structure

- 3.0 Objective
- 3.1 Introduction
- 3.2 Empowered Customer
- 3.3 Approaches and types of CRM
- 3.4 Role of Customer Relationship Manager
- 3.5 Turning customer to loyal clients
- 3.6 Strategic Framework of CRM
- 3.7 E-CRM
- 3.8 Successful CRM implementation
- 3.9 Summary
- 3.10 Exercise
- 3.11 References

3.0 OBJECTIVE

After studying the unit, the students will be able:

1. To understand the concept of Customer relationship management
2. To discuss the features of an empowered customer.
3. To discuss the role and importance of customer relationship manager.
4. To highlight the need of customer loyalty.
5. To understand concept and importance of E- CRM, its benefits and challenges
6. To examine the Strategic framework and successful CRM implementation

3.1 INTRODUCTION

Because of the competitive business environment that firms confront today, customer relationship management (CRM) is becoming increasingly important. It's especially important in businesses where typical channel configurations are changing. CRM is a method of dealing with rising competition, shifting economic conditions, and promotional dependency by

leveraging deep customer knowledge gathered via relationship development and previous marketing efforts. CRM is gaining popularity because it focuses on current customers, who account for the majority of a company's revenue, and is the greatest way to improve business in difficult times.

Customer Relationship Management (CRM) is a management concept that states that the best way to achieve a company's goals is to identify and satisfy customers' declared and implicit requirements and wants. Customer Relationship Management (CRM) is a sound concept or approach for strengthening customer relationships while lowering costs and increasing productivity and profitability in the workplace. A CRM system is used by small and large businesses alike, with the primary purpose of providing effective customer service. Customer Relationship Management is an essential technique for any firm. The customer is the most crucial aspect of any company.

Definition

“CRM is a business strategy designed to optimize profitability, revenue and customer satisfaction”. -Gartner.

Customer Relationship Management strategies have given a new outlook to all the suppliers and customers to keep the business going under an estimable relationship by fulfilling mutual needs of buying and selling.

CRM is the process of managing all aspects of interaction a company has with its customers, including prospecting, sales and service. CRM applications attempt to provide insight into and improve the company/customer relationship by combining all these views of customer interaction into one picture

3.2 EMPOWERED CUSTOMER

Customer empowerment is based on the premise that people should have the tools they need to achieve their goals. A confident, knowledgeable, and protected customer is more likely to make the best decisions by understanding their own preferences, the options accessible to them, and their rights, as well as how to complain and seek remedy if their rights are violated. It is suggested that empowered consumers can drive competitive markets because they provide an incentive for businesses to innovate and offer even better bargains to its customers.

Customers are increasingly in need of (help) to be empowered, as products and marketplaces get more complicated, the population ages, information overload increases, and increased demands on consumers to make the best decisions possible in liberalised markets. Furthermore, empowered customers are not only drivers of corporate improvement, but they also ensure that consumers' preferences are communicated to enterprises in well-functioning markets. As a result, businesses respond more swiftly and effectively, resulting in increased competitiveness, growth, and job creation.

Waterson (2004) considers consumer empowerment to be the availability of the means to more effective purchase of goods and services, with the increase of empowerment resulting in the lowering of search or switching costs.

Features of Empowered Customers

1. Undaunted Strivers (Empowered Customer)

The Undaunted Striver comes out as the most trend-focused and product-focused of our four consumer types. These customers are looking for the most up-to-date products and are willing to spend extra for them. Undaunted Strivers enjoy being the center of attention at parties and have highly active social lives, building relationships at home, work, and in their broader community, in addition to their focus on current trends. These customers, as their name implies, are also optimistic, with lofty goals for themselves, their countries, and the globe; they sincerely believe they can make a difference.

Undaunted Strivers have objectives that extend far beyond the bounds of a shopping mall, while spending a significant amount of time and effort on their personal image. They are, without a doubt, prepared to transform the world. Undaunted Strivers think they have the freedom to build their identities in whichever way they want, but they also respect and adhere to their parents' choices. These folks are global citizens who will utilise their sense of authority to combat climate change, a subject they believe is the duty of all people everywhere.

2. Savvy Maximizers

This is the customer who is driven by value. They are impulsive in their buying behaviours, they show bargain hunters attitude so often gets driven towards discounts and schemes in the market. They are information seekers, will explore all the possibilities of seeking queries so that they get convinced that they are getting reasonably good deal.

3. Content Streamer

This type of customer is very judgmental. They don't believe things easily. They judge the market and selling activity of sellers as per their preconceived notions and high standards. They think that sellers deceive them by giving deals. They are price conscious and choose the product based on contents like reviews on nets, word of mouth etc.

4. Secure Traditionalist

This type of customer knows just what they want. They won't switch to any other goods or service except which they want. They usually don't negotiate, and will clearly express to the seller what exactly they are looking for and expects sellers to fulfill. They ask detailed questions relating to many other factors other than price even. They will simply shun off selling if they feel seller is misleading them.

5. Highly Informed

Before making judgments, people gather information from a variety of sources, many of which are available online. Gathering social recommendations, checking user reviews before purchasing crucial things, and comparison-shopping online and in store have grown from social media marketing and following celebrity tweets. They frequently know more about the company's products and competitors than the sales associate.

6. Loyal

They are value sensitive, but they also consider time and respect to be valuable assets. They expect brands to know who they are and how they shop across all platforms and channels (mobile, online, in-store), as well as services that are personalized to them.

Out of all above discussed Empowered customers are Undaunted Strivers who are empowered by CRM processes

3.3 CRM – APPROACHES AND TYPES

CRM is based on the ideas of relationship marketing, thus a quick history of marketing will help you understand how CRM has evolved. Changes in market demand and competition intensity have resulted in a transition from transaction marketing to relationship marketing as sectors have grown. To exploit market demand, concepts such as 'the marketing mix' were developed in the 1950s. The '4Ps,' or product, pricing, promotion, and place,' were shorthand for the levers that, when pushed correctly, would lead to greater demand for the company's offer. The goal of this 'transactional' marketing approach was to create strategies that would maximize sales by maximizing marketing mix spend.

CRM (Customer Relationship Management) is a strategy and method for acquiring, maintaining, and working with select customers in order to generate higher value for both the organisation and the customer. CRM's main goal is to improve marketing efficiency and effectiveness. Cooperative and collaborative methods aid in lowering transaction costs and the company's total development costs.

Definition

Philip Kotler (2006) and many other marketing experts have defined CRM as. **Process of creating & retaining profitable customer with long term relation by delivering customer value and satisfaction.**

3.3.1 Approaches to CRM

According to Professor Payne, CRM approaches are:

- 1) **Strategy, Not more tactics-** CRM was first described in terms of its strategies... Add-on selling, up-selling, mailing list generation, direct marketing applications, customer classifications, and similar

activities. In other words, CRM tools, but not managerial thinking or justification. The why of CRM, which validates its existence and success, is explained in this text. CRM, according to Payne, is a business choice made by business managers to achieve business objectives. So, above all, this approach to CRM is strategic, which is often overlooked in previous perspectives on the subject.

- 2) **Customers, not businesses** - In far too many cases, past conceptions of CRM were predicated on the benefits that a CRM strategy would provide to the marketing organisation, with little or no consideration for the benefits or value that a CRM approach would provide to the customer. The focus was solely on what the company could accomplish, rather than what the client would receive. Payne's strategy considers both the organisation and the customer. There can be no advantage to the corporation if there is no benefit to the customer. There can be no ongoing value for the marketing organisation if no value is created for the consumer. CRM is a two-way street. CRM can only be successful if it serves both parties. On the next pages, the story is narrated in a clear and compelling manner.
- 3) **It's process, not the software**- Early versions of CRM were overly focused on the software: The common promise was that if you installed our software, all of your marketing problems would be solved. The software, however, was unable to deliver because no ongoing, organization-wide, repeatable procedure was in place. There were also no helpful, eager personnel to put the strategies into action. CRM was designed to be automated, but without the right process and people in place, it won't work. Payne lays out a clear procedure for how to apply a CRM strategy in this article, and it is something that the entire organisation does, not just the IT department, marketing department, or customer service department. The key to CRM is process, and Payne walks the reader through the full CRM implementation process.
- 4) **Not outputs, but outcomes.** Earlier CRM techniques were largely concerned on outputs. What the CRM system accomplished. Make a customer list. Sort customers into different categories. Aggregations. Activities. Things that the company could identify and promote to customers or prospects. The emphasis of Payne's approach is on outcomes. What is expected to occur as a result of implementing a CRM strategy. Not only explanations of what the outputs will be, but what will be the outcome. Payne has avoided most of the technical language that pervades the CRM world by focusing on outcomes, or business results. On the following pages, you'll find business talks and descriptions rather than technological upgradations.
- 5) **Long term but not short term**- Views that are long-term rather than short-term. CRM, according to Payne, is a long-term approach to brand building and shareholder value, not a short-term method to meeting organisational quarterly targets. As a result, this perspective on CRM focuses on the R in CRM, namely, the long-term relationship

to be built and maintained, rather than the short-term sales burst that has too often been placed as the CRM aim. All of the concepts, strategies, and approaches are tied together by this long-term perspective. As a result, the company may concentrate on customers rather than operations or immediate actions. Customers should be long-term, whereas marketing campaigns, add-ons, and cross-selling should be short-term. Payne contributes the most to the new CRM concept in this section.

3.3.2 Types of CRM

- 1) **Operational CRM-** It is focused with the automation of business operations that involve front-office customer touch points. Sales automation, marketing automation, and customer service automation are examples of these fields. In the past, organizations have spent a lot of money on operational CRM as they built call centers or implemented sales force automation technologies. CRM suppliers are increasingly focusing on providing a broad variety of operational CRM solutions.
- 2) **Analytical CRM-** It entails the collection, storage, organisation, analysis, interpretation, and application of data generated by the business's operations. An important consideration is the integration of analytical CRM solutions with operational CRM solutions.
- 3) **Collaborative CRM** - This refers to the usage of collaborative services and infrastructure to facilitate engagement between a company's various channels. As a result, there is interaction between customers, the enterprise and its employees.
- 4) **Geographic CRM (GCRM)-** this is a hybrid of geographic information systems and traditional customer relationship management. Geographic data can be used to create a snapshot of possible customers in a given region or to organize customer visit routes. By redirecting clients to local solutions, geolocation services can reduce interaction friction. Geolocation can also be utilized to build and manage marketing campaigns depending on the geographical location of a consumer group.
- 5) **Strategic CRM-** This involves the development of an approach to CRM that starts with the business strategy of the enterprise and is concerned with development of customer relationships that result in long-term shareholder value creation. This is the approach emphasized throughout the book. It should be noted some authors use the term strategic CRM in a more restrictive sense to refer to analytical CRM.

Check Your Progress:

1. UTS system of online railway ticketing identifies customers on the basis of Geolocations, this is example of _____ CRM. (Strategic, Geographic, Collaborative)

3.4 ROLE OF CUSTOMER RELATIONSHIP MANAGER

1. Development and implementation of Strategy

Organizations must constantly monitor, assess, and change their strategic objectives to address new problems and commercial concerns. Managers are often responsible for ensuring that a new strategy is executed successfully. The process of putting plans into action to achieve a desired result is known as strategy implementation. It's essentially the art of getting things done. Every organization's ability to make choices and carry out crucial operations swiftly, effectively, and consistently is critical to its success.

2. Establishing Strong Aspiration

A positive employee relationship leads to higher staff morale and, as a result, increased productivity. Employees prefer to focus more on work rather than pointless activities since the workplace becomes a much happy place. When compared to others, a motivated individual performs better and faster. Only the organisation would benefit from motivating the employee.

3. Team Building

We humans have a natural tendency to do things for those we like or love. We also have a tendency to appreciate or love the people for whom we do nice things. The Benjamin Franklin effect is the name for this phenomenon. In relationships, collaboration is important because it allows everyone involved to help each other. Your link will become stronger the more you aid each other.

4. Effective Leadership

When people are engaged, it has a big, measurable, and transformational influence on the success of the company. The quality of the relationship people believe they have with their immediate leader or manager is the key driver of these sentiments of engagement, according to research by Oxford University.

Relationships are really important. They are not a choose-your-own-adventure factor. They are a critical enabler of your capacity to attract, retain, and maximize the performance of your employees. Effective leaders understand that leadership is all about connections, and leaders and managers who have strained or poisonous relationships with their teams will see their teams' performance deteriorate.

5. Mobilization of Resources

All activities involved in gaining new and more resources for your organisation are referred to as resource mobilization. It also entails maximizing and making better use of current resources. 'New Business Development' is another term for resource mobilization.

Resource mobilization is important for a relationship manager due to the following reasons

- a. Assures that organization's service providing to clients continues.
- b. Promotes organisational long-term viability
- c. Enables the firm to improve and scale up its present products and services.
- d. To stay in business, both public and private sector organizations must be in the business of producing new business.

6. Quality Control

Testing units to see if they meet the final product's criteria is what quality control is all about. The testing will establish whether any remedial actions in the production process are required. Quality control allows businesses to meet customer needs for improved products. The type of quality control utilized in a company is significantly influenced by the product or industry. Quality control in food and medicine manufacturing includes chemical and microbiological testing of samples from the production line to ensure the product does not make a customer sick.

7. Settlement of Dispute

The process of resolving problems between parties is known as dispute resolution or dispute settlement. Although conflicts are often more deep-rooted and long than disputes, the terms dispute resolution and conflict resolution are sometimes used interchangeably. Thus a relationship manager must define proper policies and procedures for settling dispute.

8. Maintaining Effective Relationship with Stakeholders

A successful project manager, according to relationship management practitioners and prominent thinkers in the area, isn't merely someone who can keep track of all the tasks that need to be accomplished. A strong customer relationship manager may also balance stakeholder requirements and interests, ensuring that all parties work together and support the project in achieving its goals.

9. Negotiations

Relationship management is critical in the workplace for the construction of a better work environment that encourages innovation and supports employees' long-term career development.

In a professional setting, negotiation is essential for preserving relationships. It could be two separate companies or employees from the same firm. Effective negotiating is required at every level of the professional world in order to achieve long-term success.

10. Feedback and Follow-up

Customer feedback is a firsthand account of a customer's or client's happiness or discontent with a product or service they have received. Depending on the customer's experience, the feedback can be positive or negative. Some of the viewpoints can be used to help you enhance your business plans and increase customer service.

3.5 TURNING CUSTOMER TO LOYAL CLIENTS

Customer Loyalty

In today's competitive market, the king of the market is the customer, and in order to keep him, the whole supplier's value package must better match the client's requirements than anything given by competitors.

Getting a new customer is expensive, while maintaining an existing customer is cost-effective. This reality has been recognized by more businesses, resulting in the introduction of loyalty programmes. Bonus points, prizes, and other incentives may be offered as part of loyalty programmes. Among the techniques to improve loyalty are:

1. Loyalty Programmes

Given that the most effective retention strategy is a well-designed customer loyalty programme, it is critical for businesses today to adopt a loyalty programme in order to maintain growth.

According to Gartner research, attracting new consumers costs five times as much as keeping a current customer. A loyalty Programme based on points can increase in-store transactions and internet conversions. It can be linked to your website, social media channels, and email marketing to provide a complete consumer experience.

2. Social Media Marketing

The growth of social media has given marketers a big opportunity to connect with customers and win them over. Social media, according to 72 percent of consumers, helps them stay more involved with brands. Popular social media sites like Facebook and Twitter provide fun ways to reply to consumer complaints on the fly while also ensuring customer pleasure and loyalty. Incentivizing numerous social acts such as sharing, tweeting, liking, and commenting also aids in the development of brand loyalty. Giving points for social activity is an excellent method to keep consumers engaged on a regular basis.

3. Encouraging customer to become brand Ambassador

The most powerful influence on respondents' purchasing decisions is advice from family and friends. Learn about the customers who are already promoting you. To find them, use social listening techniques. Recruit them through social media conversations. One of the most

important incentives in your loyalty programme should be points for recommendations.

4. Using channels (internet) to update customers

Despite customer complaints about the amount of email they receive, email remains a highly effective channel. Email marketing generates more conversions than any other marketing channel, including search and social. Email marketing can help you increase the amount of repeat transactions as well as subscriptions. Newsletters, thank you emails, surprise emails, redemption reminders, and exclusive deals are just a few examples of email kinds that can be utilized to keep a client engaged over time. Increase email engagement rates by including occasional point incentives in your email campaigns.

5. Delight the Customer on special Occasions

Don't think it's important to remember clients' special days? According to a survey by Fulcrum, 75 percent of customers who received a birthday message from a firm with which they did business thought of that company more favorably, and 88 percent of those who responded positively indicated improved brand loyalty.

Customers should be rewarded for providing their special dates when they sign up for your email. Include dates like these in the information users give you when they join your loyalty programme. For their birthday, give them extra loyalty points.

6. Supporting the customer

To contend with the might of ecommerce merchants, the business should embrace a customer-centric approach by differentiating itself with superior customer experience. To provide customers with a seamless Omni-channel experience, the brand combined its in-store and digital operations. Customers can "click and collect" by requesting in-store pickup, reducing the number of clicks required to purchase online, turning stores into distribution warehouses for online purchases, and aligning pricing across all channels.

7. Request feedback from customers.

Customer feedback is one of the most important aspects of building and maintaining customer loyalty. Sending out surveys, asking questions during phone calls, and keeping track of your ratings while soliciting as much input as possible will all help you improve your customer service.

Online reviews and comments, as well as tags on social media platforms and other online forums, are excellent venues to reply to both positive and negative client feedback. This will demonstrate that you engage with all clients and that you take genuine criticism seriously in order to provide the best service possible.

8. Process Improvement

Broken processes have a direct impact on the experience. A structured quality management program can help develop solutions to systemic problems that affect the customer experience. This is done by continually trying to improve the way products and services are delivered to the customer. For example, if customer feedback suggests slow process times, gather a team and figure out a plan to improve process times.

9. Share Your Business Plan

Internally (to staff) and externally (to customers), executives should explain the organization's business goals (to the community). Customers are interested in what a company is striving to achieve. For example, a corporate plan could strive to become the industry leader in customer service. In restaurant business, if owner share plan of starting snacks counter or bash services with customers and promise them to offer them on priority, customers feel belonged to and switch to loyal behavior. Customers remember companies who make promises like these. Consumers that are loyal pay the bills, and firms that focus on providing excellent service can build loyal customers. Employees at all levels of the business must work together to accomplish this.

10. Provide comforts

Make things simple for your customers, and they'll return. Consider how you can improve the consumer experience by making it easier or faster. Consider shortening your checkout procedure so customers can get in and out quickly, and offer auto-billing rather than forcing clients to wade through an automated maze of selections over the phone.

Example

1. Amazon Prime is a premium Amazon membership that offers regular consumers a slew of benefits (for \$119 per year), including free 2-day shipping on a wide selection of items.

Even though it isn't technically a customer loyalty programme because it requires a paid subscription, Amazon Prime is a wonderful example of delivering enough value to regular buyers to make it worthwhile.

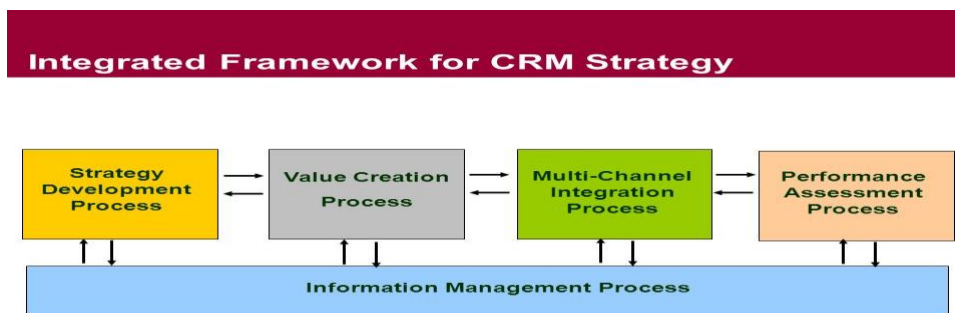
Even while Amazon's Prime programme costs them money (an estimated \$1-2 billion per year), they make up for it by increasing the frequency of buying transactions — an average Prime member spends roughly \$1,500 per year, compared to \$625 for non-Prime members.

2. Uber rewards its passengers with a variety of alternatives, from UberX to UberLUX and UberBLACK to UberSUV, all of which are carefully intended to suit to each individual's distinct demands. Uber Rewards is an important aspect of Uber's marketing strategy.

Uber users can earn points that can be redeemed for a variety of perks, including meals and miles, through this customer loyalty programme. It's a programme that's been meticulously built to provide Uber users more time, flexibility, and control. Flexible cancellations, price protection, priority pickups and support, and other benefits are among the Uber perks.

3.6 STRATEGIC FRAMEWORK FOR CRM

CRM success necessitates a multi-functional approach that involves not simply marketing but the entire company. To develop a cross-functional approach to CRM, first identify the major processes that must be addressed, then identify the important challenges or questions that the organisation must solve for each of these activities.



Source: Adapted from: Adrian Payne and Pennie Frow, "A Strategic Framework for Customer Relationship Management," *Journal of Marketing* 69 (October 2005), pp.167-176.

10

Most firms should examine the following five cross-functional CRM processes.

These are the following:

1. The Strategic Development Process

The strategic perspective begins with a review of the four process selection criteria for marketing and business processes listed below, which have now been supplemented by two new proposals.

- The processes should be limited to a small number of tasks that are vital to the attainment of an organization's objectives.
- Each step should add value to the overall process.
- Every procedure should be strategic or macro in nature.
- The processes must have distinct interrelationships.
- Each process should have multiple functions.

2. The value Creation Process

Increasingly, creating customer value is recognized as a fundamental source of competitive advantage. Despite the increased emphasis paid

to this area of strategy growth, managers and observers are notably divided on what constitutes 'customer value.' Furthermore, firms frequently fail to articulate in sufficient depth the value they hope to provide to precisely defined consumer segments and micro-segments, as well as how they intend to do so. The value creation process consists of three key elements: determining what value the company could provide to its customers (the 'value customer receives'); determining the value the organisation receives from its customers (the 'value organisation receives'); and maximizing the lifetime value of desirable customer segments by successfully managing this value exchange.

3. The Multichannel Integration Process

Multichannel integration is the practice of interacting with customers via a combination of indirect and direct communication channels – websites, retail stores, mail order catalogues, direct mail, email, mobile, and so on – and allowing customers to respond – preferably by purchasing your product or service – via the channel of their choice. In its most basic form, multichannel marketing is all about giving customers options.

4. The Information Management Process

Customer Information Management (CIM) is a business method for successfully managing customer data. CIM IT professionals work with all of the consumer IDs and data points that exist within a specific business architecture.

Customer information management is typically done throughout an architecture. Cross-indexing accounts, for example, to provide more easily accessible client identities or names, or account histories, would be considered CIM. Workers performing CIM may be required to analyse more structured or less structured data, such as mining customer names and numbers from letters or other print communications.

5. The Performance Assessment

The process of quantifying the efficiency and effectiveness of previous actions is known as performance measurement. Measuring CRM performance is difficult because it is difficult to establish causal links between CRM activities and the company's economic results. These challenges stem from the numerous interactions between functional areas such as marketing, sales, and service, as well as CRM processes and systems. Furthermore, many CRM benefits are qualitative in nature, making it difficult to demonstrate their impact on financial results. CRM performance measurement can be used to calculate the monetary benefit of CRM investments or to measure and manage the success of CRM activities and processes. We'll show you examples of both.

These important CRM processes were identified as a result of extensive study, which included talks with corporate executives from a variety of industries. Given our concept of CRM, these procedures are predictable in retrospect.

CRM should be thought of as a strategic set of processes or activities that begins with a thorough examination of an organization's strategy (the strategy formulation process) and ends with an increase in business results and shareholder value (the performance evaluation process). The idea that competitive advantage comes from creating value for both the client and the organisation (the value creation process) is critical to any relationship's success. Customer and other relevant data will be collected and intelligently used (the information management process) to produce a superior customer experience at each touch-point where the customer and supplier engage (the multi-channel integration process) for all significant enterprises' CRM activities. While these CRM processes appear to be universal, the amount to which they are implemented will depend on the unique circumstances of the firm in question. Some businesses may want to expand on the key CRM processes outlined here.

For example, a telecommunications business pointed out that their billing process (which included every telephone encounter customers had with the company) was so ubiquitous, complicated, and crucial that it needed to be regarded a critical CRM process in and of itself.

3.7 E CRM

E CRM- Concept Electronic Customer Relationship Management, or E-CRM, is an integrated online sales, marketing, and service approach for identifying, attracting, and retaining a company's customers. It refers to improved and increased communication between a business and its customers as a result of the use of new technologies to create and enhance consumer contact. E-CRM software creates profiles and histories for each customer interaction, making it a valuable tool for all small and medium organisations. Electronic Commerce (EC) is the electronic interchange of commercial information, such as Electronic Data Interchange (EDI), Electronic Mail (e-mail), Electronic Bulletin Boards (EBBs), and Electronic Funds Transfer (EFT) (EFT).

E-Commerce technologies are intended to replace traditional paper-based workflow with faster, more efficient, and more reliable computer connections. In order to conduct business using e-Commerce technologies in today's climate, a company must have access to a computer and a modem.

When you combine the enormous reach of the Internet with the vast resources of traditional information technology systems, you get e-commerce. It makes use of the Internet to connect customers, vendors, and suppliers together in ways never previously possible; e-commerce is here

and offers a plethora of possibilities. Companies all across the world are already buying and selling through the internet.

The following features may be included in E-CRM software systems:

- i. Customer management: Gives you access to all of your customers' information, such as their inquiry status and correspondence.
- ii. Knowledge management: A centralized knowledge base that manages and shares information about customers.

The term "e-CRM" is defined as "electronic customer relationship management."

CRM encompasses the attitude and mission of structured business that is engaged with a well-knit customer-focused knowledge base and pervasive communications. It is more than software or a procedure; it is a culture of attracting and retaining valuable clients while providing incalculable benefits. In a fast changing competitive market, E-CRM can unquestionably contribute to an organisational transformation into a real-time enterprise for customers, while embracing the power of technology.

3.7.1 Benefits of E CRM

New sales and account prospects, faster, sharper decision-making, and improved efficiencies all contribute to a considerable improvement in customer service.

The following are some of the most important advantages of e-CRM:

1. Improved customer relationships

Provides a smooth workflow and quick access to information while synchronizing client data across all channels. Integrating E-commerce and CRM benefits customers in a variety of ways. It keeps your customers informed about when to expect their merchandise by providing order status updates, inventory checks, and shipment tracking. CRM also assists online retailers who use Omni-channel retail in collecting information about their customers across multiple channels.

2. Enhanced Marketing and Promotion

CRM e-commerce integration provides shop owners with a central repository for their customer data. This improves all aspects of marketing, from planning to targeting and execution. When your customers receive highly personalized email marketing, which is only possible with CRM, it has a direct impact on the income of your online store.

3. Improves Sales Team Performance

CRM integration can benefit any business that employs customer service or sales representatives. Ecommerce CRM integrations boost

employee productivity because the sales team can upsell or cross-sell far more effectively by accessing customer details such as orders, payments, and even products viewed. This is true even for B2B e-commerce sites, where sales teams are empowered to negotiate payment terms based on a client's previous payment history.

4. Better Inventory planning and forecasting

When used correctly, a CRM system will provide you with information about the most popular products in your store. This enables you to forecast using actual sales data for manufacturing, sourcing, and sales.

5. Drive Services after sales

After-sales services should be a part of any online business, regardless of what they sell. It boosts customer loyalty, sales, and CLV (Customer Lifetime Value).

One of the most significant benefits of CRM for e-commerce is the ability it provides your sales team to address client concerns before they become problems. Sales reps who understand their customers' behaviour can handle order issues, inventory shortages, and product education issues much more quickly and precisely.

6. Minimizes Losses and Costs

Without CRM system integration, your online store is more likely to suffer from simple typos and other data-entry errors. Manual data transfer is particularly vulnerable to these issues, which can have a direct impact on sales and customer loyalty. CRM and e-commerce integration is the best solution.

7. Helps in Competition

Automated, synchronized data transfer also improves your company's overall efficiency by ensuring accurate order fulfillment and timely communication. This provides your store with a significant competitive advantage over other stores in the same market.

8. Better analytics and Monitoring

Integration of ecommerce and CRM systems provides you with constant access to a large amount of information. Most CRMs allow you to personalize your dashboard in order to better leverage customer information, sales goal reports, and uncover untapped opportunities. For example, you can export a list of customers who haven't purchased in a long time and send them an email offering a discount on their return in a matter of minutes.

9. Improved product and service delivery processes

Detailed schedules and tasks, contact lists and activity logs, automation association with leads, accounts, or contacts, product and resource information management, marketing alerts, and so on.

10. Improved customer knowledge and insight

E-CRM combines all of these initiatives to allow a company to better respond to its customers' requirements and market to them on a one-to-one basis.

Check your Progress:

1. Coco- cola company has built customer relationship by inviting feedback through E mail system, this is an example of ____ (Customer loyalty, E CRM, EDI)

3.7.2 Steps of E CRM

Various aspects play a role in guaranteeing the success of any degree of eCRM implementation. The ability of the technology to bring value to the existing business is one clear approach to measure it.

Steps of E CRM are given below:

1. Developing customer-centric strategies:

The primary goal of eCRM is to establish client relationships; yet, eCRM cannot achieve its objectives without the participation and cooperation of customers. Three basic categories of eCRM essential elements exist. Customer centricity, customer approach, and customer touch points are three critical characteristics that can help eCRM operate better in order to improve customer relationships.

2. Redesigning workflow management systems:

An E-CRM strategy encompasses not only the integration of information and customer touch points, but also employee training and empowerment, as well as the automation of systems that aid in customer interactions and communications. Customer relationship management isn't solely the domain of the marketing department. It is a company-wide approach that necessitates continuous development in the company's capacity to treat customers and prospects in ways that encourage loyalty and repeat business, as well as a complete redesign of the work flow system.

3. Re-engineering work processes:

A customer relationship management (CRM) strategy is required to properly re-engineer customer processes. CRM will assist organisations in reengineering their customer processes in order to improve customer experiences.

"Customer input," which must be captured from many touch points, is one of the most important aspects of customer process reengineering. It should begin with the lead generation stage and continue indefinitely because, for an organisation, a client is a customer forever. Customer touch point goals must be linked with CRM software.

Because client input is so important, you'll need a clear process for entering and analysing it, which any excellent CRM tool that meets your needs can provide. Managing and implementing technologies and Softwares needs to be adjusted as per customer acquiring and follow ups.

4. Supporting with the right technologies:

E-CRM systems must be designed on top of a technical infrastructure that addresses the requirements of new Internet-driven enterprises in order to compete successfully in today's near-real-time e-business market. Customer service, sales, marketing, and everyone else in the organisation will have a holistic perspective of each and every customer after a successful CRM implementation. This will aid them in making rapid and informed decisions, determining marketing success, identifying up-selling and cross-selling opportunities, and providing tailored customer service.

Case Example:

ICICI Bank, India's first bank to offer e-banking services, has over one lakh regular online user accounts, with more than a quarter of them being NRIs. The bank has considered advanced information technology as a management and competitive tool, and has attempted to use it to its full potential in order to provide outstanding customer service. In both B2B and B2C efforts, the Bank has emerged as a leader. B2B (i-payments) solutions strive to make online supply-chain management easier for corporate clients by connecting them with their suppliers and dealers in a closed loop. The account with the bank must be maintained by all participants in this loop. The information gathered on client application forms and feedback forms is saved on a centralised system that is available to any ICICI Bank employee from any branch. The team can select which goods to offer individual clients after a thorough review of the data. More tailored services, such as Privilege Banking, are available to high-value customers.

3.8 SUCCESSFUL CRM IMPLEMENTATION

CRM is an integrated approach to identifying, acquiring and retaining customers. By enabling organizations to manage and coordinate customer interactions across multiple channels, departments, lines of business and geographies, CRM helps organizations maximize the value of every customer interaction and drive superior corporate performance.

Successful CRM implementation involves the following:

- 1) CRM is a strategic approach aimed at increasing shareholder value by cultivating appropriate relationships with important customers and customer groups.
- 2) CRM combines the power of technology with relationship marketing to create profitable, long-term relationships.

- 3) CRM, on the other hand, gives you more ways to use data and information to better understand your clients and create relationship marketing strategies. This necessitates a cross-functional integration of people, operations, processes, and marketing capabilities supported by data, technology, and applications.

4) CRM IMPLEMENTATION (PHASES)

a. Develop the CRM Strategy

It involves conducting Situational analysis by identifying Customer or segments. Aligning it with the Market offering, also with the identification and adoption of Channels of distribution. All channel partners and vendors need to be given commencing the CRM education. Developing CRM vision is must in this step by Setting priorities, Goals and objectives. Identification of the people, process, and technology requirement and thereby developing a business case

b. Build CRM Project foundations

This step requires Identification of stakeholders. It involves establishing the governance structure. Various measures to be taken to identify the change management needs. Also to identify the project management needs is main element of this phase by aligning the criteria success factors and developing a risk management plan.

c. Need specifications and partner selection

This phase includes Process mapping and refinement Data reviewing and gap analysis. Major decision needs to be taken to have hosted or On-premise CRM, thereby calling for proposals will start by Inviting potential partners. The major thrust is to be take decision on revised technology need identification. Accepting the proposals and selecting one or more partners will begin.

d. Project Implementation

Project plan will be refined in this phase and Identification of the technology with customization needs will be undertaken. Deciding upon Prototypes design, test, modify, and roll out of CRM processes will get implemented.

e. Performance Evaluation

Performance Evaluation will be based on following areas:

- Project outcomes
- Business outcomes
- Implementation issues

- Poor planning
- Poor Integration
- Towards a solution

Example- BYJU'S – Using CRM to track each stage of the process

BYJU'S (Think and Learn Pvt Ltd) is one of the world's leading e-learning platforms. They are the first Asian company to receive funding from the Chan-Zuckerberg Initiative, and they have even been featured in a Harvard Business School case study. Their line of work entails ongoing customer management, and the customer life cycle is typically long. This is why they began looking for a CRM that could store their previous customer data. Initially, they used a combination of CRM software and Excel spreadsheets. Although this method of managing leads was difficult, they chose this mixed model of data tracking because they were hesitant to implement a completely new tool.

Their concerns were allayed when they discovered a CRM that met their requirements in three areas:

- Adoption Ease
- Flexibility
- Rapid implementation

Within the first few hours of implementing Lead Squared, their team realized that the tool was far superior to the one they had previously used. Lead Squared is used by their sales team as well as for order management, recruitment, post-sales, and pre-sales processes. Lead Squared is used wherever a process needs to be streamlined.

3.9 SUMMARY

Customer empowerment is based on the premise that people should have the tools they need to achieve their goals. Out of Four categories of customers like Savvy maximizers, Content Streamers, Secure traditionalist, undaunted strivers show the characteristics of Empowered customer.

Customer relationship manager plays a very important role. He implement a customer relationship strategy that identifies which challenges to address, opportunities to pursue, and people to invest in.

CRM (Customer Relationship Management) is a strategy and method for acquiring, maintaining, and working with select customers in order to generate higher value for both the organisation and the customer .Customer loyalty is described as the proclivity for customers to stick with one firm over competing offers. Pricing discounts, providing product guarantee etc are ways to enhance loyalty of customers.

CRM should be thought of as a strategic set of processes or activities that begins with a thorough examination of an organization's strategy (the strategy formulation process) and ends with an increase in business results and shareholder value (the performance evaluation process).

E CRM- Concept Electronic Customer Relationship Management, or E-CRM, is an integrated online sales, marketing, and service approach for identifying, attracting, and retaining a company's customers. It refers to improved and increased communication between a business and its customers as a result of the use of new technologies to create and enhance consumer contact.

Successful CRM Implementation involves five phases viz; Developing Strategic plan, Building Project Foundation of CRM, Need specification and partner selection, Project implementation and Performance evaluation.

3.10 EXERCISE

Fill in the blanks:

1. ____ is the customer who is driven by Value. (Savvymaximisers, Content streamers, Undaunted drivers, secure traditionalist)
2. ____ enables satisfied customers towards repeat purchase of a particular product or brand.(Customer needs, Customer Loyalty, Customer Base, Customer complaints)
3. Sales automation is the example of ____ type of CRM. (Operational, Analytical, Collaborative, geographic)
4. ____ is an integrated online sales, marketing, and service approach for identifying, attracting, and retaining a company's customers.(CRM, E-CRM, Analytical CRM, Collaborative CRM)
5. ____ is a key element of E CRM strategy. (Customer acquisition, Customer Win Back, Customer retention, Customer complaint)

Answers:

1. Savvy maximizers.
2. Customer Loyalty
3. Operational.
4. E-CRM
- 5 Customer Win back

Match the Following:

Group A	Group B
1. Buyer	a. Online System
2. Customer loyalty	b. Decision to buy
3. E CRM	c. Customer database
4. Geographic CRM	d. Repeat orders
5. CRM process	e. Geolocation services

(1- b, 2- d, 3- a, 4- e, 5- c)

Short Notes

1. CRM Framework
2. E-CRM
3. Customer Loyalty
4. Role of Customer Relationship Manager

Answer the following in brief:

1. Explain in detail the features of empowered Customer.
2. What are benefits and challenges of E CRM?
3. Elaborate the process of Successful CRM implementation.
4. What is Customer Loyalty and how can be customers be converted to loyal customer?

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CHANNEL RELATIONSHIP MANAGEMENT - II

Unit Structure

- 4.0. Objective
- 4.1. Introduction
- 4.2. Importance of Channel Relationships
- 4.3. Challenges of Channel relationships
- 4.4. Elements contributing to effective channel relationship
- 4.5. Summary
- 4.6. Exercise
- 4.7. References

4.0 OBJECTIVE

After studying the unit, the students will be able:

- 1. To understand the concept of Channel relationship management
- 2. To discuss the importance of Channel relationships.
- 3. To discuss the Challenges of Channel relationship management.
- 4. To highlight the Elements contributing to effective channel relationship.

4.1 INTRODUCTION

Marketing channel can be defined as an array of exchange relationships that create customer value in the acquisition, consumption, and disposition of products and services. This definition implies that exchange relationships emerge from market needs as a way of serving market needs. Channel members must come to the marketplace well equipped to address changing market needs and wants. marketing channels facilitate the exchange process. Since marketing focuses on the activities and behaviours necessary for exchange to occur, channels should be thought of as exchange facilitators. Thus, any connection between individuals and/or organisations that allows or contributes to the occurrence of an exchange is a marketing channel.

Markets, by definition, cannot exist without actions or behaviours that contribute to exchange. It is well established in market settings that no individual or organisation can operate in perfect isolation from other individuals or organisations for long periods of time. *Hobart (equipment producers), cheese suppliers (wholesale distributors), supermarkets (retailers), and hungry clients (consumers) exemplify how exchange connections evolve from market demands as a manner of servicing market needs. In each situation, some form of engagement is required for marketing to take place.* In the next section, we'll look at how marketing channels have changed from a distribution to a relationship orientation as a result of these encounters.

Markets are necessary for the existence of organisations. All company competition arises from marketing channels, and the success or failure of every single business is ultimately determined there. Members of the channel control the flow of products and services in the marketplace.

Your partners and intermediaries will be of little help to your bottom line if they can't reach your target audience. Without having to hire a larger sales team, channel partners provide a way to achieve better business outcomes. Developing channel alliances is akin to hiring a sales team.

"Channel relationship management is about managing the relationship between a vendor and the third parties it uses to get its products into customers' hands while ensuring quality post-sales service and support."

4.2 IMPORTANCE OF CHANNEL RELATIONSHIPS

The importance of channel relationship management is understood from below given points:

1. Profit maximization:

Channel relationship management helps in identifying potential markets where profitable business exists and it enables focuses on one's marketing efforts. This in turn reduces wastages and leverages profitability of companies.

2. Reducing cost of acquiring customers:

With effective channel partners, companies may increase the performance of marketing campaigns while lowering your cost per customer acquisition using channel relationship marketing.

3. Attainment of unified sales goals:

Channel management ensures that brand, as well as your customer relationships, are maintained. Planning channel partner media campaigns, relationship lifecycles, and partner sales goals are also attained.

4. Competitive advantage

Organizations can establish comparative advantages by combining their resources with those earned and shared in marketing partnerships, which, when employed appropriately, result in marketplace positions of competitive advantage for the firm.

5. Customer Value

In each channel, the purpose of channel management is to develop direct communication with customers. If the organisation is successful in achieving this aim, management will have a better understanding of which marketing channel is optimal for that specific consumer base and in meeting customer value expectations.

6. Better stand against global competition

Competitive advantage is a set of characteristics that provide businesses with an advantage over their competitors. It enables businesses to provide a higher-value product or service to their target market than competitors in the industry. In the long run, this strengthens the company's position in their industry and drives more sales than competitors.

7. Improved quality communication and networking

Effective networking is a skill that appears to come naturally to successful businesspeople. If you question them about their ability, they will tell you that there is a method to their madness. Effective networkers have a goal, understand their audience, and are more concerned with the needs and interests of others than with their own. Networking has a long history that ranges from backyard fence conversations to boardrooms and online social media sites.

8. Increased revenues

Businesses should focus on their customers, increase their marketing and sales efforts, review their pricing strategies, and expand their market to increase revenue. There are a variety of strategies that small business owners can use to increase profits and improve bottom lines, regardless of their budget.

9. Improved customer service and support

Customer service is all about giving customers what they want, when they want it, and as efficiently as possible. If your company provides excellent customer service, you have a better chance of retaining and expanding your customer base.

10. Reduced costs of buying and using product and services

A cost-cutting strategy is a proactive approach to reducing expenses. It is accomplished through continuous cost analysis, corrective functions, and financial planning.

Cost management is critical to a company's health. An effective cost-cutting strategy focuses on lowering costs in all business activities.

Distributors have traditionally been crucial in streamlining the operating lines between producers and end-users. While they have been in charge of ensuring the smooth distribution and flow of commodities, the issues they confront today are no longer confined to delivering goods in excellent condition and on time. They are now confronted with modern, unforeseen issues. Many of them are now struggling for survival, let alone profitability, as the global marketplace becomes increasingly competitive, with customers expecting values.

Managing different channels in different target markets involves many challenges which are given below:

1. Data integration:

Complete customer data integration or an integrated, one view of the customer across channels would be great for a company. The ideal database would show which channels each client used at each stage of the decision-making process, including channels used by competitors. Data, on the other hand, has a less ambitious concentration on the company's own channels, emphasising purchase and after-sales assistance rather than search.

2. Resistance to Change

Change apprehension is unavoidable. Dealing with the loss of control is the most pressing problem when it comes to resistance to change. Change pushed from the outside will be more resisted because it makes people feel like they are victims of change. Customers don't accept innovation thinking that its part of change. People who benefit from the old system are more adamant in their opposition to new ideas and philosophies. As a result, a focus should be placed on involving and consulting staff via two-way communication for a coordinated effort to create new channel transformation on the route to success.

3. Channel evaluation:

After gathering data and gaining a better understanding of the consumer decision-making process, the company can assess channel performance. The following contributions of channel need to be evaluated:

- Value brought by Channel
- Effect on sales and profits
- Synergy developed
- Cost saving strategies

4. Allocation of resources across channels

Allocation of resources like men, money, material, functional inputs needs to be allocated across the channel which is an herculean task

involving confidence of all channel partners with proper feedback and information flow.

5. Coordination of channel strategies

The coordination of objectives, design, and deployment of channels to achieve synergies is likely the most difficult assignment for managers. The following factors must be considered:

- Will the channels be separate or integrated?
- Channel design integration
- Can these synergies be realized through integrated channel design or synergy?
- Is it better to build channels around segments or functions?

For example, a functional channel strategy would encourage customers to use the Internet for searching, the brick-and-mortar store for purchasing, and the call centre for after-sales assistance.

6. Cross-Channel targeting:

Lack of Comprehensive customer behavior data poses difficulty for effectively targeting cross channel marketing efforts.

7. Inventory Mismanagement:

One of the major problems managing various channels is tracking the position of inventory. Lack of demand aggregation and optimum record of inventory creates mismanagement of all sorts of inventory like work in process, raw material and finished goods.

8. Bad Forecasting

There may be lack of integration in the Orders flowing across various channels, which makes it unable for channel members to forecast demand accurately.

9. Information distortion

There may be information distort or holding back of some important information based on some selfish interest of money making which creates challenge in managing channel smoothly.

4.4 ELEMENTS CONTRIBUTING TO EFFECTIVE CHANNEL RELATIONSHIP

Effective Channels relationship is very much necessary and strategically important for companies to maintain as it results into synergy and profitability goals attainment. The following are the ways concrete elements contributing to effective channel relationship.

1. Deal registration and lead management:

Effective Channel relationship requires empowering partners with end-to-end sales, service, account, and knowledge management solutions and proper lead management to keep customers pleased after the original transaction and ensure they return in the future.

2. Coordination and Integration of efforts:

Integration and proper coordination in channel provides considerable value to businesses, whether it's by allowing previously difficult-to-share information to be shared or by assisting channel partners in collaborating through closed-loop, cross-enterprise business processes.

3. Incentives and rewards management :

PRM is a more sophisticated version of CRM that focuses on channel sales optimization. It necessitates considerable processes, training, knowledge, and integration with other critical data sources. These prospects can contribute to higher channel profitability and consumer, channel partner, and company satisfaction.

4. Marketing development and co-branding :

Assisting marketing and branding teams in ensuring that Channel partners understand brand's messaging. As a result, channel partners are able to construct campaigns, build pipelines, and boost ROI.

5. Partner communications and reporting::

A good channel solution enables for greater communication and productivity with partners, resulting in more revenue and better control.

6. People Management

People management is the process of supervising employee training, development, motivation, and day-to-day management. Managers are typically in charge of people management in their departments, but depending on the business structure, other departments may assist.

7. Workflow Automation

Automation is a method of making the flow of tasks, documents, and information across work-related activities run autonomously in accordance with defined business rules.

8. Analytics

Marketing analytics is a collection of technologies and methods for converting raw data into marketing insights. The goal of marketing analytics is to maximize the return on investment from a company's marketing initiatives. Marketing analytics tools include tools for

planning, managing, and evaluating marketing efforts across all channels.

9. Consistency:

Consistent performance of channel members results into high morale and synergy in channel. Moreover the conflict has to be resolved and consistency in strategies needs to be ensured.

10. Consumer Orientation:

In the channel, every party delivers to next party but the end users are final customers who are the users. Better relationship can be developed among channel members only by knowing their customers.

4.5 SUMMARY

Marketing channel can be defined as an array of exchange relationships that create customer value in the acquisition, consumption, and disposition of products and services.

Channel relationship management is about managing the relationship between a vendor and the third parties it uses to get its products into customers' hands while ensuring quality post-sales service and support.

Distributors, wholesalers, and retailers are marketing channels that provide three tasks for your company: purchasing products for resale to customers, delivering products to customers, and facilitating sales to customers through financing and other services. The channel activities augment your direct sales operations and broaden your market coverage.

Distributors have traditionally been crucial in streamlining the operating lines between producers and end-users. While they have been in charge of ensuring the smooth distribution and flow of commodities, the issues they confront today are no longer confined to delivering goods in excellent condition and on time. They are now confronted with modern, unforeseen issues.

For effective channel relationship, Channel strategy is required including partners collaborating tactics.

4.6 EXERCISE

Fill in the blanks:

1. ____ management is a process where the company matures various marketing techniques as well as sales policies to reach a large customer base.

(a) Customer relationship (b) Supplier relationship (c) Channel relationship (d) Investor relationship

2. _____ traditionally embraces basic elements of marketing mix i.e. product, Price, Distribution, Promotion, people and process.
(a) Marketing Channel (b) Channel strategy (c) Marketing intermediary (d) Marketing mix
3. _____ is the challenge of channel relationship management.
(a) Resistance to Change (b) Attainment of Sales Goal (c) Profit maximization (d) Channel strategy
4. _____ highlights the importance of Channel relationships.
(a) Customer value (b) Inventory mismanagement (c) Resistance to change (d) Channel strategy
5. _____ is viewed and defined as “the external contractual organization that management operates to achieve its distribution objectives.”
(a) Marketing Channel (b) Marketing Strategy (c) marketing Intermediary (d) Marketing

Answers: (1- c, 2- d, 3- a, 4-d, 5- 1)

State whether the following are True or False:

1. Wholesalers and retailers are the channel intermediaries facilitating the distribution of goods to a large customer base.
2. An intermediary is a third part that offers an intermediation service between two trading parties.
3. Direct selling is the marketing and selling of products directly to consumers without any middlemen in the channel.
4. Pricing refers to the context in which products or services are being placed in the market.

Answers: (True: 1,2,3 false: 4)

Short Notes

1. Workflow Automation
2. Channel Relationship
3. Role of channel relationship
4. Challenges in Channel Relationship

Answer in brief:

1. What is Channel relationship Management along with its importance?
2. Comment on the Challenges involved in maintaining channel relationships.
3. Discuss various elements that contribute to effective channel relationships.

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EMPLOYEE RELATIONSHIP MANAGEMENT

Unit Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Concept of Employee Relationship Management
- 5.3 Approaches to employee relations
- 5.4 Role of Employee relations manager
- 5.5 Prospects and Importance of Industrial Relations
- 5.6 Problems and challenges of employee relations
- 5.7 Key Drivers of Shifting from Industrial Relations to Employee relations
- 5.8 Summary
- 5.9 Exercise
- 5.10 References

5.0 OBJECTIVE

1. To introduce a learner to the concept of Employee Relationship Management
2. To make a learner understand the challenges and prospects of ERM
3. To make a learner understand ERM strategy and its essentials

5.1 INTRODUCTION

The key to the success of any organization lies in the satisfaction of its employees and customers. Employee satisfaction can be ensured only when in an organization there exist a proper system that ensures finding out the need of employees and satisfying the same so that employee remains motivated and committed to the organization. Human Resource Manager needs to ensure that an efficient human relationship management chain is in place to human resources of the organization focused and motivated which will ensure high productivity, low labour turnover, less or negligible employee frictions, attritions etc.

Employee relations are primarily focused on managing employment relationships and developing a positive psychological contract with the employees.

Employee Relations Management(ERM) aims at building relationships, commitment and organizational loyalty among the employees by empowering them that resulting in creating a productive and secure workplace environment.

Employee relations deals with

- Terms and conditions of employment
- Providing a platform for employees to raise their voice
- Issues relating to employment
- Communicating with employee

Employee Relationship Management (ERM) is a process of applying controlling methods and practices to regulate employee relations in the work environment.

5.2 CONCEPT OF EMPLOYEE RELATIONSHIP MANAGEMENT

Employee Relationship Management:

The origin of the concept of Human Relations is traced way back to 1771 to 1858 when a young employer Robert Owen first laid down the emphasis on the human needs of employees. Later, F.W. Taylor emphasized the need to improve the working conditions of employees at the workplace and to recognize people at work.

Concept:

Human/ Employee relations refers to the interaction of people at work with special emphasis on how people act within an organization. Employee relation is concerned with how the people in the organization work together, a formal and informal arrangement that exists for the promotion of the interest of employees and the organization as a whole.

According to Fred Luthans “human relations is the practice of management which places heavy emphasis on employee cooperation and morale”

Employee relations as per Keith Davis "Is the integration of people into work situation in a way that motivates them to work together productively, cooperatively and with economic, psychological and social satisfaction"

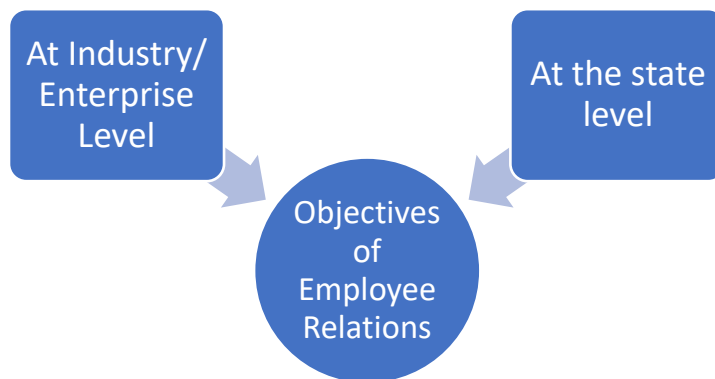
The human resource department of an organization needs to apply ERM in the areas such as-

- Recruitment and selection
- Job posting

- Employee induction
- Training and development
- Employee engagement
- Communication systems
- Performance appraisal
- Employee pay and perks
- Conflict resolution etc

Objectives of Employee Relations

Employee relations are important to the company and the industry in which the company operates. The objective of employee relations can be classified as-



A. Objectives at Enterprise level:

Following are the objectives of Employee Relations at the Enterprise Level:

1. Maintaining a healthy relationship in the company:

Good employee relations ensure a healthy and peaceful environment in the organization. A happy employee is the biggest asset for the company and helps the company in achieving its objectives. On the other hand, poor relations between the employee and management result in high labour turnover, frequent strikes, poor quality and low productivity etc.

2. Help in enhancing mutual understanding:

Good and clear communication ensures peaceful employee relations which in turn keeps the employee motivated, loyal and focused. Employee relations help in achieving mutual understanding between company management, employee trade union and employees. Crystal clear communication enhances trust among company stakeholders which results in achieving the company objectives.

3. Reduces conflict:

Conflict in the company is not a good sign in the competitive advantage era. A company should ensure that there should not be conflict or conflict of interest in the organization. A mechanism should be spelt out on paper for any conflict among workers in the organization. Employees should be provided with a platform where they can raise their concerns about jobs, working conditions or any other matter concerning them.

A good and active system will ensure achieving good employee relations in the organization.

4. Mutual benefit:

Good employee relations help in achieving mutual benefit. A company can achieve a 'win-win' situation by maintaining good employee relations where quality and high productivity at a competitive input cost can be achieved while keeping the employee motivated through better-motivated work conditions and financial benefits.

5. Optimum utilization of resources:

Good employee relations guarantee less or no conflict, motivated employees, fewer accidents and production breaks. This will take care of the full utilization of the working hours of employees in the organization. Full utilization of resources will put a tap on cost and thereby will help the organization in achieving a cost advantage over competitors.

6. Reduction in attrition and labour turnover:

The happy employee never likes to move out of the company. Job enrichment, promotion, better financial package, and career development are some of the tools that keep an employee motivated in the organization. Good employee relations result in reducing attrition. A low attrition rate helps in controlling labour turnover costs which in turn results in reducing the frequent cycle of recruitment and selection process which has a direct impact on the cost of the company.

Attrition in TCS

Tata Consultancy Services has one of the lowest attrition rates in the industry. To retain its talent, the company invest in their people, gives preference to internal candidates for new positions, provides international deployment opportunities, encourages employee learning and promotions, progressive workplace, vibrant culture, talent development and empowers employment by cultivating creativity.

The attrition rate in the company was 15.3 per cent in 2021 which the company claims to be the lowest as compared to 25.5 per cent and 22.7 per cent in Infosys and Wipro respectively.

(Source: Promotions, internal opportunities. How TCS maintains 'lowest' attrition rate in the industry, Mint live, 12 January 2022)

7. Employee engagement and participation:

Employee engagement and participation are the important objectives of the organization. An engaged employee helps in increased production. An employee feels more attached to the organization and belongingness. Employee relation helps in achieving employee engagement and participation.

8. Increased quality of life of employees:

An effective employee relations system helps in increased the quality of life of employees. Good employee relation helps in achieving work-life balance by providing better working conditions and also other job-related benefits.

B. Objectives at the state level:

1. Industrial Growth:

Industrial growth in a state or country is possible only when there are cordial relations between the company management and employees. Industrial unrest impacts investment sentiments and has a direct impact on productivity. Industrial unrest results in lockdown, poor productivity, frequent breakdowns etc.

2. Safeguards of rights:

Industrial relations safeguard the right of company management and employees. Good industrial relations guarantee employee rights such as timely payment of wages, the existence of employee welfare and old-age benefits, good working conditions etc.

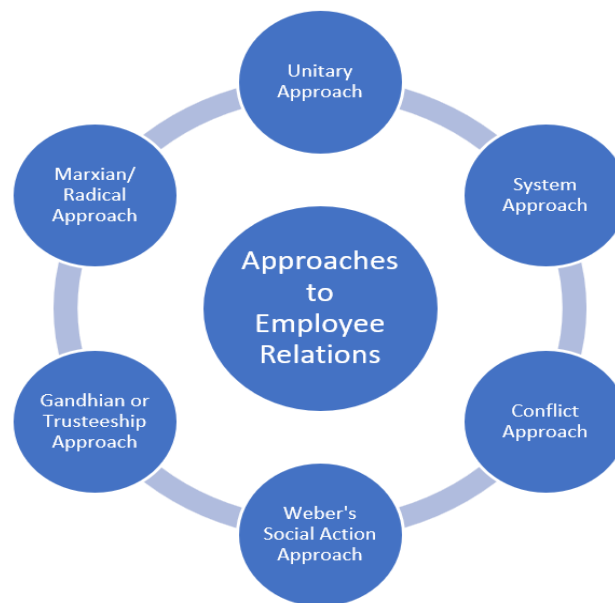
3. Rules and regulations for the benefit of employees:

Minimum wages Act, Employee Compensation Act, workers welfare and social security Acts etc., enacted by the state are the tools that ensure the safeguarding of the employees in the organisation. New acts like sexual harassment in the workplace, and maternity leave are some of the acts which are meant to protect the women employees in the workplace.

5.3 APPROACHES TO EMPLOYEE RELATIONS

Approaches to Employee Relations

There are six approaches to employee relations-



1. Unitary Approach:

Statement:

'Every organization/ place of work is an integrated and harmonious place which is existing for a common purpose (for the benefit of employee and management)'

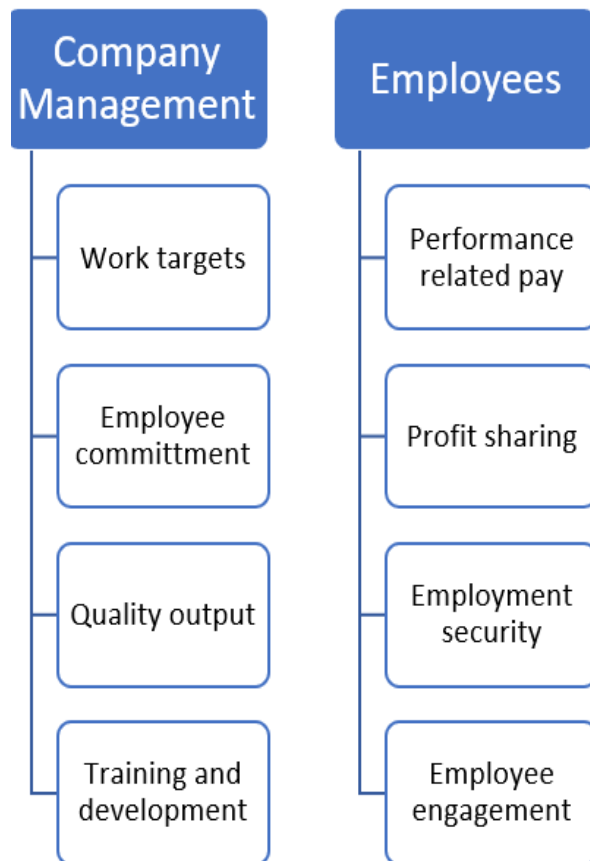
This approach is based on the assumption that an employee can recognize himself and the organization's aim and an attempt is made to achieve this aim. Achievement of this aim will benefit the employee and his organization.

As per this approach, there is no conflict between the company management and employees and they are joint partners in the achievement of company objectives. Both of them are committed to attaining efficient production, and profit. This approach states that company management adopts a paternalistic approach toward its employee.

Management and employees try to establish unitary structure, and purpose as they are on the same side and there exists cooperation and harmony within the organization.

Presence of mutual understanding results in the non-existence of collective bargaining and trade unions.

Criteria of mutual understanding among company management and employee are shown below chart-



2. System Approach

This approach is also known as the Dunlop approach.

Proposed by: John T. Dunlop

Statement: 'Industrial relations is a sub-system of society'

Essentials: Input+ Transformation+ Output

This approach holds that employee relations get affected and it affects the environment in which an organization work. There exist some actors, contexts (Technology, Market, Power) and ideology that binds employee relations.

There are three actors involved- Company management, Employees and State.

These actors function in some environments under a common ideology.

Wistron Violence

On 12 December-2020, workers turned violent at Wistron Corporation's Apple Phone plant in Karnataka. Losses amounted to 20-25 crore. It was a sudden outburst of employees as they were exploited by five to six staffing firms by holding back their wage dues. In due time, the company fired one of its top executives. There was a poor state of employee relations on the job. Apple products are being sold at high prices, employees working in this company get only a small fraction of this price. The basic salary of workers was in the range of Rs.10,000-20,000 and workers were not allowed their two daily breaks on the job. Karnataka government came in to solve the problem by setting up a committee to understand the conflict and give a way to solve the problems.

Note:

Key actors: Wistron (Company Management) and Staffing firms, Employees and Karnataka Government (State)

Environment: Non-payment of wage dues on time, the poor state of relations, non-existence of basic rights such as daily breaks.

3. The Conflict Approach:

The conflict approach has two branches- pluralism and post-capitalism

Pluralism:

The pluralistic approach accepts conflicts as a part of the work environment but at the same time, it is of the view that such conflicts can be controlled/contained by adopting various institutional arrangements.

Workers are part of society and being social animals they have their social values and self-interest. On the other hand, company management has its own set of values and self-interest.

These conflicts of interest results in a conflict that need to be managed properly and this can be achieved through negotiations and compromises.

Post-Capitalism:

Under market capitalism, a capitalist is considered to be the ruling class while the workers are powerless. In post-capitalism, as we live in the 21st century, the class-based division has narrowed due to the spread of education and an increase in employment opportunities. There is a decrease in organizational conflict. New systems have been formulated for conflict management such as the establishment of

representation, negotiating bodies, providing a platform for employee representations etc. Trade unions and collective bargaining help in managing social conflicts.

4. Weber's Social Action Approach:

This approach is based on the studies of Max Weber.

The social action approach emphasizes on individual responses of the social actors in a given situation. Social action is the behaviour having subjective meaning for individual actors which focuses on understanding practical action in a particular situation.

5. The Gandhian or Trusteeship Approach:

Mahatma Gandhiji, Father of the nation was a strong believer in non-violence and truth. The business community has its responsibilities towards its stakeholders along with earning profits and paying taxes.

Conflict arises in an industrial set up but there is a need on the part of company management and employees to manage this by arriving at a mutual benefit for the overall benefit of the community.

The strike is a fundamental right of employees but it should be used as a last resource and efforts should be made to avoid conflicts by raising reasonable demands.

6. Marxian Approach:

Marxian approach believes that social class conflict is a source of change and these conflicts are seen in the society. Conflicts cannot be avoided between the company management and employees as there exists a class difference in society. This approach lay down the importance of unions as conflicts are persistent and there is a need to raise the employee voice from time to time. Conflict arises due to an imbalance in power.

Check your progress

1. Define Employee Relationship Management. Explain its objectives.
2. Discuss in brief, different approaches to Employee Relations.
3. Write a note on the Gandhian approach to employee relations.

5.4 ROLE OF EMPLOYEE RELATIONS MANAGER

Some of the important roles of an employee relations manager in an organization would include the following:

1. Employee motivation:

Employee Relations managers should ensure employee motivation. Employee motivation can be achieved through the formation of

formal, informal and semi-informal chains of communication with the employees and their representatives (trade unions).

2. Routine managing of staff:

Employee relations managers should manage routine handling of the employees.

3. Handling issues of employees:

Employee relations managers should handle with due diligence the matter about employees such as handling disputes, employee grievances, disciplinary actions, negotiations and any other matters concerning the employees.

4. Provide support to HRM:

Employee relations managers should help in HRM by providing a good industrial environment. Employee relations managers should manage any disputes or issues relating to employees and ensure there exist positive and harmonious relations in the organization.

5. Constructive Negotiations:

ER managers should engage in constructive bargaining activities with the employees and their representatives. They should negotiate in healthy and constructive manner.

6. Conflict resolution:

ER managers should solve through bargaining or negotiations for solving a conflict. They arrive at win win situation for organization and employees.

7. Devising New Systems:

ER managers may devise a new system, process or procedures that may be required with the changing times and technology in the organization that will ensure good employee relations.

8. Helps in achieving organization goals:

ER Managers must put employees on the right pathway and directs them to achieve organizations goals.

9. Recruitment, Selection and Compensation:

ER managers are also responsible for important HR functions like recruitment, selection, compensation etc in order to ensure smooth working of organization in HR domain based areas.

10. Provision of Sound working Environment:

ER managers helps in providing Excellent working conditions to employees for achieving best of best results for organization.

5.5 PROSPECTS AND IMPORTANCE OF INDUSTRIAL RELATIONS

Industrial Relations (IR):

According to Dale Yoder- 'Industrial relation is a designation of a whole field of relationships which exist because of the necessary collaboration of men and women in the employment process of an industry'

Encyclopedia of Britannica defines IR as the study of human behaviour in the workplace, focusing especially on the influence such relations have on an organization's productivity.

Prospects of Industrial Relations:

Global competition, change in way of doing business, technological revolution, new methods of production, consumerism etc has led to a change of perspective on managing employee relations.

Importance of Industrial Relations:

Company management works hard to keep the employee morale high and motivated. Good employee relationship management ensures good communication between employee and employer and thereby reduces the conflict in the organization which help the organization and employees to achieve their objectives. A good industrial relationship is as important as it

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1. Helps in establishing industrial democracy:

Employee relations management helps in settling problems in the workforce through collective bargaining, and mutual consent. This process helps in bringing industrial democracy to the organization which keeps the employee motivated and focus.

2. Contributes to the economy and development of the country:

Good employee relations guarantee peace and harmony in the organization. This leads to quality products with higher output and cost-effectiveness. Good quality product at competitive prices results in a higher sale and thereby contributes to the economic development of the country.

3. Higher morale and motivated workforce:

Good employee relations induce the employees to contribute their best to the company. Proper representation, a platform to raise voice, and a well-established mechanism for solving conflict is the key to high morale and motivation in the workforce.

4. Better use of resources:

Good employee relation reduces conflict which in turn reduces the breakdown, strikes, low productivity and wastage of resources. There will be no idle time for the machines which may have been the case due to strikes and labour unrest.

5. Eliminates unfair practices:

Good employee relation results in mutual trust and respect among employee and company management. Well established and accepted mechanism for solving disputes and conflicts in place discourages both the employee and company management from taking any unfair practices against each other.

6. Helps in introducing change:

A human being is social. Any change is not that well accepted by the employees as they may have their sets of fear such as losing seniority, power, status, job etc. A well-placed employee relation system removes any such doubts among the employee and help them in accepting the change with a positive mind.

7. Reduction in disputes:

Lack of communication, conflict of interest among employees and company management, lack of grievance redressal forum, change in pay, work conditions, targets, welfare without taking employees into confidence etc are some of the reasons that give rise to industrial conflicts. This conflict comes with economic and growth costs to both the company and employees and the overall economy at a large. Industrial disputes can be minimized or managed if there exists a good employee relationship in the organisation and industry. Good employee relations help in reducing industrial disputes.

8. Innovation:

Innovation is the key to the survival of an organization in this competitive world. A company needs to constantly offer customised and innovative products to its customers. A motivated employee is an asset to the company as such employees (Intrapreneurs) are constantly engaged in innovation.

9. Competitive advantage:

A good employee relationship is an important tool for any company in this competitive world. Good employee relations result in cost-effective and low wastage production which is one of the competitive advantages in any industry.

10. Corporate image:

A happy employee is an asset to every company. Good employee relation helps in the internal and external marketing of the company. A lower attrition rate and dedicated staff bring the corporate image to the company.

11. Low labour turnover:

Low attrition due to well-defined employee role and employee relation reduces the labour turnover in a company. Low labour turnover results in saving on expenditure on recruitment and selection procedures and also helps the company in developing and maintaining the pool of talented workforce.

5.6 PROBLEMS AND CHALLENGES OF EMPLOYEE RELATIONS

Employee relation has seen changes since this term was used. Following are the Problems of Employee relation which is ever changing:

1. Managing changes :

Changes in industry, internal and external environment, way of doing business, automation, consumerism, media explosion, competition, labour and other related laws, growing influence of multinational companies, government policies have brought certain challenges and problems to all the three players on whom the employee relations depend- Company management, employees and their trade unions and government.

2. Problem of Trade Unions:

There is a need to develop a mechanism for raising employee concerns and collective bargaining in changing business models and trends. Maintaining a democratic setup in an organization is another problem when there is huge pressure on performance and quality productivity. Trade Unions demands relating to all of it is major problem.

3. Communication Gaps:

Employee participation, empowerment and engagement are other challenges as there is often a question on the scope of such initiative. There are concerns from both parties regarding this which employee relationship managers need to clear with the help of effective and open communication.

4. Labours' Expectations:

Transparency in policies, wage payment, workers' welfare, work conditions, and equity is a challenge in modern times where abundant labour, unemployment, outsourcing and automation is a trends in the economy specifically in a labour abundant country like India.

5. Managing work force diversity:

Free movement of employees, international deportation, and employees from around the globe has increased the challenges of understanding the social, and economic background of such employees along with their level of professionalism, aims, skills and other job-related traits.

6. Dependence on contract labours:

Dependence on contract labours is growing day by day, but contract labour act, 1970 is not amended with that pace or speed. So certain issues relating to contract labourers needs to be streamlined.

7. Frequent Layoff:

Attrition rate, layoff , terminations are all the problems relating to Employee exit which makes it difficult to manage Employee relations in adequate way.

8. Cost Optimization:

In few situations of losses , Reduction in salary, deferred salary & benefits and termination of Contracts are the only way out, so these harsh decisions with respect to unforeseen changes pose a problem in employee relations.

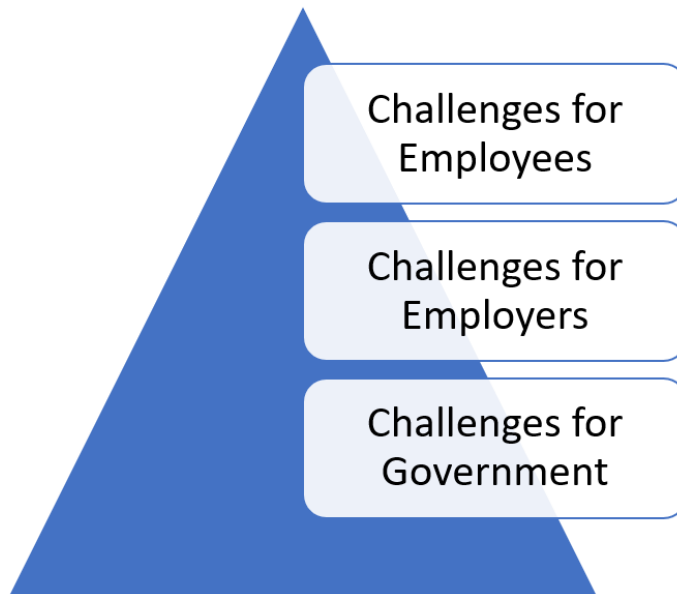
9. Safety at Work Place:

Accidents do happen, but every precaution should be taken to avoid them. Promote workplace safety not just when a new employee starts, but at least once a quarter. Bring in an expert to give advice and put your employees' expertise to the test. It all comes down to education, proper safety equipment, and safety norms.

10. Growing trend towards WFH:

While working from home gives individuals more flexibility, it also presents problems that may hinder their productivity. Furthermore, employees may feel lonely and yearn for physical human interactions.

5.6.1 Challenges of an employee can be classified into-



A. Challenges for Employees and their representatives:

1. Performance and Productivity:

Change in the method of industry operations has significantly reduced the existence of trade unions. A market-driven economy where pay and other incentives have been linked to performance and productivity has made employees focus on acquiring skills and performing better.

2. Trade Unions:

The robust role of a trade union is sought where unions need to play a proactive role in motivating employees in taking up new challenges and changes which will be beneficial for their careers. The union needs to play the role of mentor for employees and raise concerns on an appropriate platform for the employee without getting politically motivated.

3. Strategic alliances and technology:

Mergers, amalgamation, and takeovers are the reality of today's industrial structure with cutthroat competition and changes in technology. Employee and their representatives need to take this positively and look for opportunities for such changes.

GharVapasi of Air India

On 27th January 2022, National carrier Air India came back to TATA sons after 69 years. Several Air India employee unions expressed their happiness over this takeover by TATA sons and extended their support to give their best to the company and expected that the company will ensure mutually beneficial working relationship. Many unions while extending the support to the management have expressed hopes as they have seen how TATA has taken care of their Vistara employees during a pandemic when the majority of passenger flights were grounded due to government instructions and at the same time had some apprehension such as arrears, salary cuts. Staff accommodations, medical and free ticket benefits etc.

These are the few challenges that TATA has to face and can be solved amicably with the positive support of employees, trade unions and company management.

Source: Aneesh Phadnis, Business standard, 9th October 2021.

B. Employer's Perspective:

4. Resource Management and Mobilisation:

Idle resources add to the cost to the company. Every company strive for optimum utilization of resources as this will help in quality production at a less cost which will bring cost advantage to the company. Company management works on give and take relationships and to achieve them offers congenial working conditions, and ensures employee participation, engagement and empowerment. There is a shift of having merely employment contracts to partnership or ownership in today's world by the companies.

5. HR Policy shifts:

Compensation and promotions have changed from seniority or number of years of employment to performance-based and on sharing profit basis. Mutual benefit, skill enhancement, democracy, and platform for raising the voice of employee has got prominence.

6. Labour Laws and constant amendments:

Labour laws at the centre and labour laws in different states with continuous amendments are posing challenges to the employers to reach out to employees.

7. Organisation Culture:

Organizational culture is another important challenge for the organization in employee relations. Striking a balance between culture, structure and technology is challenging for employee relations and satisfaction. Operational, organisational, local customs and traditions harmony can be achieved only when there is good communication and employee

relations. Understanding the social, and cultural background of employees, and establishing a formal and informal communication channel with employees pose a challenge to employee relations managers.

8. Aligning Vision with Ethical work policies:

Well defined mission, vision, objectives, role of employee, ethical laid policies, rules and regulations will encourage shared learning and employee relations. Achieving all this with the achievement of mutual benefit is challenging. Culture relating to the role, human resources, and the task should be clearly defined to avoid conflict in employee relationship management.

Key factors: Employee relations policy, employee compensation policy, employee work and work condition policy, employee grievance redressal policy, employee relations system and communication methods, conduct and decision-making policy regarding employee relations are concerns for employers.

C. Government Perspective:

9. Policy Initiatives of Government:

Every state is responsible for the well-being of its people. The well-being of people can be ensured if the people have an opportunity such as a good job, health well-being, work-life balance, sound economy, social and economic security etc.

10. Uniform Laws and Code of conduct:

A robust economy, economic growth, foreign investment in the form of FDI, and controlled inflation is possible only when there exist good industrial relations and harmony among employee and employers. From time to time based on the need, the government has been enacting the laws to protect the interest of the employees. In a country like India, where the majority of the working population is engaged in the unorganized sector, tracking the movement of employees is difficult, and harmony among employees is a big challenge. The government tries to ensure good employee relations by enacting laws and codes of conduct from time to time.

In August 2019, the government of India notified a modified code on the four laws- Payment of Wages Act, Minimum Wages Act, the Payment of Bonus Act and Equal Remuneration Act. Floor wage was introduced which is based on the minimum living standards of workers based on the different geographical areas where they work. The state government cannot fix minimum wages below the floor wage fixed by the central government. These codes apply to organised and unorganised sector workers.

Code of Social Security: it empowers the central government to notify various social security schemes like EPF, EPS and ESI for the benefit of all employees. Firms employing more than 20 workers have to mandatorily report vacancies online. Social security fund has to be created for workers in the unorganised sector.

B. Code on Industrial Relations: workers' definition was redefined and now workers include a person employed in skilled or unskilled, manual, technical, operation and clerical capacity. An employee working as a supervisor but having a salary of less than 18000 per month is also considered a worker. Code launched the 'fixed term employment' concept and workers under this will enjoy the same benefits as permanent employees.

The code allowed company management having workers up to 300 lay off, and closure of units without government permission. Occupational safety, health and working conditions codes do not apply to units having a minimum of 20 employees if using power and a minimum of 40 employees if not using power for manufacturing. Employers have to ensure that the workplace is free from hazards and should provide annual health check-ups free of cost.

Employees are entitled to a travelling allowance annually to travel inter-state migrant workers to their native place.

5.7 KEY DRIVERS FOR SHIFTING FROM INDUSTRIAL RELATIONS TO EMPLOYEE RELATIONS

Industrial relations concentrates on collective bargaining but due to changing time, there is a shift in focus to establishing a mutual benefit and the collective relationship between employee and company management. Industrial relations, in general, should be restricted to industrial setup only whereas institutions like education, autonomy, partnership, and government should be kept out of it and efforts should be put in to develop meaningful, mutual benefit and cooperation between the employees and management in such institutions.

Industrial conflicts are seeing decreasing trend worldwide and a new concept of cooperation, mutual benefit, efficiency and competitiveness has taken the driving seat.

Since 1993, the opening of the economy for the world and private sector, there has been a demand for easing out the regulations and laws (Removal of MRTP act that brought competition

Some of the key drivers for shifting from Industrial Relations to Employee Relations-

1. Change in political ideologies leading to economic growth and development:

There is a paradigm shift in the approaches of government and political parties. They are striving hard to attract businesses and foreign direct investment that will bring economic growth and development along with employment generation and this cannot be achieved without good employee relations.

2. Striving for competitive advantage:

Companies are pitching for updating skills, training and development of their employees so that a sense of employee empowerment, engagement and motivation is generated among employees through collaborative efforts in framing policies.

3. Changing pattern of employment and performance evaluation:

The company management has been focusing on improving workplace experience, adopting less formal relationships and better work culture based on ethics and equity has led to good employee relations.

4. Modernization and automation:

Technological change has brought a change in man-machine relations. Quality and higher productivity with controlled costs have replaced fair day work and fatigue.

5. Merger, amalgamation, takeover, consolidation of businesses;

Strategic alliances like mergers and amalgamations, takeovers and consolidation of businesses brought about the changing dynamics of organization structure and its resultant factors are changes in size and nature of employment too.

6. The Transformative role of trade unions:

The traditional approach of a trade union has taken a back seat and trade unions are playing the role of mentors by facilitating change, increasing competitiveness, adaptability and productivity.

7. The shift in focus of government :

Government focus changed from controlling industries to minimum e-governance and social welfare and infrastructure

8. Perception of young employees:

Demographics and employment perceptions of young employees have undergone a change from permanent jobs and social security to performance-based pay and job advancement. The movement of labour inter-state to country and world has made employee relations more meaningful.

9. Global businesses, entry of multinationals, ease of doing business etc:

Work force diversity, automation, skilled workers, work from home projects all are gifts of global era of work and international businesses.

10. Bridging Skill gap:

Companies are pitching for updating skills, training and development of their employees so that a sense of employee empowerment, engagement and motivation is generated among employees through collaborative efforts in framing policies.

5.8 SUMMARY

Employee relations are primarily focused on managing employment relationships and developing a positive psychological contract with the employees.

Employee Relations Management(ERM) aims at building relationships, commitment and organizational loyalty among the employees by empowering them that resulting in creating a productive and secure workplace environment.

Employee relations managers should help in HRM by providing a good industrial environment. Employee relations managers should manage any disputes or issues relating to employees and ensure there exist positive and harmonious relations in the organization.

ER managers should engage in **constructive bargaining activities** with the employees and their representatives. Global competition, change in way of doing business, technological revolution, new methods of production, consumerism etc has led to a change of perspective on managing employee relations.

Industrial relation concentrates on collective bargaining but due to changing time, there is a shift in focus to establishing a mutual benefit and the collective relationship between employee and company management.

5.9 EXERCISE

State whether the following statements are True or False;

1. Employees should want their employees to reach their full potential and recognise when their capabilities exceed their current role.

2. Employee relations have replaced industrial relations as the term for defining relationship between employers and employee.
3. ERM increases workplace conflict and decreases trust
4. ERM refers to the mismanagement between enterprises and the staff.

Answers:

True: 1, 2 False: 3, 4

Short Notes

1. Role of Employee Relationship manager
2. Problems of Employee relations
3. Challenges of Employee relations
4. Prospects of Industrial relations

Answer in brief:

1. Define industrial relations. Discuss its importance.
2. 'Employee relations is challenging task for employee relations manager'. Discuss with suitable examples
3. What are the key drivers for a shift from industrial relations to employee relations?

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STRATEGIC FRAMEWORK FOR ERM

Unit Structure

- 6.0. Objectives
- 6.1. Introduction
- 6.2. Factors influencing ERM
- 6.3. Essentials of effective ERM
- 6.4. ERM Strategy
- 6.5. Summary
- 6.6. Exercise
- 6.7. References

6.0 OBJECTIVE

- 1. To understand Factors influencing ERM
- 2. To know the essentials of Effective ERM
- 3. To discuss ERM strategy

6.1 INTRODUCTION

ERM strategy define the intentions of organization what needs to be undertaken and adopted for maintaining the relations between employees and organisation. Every company understands the need of a strong employee relations strategy. Creating an atmosphere that delivers what people want now is an important part of developing a strong strategy (or in the near future). Employees want to feel good about themselves, their work, and their workplace and want to be proud of organization's productivity, general success, and budding leaders. ERM strategy aims to achieve a stable and cooperative relationship with its employee which helps in reducing conflict in the workplace. ERM strategy achieves support from the employee and is developed mutually where the interest of both parties are clubbed.

6.2 FACTORS INFLUENCING ERM

Employee Relation Management (ERM) takes a proactive long-term view toward industrial relations.



1. **Economic factors:**

In today's competitive world where every company is fighting for its customer base, competitive pricing with customized service is the way to go forward. One of the important economic factors in edging customers is cost effective/ cost advantage. Companies are working on reducing the cost to enable them to sell their product at a competitive price. Cost-effective quality product has put pressure on employers to put performance pressure on employees.

Downsizing, outsourcing, automation, and artificial intelligence have added further pressure on the employees. The opening up of markets for foreign players and the entry of multinational companies has made the entire industry and economy dynamic and volatile.

All the above developments have a direct impact on ERM adopted by the organization.

2. **Government/ Institutional factors:**

Changes in various laws, export, trade, finance and industrial policy have impacted ERM. Privatization and government moving out of business have made ERM dynamic. Trade unions are losing their shine coupled with new or changes in existing laws that are influencing ERM.

3. **Social and Cultural Factors:**

India is a young country with the average age of Indian being 30 years. There is a change in employment pattern with nuclear family being growing up has made a change in the way the company offers the product to the customers. Young customers have disposable income, growth of consumerism, media explosion has made created an

ambition among the employees to move up the order of jobs through performance. Employees have their commitment to the company and prefer one to one ERM rather than having it in a collective form.

4. Technological factors:

New techniques, Artificial intelligence have changed the pattern of employment and work conditions. Young, techno-savvy and skilled workforce require different sets of ERM that will keep them motivated. Example: Work office of apple.

5. Political factors:

Political ideology has a direct impact on ERM to be implemented. India is a multi-party country and various regional parties with different ideologies ruling different states have different sets of ERM implementation. However, with the increase in industrialization coupled with the need for investment, most state governments are finding ways of ease of doing business with more company friendly policies, ERM is seeing a sea change in India.

6. Organizational factors:

ERM depends on the organization. The vision and mission of the organization guide the ERM of the particular company. Employee empowerment, flexi-time, outsourcing, contractual job, workers' welfare, pay and promotion policies all have an impact on ERM. Company policies during the covid-19 pandemic have changed the ERM where the movement of workers was restricted with the pattern of work from home added with layoffs and pay cuts.

7. Global factors

Global clue shows a trend in the centralization of the employee in the workspace. Companies have an employee from the pan world which results in diversity and individual differences which need to be managed properly. This influences the ERM of the company and industry.

8. Psychological factors:

Psychological factors play an important role in ERM. Coaching, and mentoring play a significant role in ERM. ERM strategy should aim at motivating employees for excellence, innovation and customer satisfaction. Psychological tools should be used to ensure better ERM.

5 Golden rules by Ratan Tata to make your workplace efficient post covid-19

During the covid-19 period, the TATA group and Mr Ratan Tata have received a lot of praise for their efforts in helping people in India to fight corona. The company contributed more than 1500 crore to the government to fight covid. Pictures of Mr Ratan Tata visiting his ailing employee in Pune and his statement that the employee gave their entire life to the organisation, now it is organisation's turn to help employee during covid was well accepted by the people in India and worldwide.

5 golden rules by Mr. Ratan Tata –

1. **Stay relevant, stay connected to the youngsters:**

By staying connected with the youngsters one comes to know about the pulse of youth and helps to learn and understand their thinking.

2. **Stay united:**

Employees stick to the company during tough times and this is time to give back to the employees during these difficult times. An organisation need to stand together to fight it out.

3. **Be available for your employees:**

Tata is one of the most employee-friendly companies in India. As a company, it has to face its stakeholders. People who work for the company, company need to be there for them as well.

4. **Create empathy:**

Employees are concerned about the workplace as they are at their home due to lockdown, which leads to empathic relations which will result in better results and profits. A company needs to work on building empathy and a comfortable environment for employees.

5. **Laying off is not a solution:**

Lockdown has led to pay cuts and lay off with people losing their livelihood during difficult times. Most of the organizations laid off the employees but Tata believed that laying off is not the solution and the company needs to react in the right way for the people who serve and work with them.

Source: Times of India.com, 25 July 2020

6.3 ESSENTIALS OF AN EFFECTIVE ERM

Good employee relations are the objective of every organization. To achieve effective ERM, the following are the essentials.

1. **Democratic Principles:**

Inclusion of democratic principles in the workplace. Democratic principles will ensure justice to the employees and help them in resolving their issues on the correct platform.

2. Collaborative efforts:

Encouraging collaborative group interaction by keeping place proper work system, social interactions and norms. A proper system for interaction helps in sharing views and also removes any misunderstanding.

3. Well Defined work Culture:

Institutionalization of acceptable work culture. A well-defined work culture reduces the conflict as there exists a process at the workplace where every employee knows his responsibilities and work coverage.

4. Robust Communication :

Presence of formal, informal and semi-formal communications. A break in communications creates a lot of confusion and gives rise to conflicts. Robust communication is essential for ERM.

5. Transparency and Open Communication system:

There must be Presence of working, transparent and open communications. Clear and definite communication is all-pervasive.

6. Employee Participation:

Ensuring employee empowerment, participation and engagement at the workplace. The presence of employee empowerment, participation and engagement ensure attachment of employee towards the organization and this keeps the employee motivated and committed to his workplace.

7. Mutual respect:

Mutual respect is a prerequisite of any successful relationship. There should be mutual respect between employees and employers for each other.

8. Employee Support:

Employee support is one the essential of ERM. ERM will be successful only when there is the backing of employees.

9. Recognition Programs:

The recognitions like rewards, promotions and incentives all needs to be aligned along with performance so as to ensure the employee motivation is achieved.

10. Mutual Reliance:

The employer depends upon the employee to do the required task in organisation; in turn, the employee relies upon the employer to pay their compensation. This mutuality of reliance is essential to workplace relationships.

11. Gratitude:

Gratitude should be felt from both sides i.e employers and employees . Some exceptional cases of showing gratitude by employers are awards and appreciation, sabbaticals , surprise bonuses, whereas from employees side, instances are like working overtime without expecting, helping company in the time of financial crisis etc.

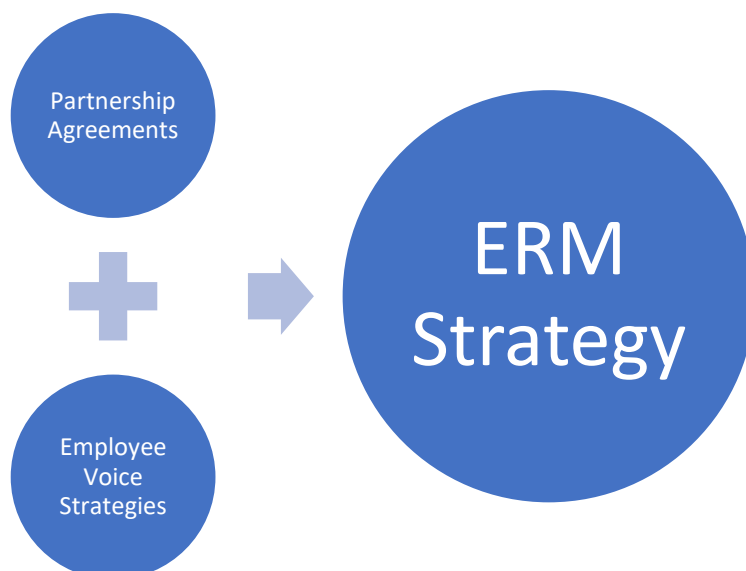
6.4 ERM STRATEGY

ERM strategy is the approach of the organization towards the way it manages its relationship with the employees and their representatives. ERM strategy aims to achieve a stable and cooperative relationship with its employee which helps in reducing conflict in the workplace.

ERM strategy achieves support from the employee and is developed mutually where the interest of both parties are clubbed. There are four approaches to employee relations-

- a. **Adversarial-** in this, the employer from its side prepares a strategy and expects that employee should follow it. An employee will follow this till it suits their interest and will raise voices against conditions that they feel will harm their interest.
- b. **Traditional-** In this strategy, the employer proposes a strategy and employees or their representatives are free to raise their concerns about any of the points in the strategy.
- c. **Partnership-** while formulating the strategy, the employer invites employees to be a part of the strategy formulation process.
- d. **Power sharing-** In this process, employees are roped into the day to day and strategic policymaking in the organization.

Based on the above approaches, ERM strategies are-



1. Partnership Agreements:

A partnership is an agreement where two or more parties come together for mutual work and benefit. Employees and employers are the two key actors in the success of the organization. Both have a common aim- success, expansion and profit of the organization. Both the actors will gain if the organization succeeds.

There is a need that employees, trade unions and company management often lay on the same side of aims and objectives.

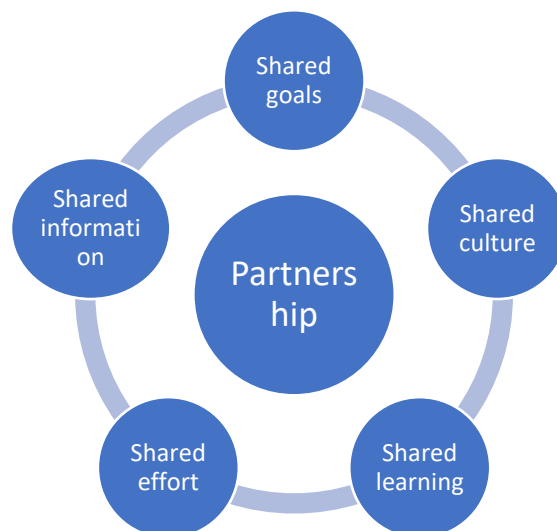
Under the partnership agreements, employees (including their trade union) and company management agree to work together for mutual benefit by creating a harmonious environment of cooperation and mutual trust.

Roscow and Casner Lotto in 1998 has laid down 5 ingredients for a successful partnership between company management and employees

- Mutual trust and respect;
- Common acceptable aims and objectives;
- Continuous communication;
- Decentralized decision making with the involvement of employees in the decision-making process;
- Recognizing collective bargaining.

A company can achieve high productivity, cost-effectiveness and improved performance if a well-planned partnership with an employee is established.

Partnership with employees can be worked out on five basis-



Shared goals- Employee support and cooperation can be achieved when they are made a part of setting such goals. An organization

should welcome the ideas from the employees and they should be made partners in framing policies. This partnership will motivate employees to achieve the set goals.

Shared culture- An environment of trust, mutual trust, cooperation, equity, and recognition creates a positive impact on the employees of the organization. An employee invited to be a partner in creating such an environment is a shared culture that both the actors will strive to achieve.

Shared learning- change is inevitable. Change brings some challenges and creates opportunities. Change demands learning for both actors. If this learning is shared in partnership then such change will be well accepted.

Shared effort- Goals can be achieved when there is teamwork. Teamwork (partnership) leads to cooperation and leads to success

Shared information- Shared information through formal and informal sources in the organization helps in reducing wastage and achieving the results on time.

2. Employee Voice Strategies:

Employee voice is the means through which people communicate their views to their employers. This strategy states employees should be empowered to contribute to the decision making of the organization. Employee voice means how well employees can influence the actions of the employers. This strategy empowers the employees to register their discontent towards the actions of the employer and provides them with the platform for such discontent with the employer and get it rectified.

There are two dimensions of voice strategy- individual employees and collective bargaining (employee representatives). Employee voice strategy depends on the nature of organizations. Some of the factors that impact employee voice strategy nature are values, beliefs of management, trade unions, the status of employee relations etc.

Key components of voice strategy are company management (managers), employees and employee representatives.

Principles for employee voice strategy are-

- Integrated approach;
- Understanding employee experience;
- Designed to deliver organizational goals.

6.5 SUMMARY

There are various factors like Social, Cultural, Psychological effecting ERM.

Democratic principles will ensure justice to the employees and help them in resolving their issues on the correct platform. Encouraging collaborative group interaction by keeping place proper work system, social interactions and norms.

A proper system for interaction helps in sharing views and also removes any misunderstanding. A well-defined work culture reduces the conflict as there exists a process at the workplace where every employee knows his responsibilities and work coverage.

ERM strategy is the approach of the organization towards the way it manages its relationship with the employees and their representatives. ERM strategy aims to achieve a stable and cooperative relationship with its employee which helps in reducing conflict in the workplace.

ERM strategy achieves support from the employee and is developed mutually where the interest of both parties are clubbed.

6.6. EXERCISE

Match The following:

Group A	Group B
1. Shared Goals	a. Agreed Values
2. Shared Culture	b. Continuous Learning
3. Shared Improvement	c. One team
4. Shared Effort	d. Shared direction

Answers:

1-d 2-a 3-b 4-c

Short Notes

1. Essentials of effective employee relationship management
2. Factors influencing ERM
3. ERM strategy

Answer in Brief;

1. Explain various factors influencing ERM.
2. Discuss in brief, the essentials of effective ERM.
3. What are the different ERM strategies?

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SUPPLIER AND INVESTOR RELATIONS

Unit Structure

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Supplier Segmentation
- 7.3 Supplier Improvement Process for better relations
- 7.4 Challenges of Supplier Relations Management
- 7.5 Investors Relations
- 7.6 Key to successful Investor relations
- 7.7 Enhancing shareholders loyalty and retention
- 7.8 Summary
- 7.9 Exercise
- 7.10 References

7.0 OBJECTIVES

1. To understand the concept of Supplier Relations and Investors Relations
2. To understand the segmentation of supplier
3. To identify the key areas for successful relations with suppliers and investors
4. To highlight the process for improvement of relations
5. To discuss strategies for enhancement of shareholders loyalty and retention

7.1 INTRODUCTION

Supplier is any entity that supplies goods or services to another entity, which may be a profit making organization or nonprofit making organization. It includes wide range of suppliers who are part of supply chain any play important role in completing the process of business operations

The suppliers or vendors role has always been very integral to the entire business processes as it gives competitive advantage to the organization.

When we talk about any relationship it involves human element and connects the business to gain sustainable competitive advantage

The success story of Wal-Mart, the global giant retailer talks about the competitive advantage due to procurement and effective sourcing. In fact the concept of VMI (Vendor Managed Inventory) requires a good coordination between the retailer and the supplier.

The concept of Value Chain Analysis (VCA) too focuses on Inbound Logistics and Procurement, which makes it evident that supply chain management and suppliers or vendors support and relationship, is of great relevance in businesses.

The entire success story of Dell revolves around the fact that support system and network with all the suppliers led to selling laptops and computers at competitive prices with lowest inventory cost and quick delivery.

It is quite evident from the ongoing discussion the along with the relations with customers, employees and investors, relations with suppliers is equally of great importance.

Concept of supplier relations is no different from the other relations as it too requires the same amount of efforts and focus to establish flow of goods, money and information which is of mutual benefit.

It is equally important for business to focus on investor relations as it is perpetual and has long term implication, although the relations may vary with the type of investors for example, relations with equity shareholders, preference shareholders, debenture or bond holders etc.

Recently the investors focus have changed with startups getting funded by venture capitalist and angel investors, which again has changed the dynamics of investor relations.

Businesses have to go through the process on identifying, segmenting and analyzing investors to understand their level of interest and power.

Finally increased awareness on the part of investors has increased the accountability of organizations and hence investor relations cannot be undermined.

7.2 SUPPLIER SEGMENTATION

Supplier segmentation is the process of categorizing suppliers on the basis of some attributes which is very relevant for the organizations operations. The main reason for using this segmentation is that it helps to identify the opportunities with the supplier ultimately resulting into lower costs or higher margins

Importance of Supplier Segmentation:

- a) Appropriate Delivery Support: High and low inventory, both has its own disadvantages; proper supplier segmentation ensures regular

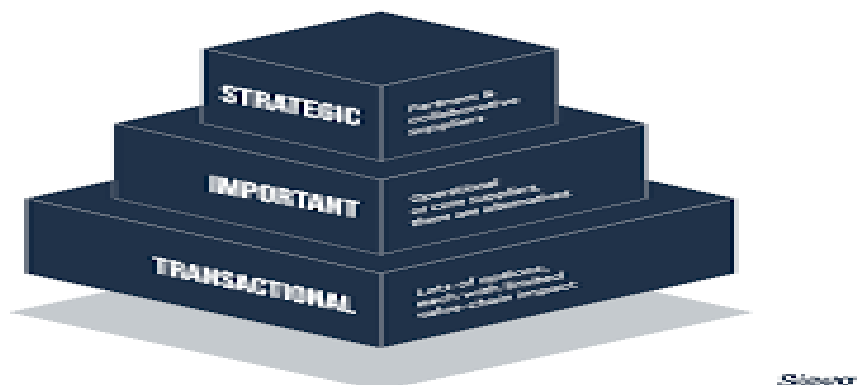
flow of goods. By categorizing suppliers organization can take decisions on the amount of interactions and attention required.

- b) Role of vendor/suppliers in business operations: The segmentation also helps to identify the role of supplier in the entire business process, based on which the organization can decide on developing a strong relationship ensuring the smooth operations.
- c) Diversifying the risks: In businesses there are risks of non fulfillment of orders by the vendors which may result in either process getting disrupted or looking for the alternative sources which may be expensive. Segmentation may help to identify the suppliers on percentage of order fulfillment.
- d) Helps in developing Matrix: Organizations use vendor segmentation matrix to classify suppliers, supplier segmentation is the first stage to develop the matrix.

Supplier Segmentation is important for Supplier Relationship Management (SRM) and it may differ from organization to organization. However if to be classified it can be broadly classified into three levels:

- a) Strategic : Partners & collaborative suppliers
- b) Business essentials: Operational or core suppliers, there are alternatives
- c) Transactional: Lot of options, each with limited value chain impact

Supplier pyramid



Another way to segment suppliers can be four generic levels of segmentation are:

- a) Strategic
- b) Business essential
- c) Leveraged
- d) Arm's Length

Supplier segmentation is affected by several factors like:

- a) Reach of supplier in terms of market coverage, it is in terms of number of buyers supplier caters to and are these buyers across the world or across the country or are they across the region
- b) Number of suppliers in the category to be classified and their capacity to fulfill the orders
- c) Risk level in terms of order fulfillment, it can be also to what extent do the supplier deliver the orders
- d) The share of supplier to the total procurement in the type of product
- e) The value a vendor brings to the organization
- f) The cycle of procurement

7.3 SUPPLIER IMPROVEMENT PROCESS FOR BETTER RELATIONS

Supplier improvement process requires efforts from the both the parties the vendor/supplier and the buyer as it is not the flow of goods, but also money and information.

- a) Commitment from both parties: It requires commitment from the supplier and the buyer to get involved in continuous engagement

Suppliers are expected to fulfill all that is agreed in agreement; it may include various clauses and so is with the buyers. It may include terms and conditions regarding quantity, quality, time of delivery, payment terms, credit terms, expenses to borne by parties, return policy etc.

For example: If supplier commits on delivery 15 days prior to season it has to do so as it may result it into losses to the buyer. Further, situation becomes more grave in case if it is more seasonal in nature as delay may lead due orders getting cancelled and affecting relations of buyer and supplier.

- b) Assurance: Supplier should give assurance to the buyer of an uninterrupted supply against the agreed terms of payments and buyer should assure that genuine feedback from the customers, which acts as market intelligence for the supplier.

The assurance on the part of both parties leads to development of trust and buyers can gain sustainable competitive advantage.

For example, assurance on the part of suppliers to take back unsold inventory if any can help buyers to take risks of holding inventory which may lead to buyer producing or providing more variants.

- c) Participation: Both the parties should participate in supply chain management to make it effective and agile. In the environment where consumers' needs and preferences are changing at faster pace, it requires constant efforts to improve the relations with suppliers.

For example: tracking orders, collectively working on green supply chain management, sharing facilities and collectively negotiating. Role of buyer and supplier relationships are gaining importance in enhancing sustainable supply chain management and logistics.

- d) **Connectivity:** The process needs a strong connect between the supplier and buyer which can be supported with technology from the supplier.

Best example to explain this connectivity is VMI (vendor Managed Inventory) where buyer and supplier (usually manufacturer) are connected where vendor monitors sales patterns and inventory levels of their products at that buyers end.

7.4 CHALLENGES OF SUPPLIER RELATIONSHIP MANAGEMENT

Before we understand the challenges of SRM, let us understand the concept of SRM

Meaning of SRM: “Supplier relationship management is comprehensive concept and encompasses procurement processes, business practices, technology used, interactions between the supplier and the buyer and flow of information through supply chain management”

SRM is of great importance to both the supplier and the customer or buyer:

It is important to the buyer as it gives competitive advantage, reduce costs, helps in getting better margins, improves working capital efficiency, uninterrupted supply and robust support system.

It is of equal importance to the supplier as it ensures regular orders, flow of money, regular feedback promotes product development and creates market presence.

However SRM is no exception to the challenges:

- a) **Credit Terms:** It is less often that both the buyer and supplier are on the same page for credit terms. If buyer has dominant position supplier has to compromise as he is in competitive market. If seller is in dominant position, where buyer has few options, buyer has lesser scope to negotiate. Further, terms agreed are subject to honouring it, there are many incidents that the terms are not fulfilled as per the agreement leading to conflict and disputes
- b) **Order fulfillment:** If supplier fails to deliver 100% of the order, buyer will have to face the consequences and specially when the dependency of buyer is high on supplier leading to operations getting jeopardize and escalating into conflicts
- c) **Delivery terms:** Delays in delivery may also lead to clashes between the buyer and the seller. It is often observed that if supplier fails to

deliver on buyer also encounter the problem from its customer as it leads to further delay in the full cycle. In case of seasonal businesses these delay can lead to loss of business

- d) Wrong and inaccurate delivery: In case if the goods shipped are not as per the specification may create distrust and apprehensions in the mind of buyers and may lead to confrontation and cancellation of orders affecting both the parties
- e) Quality Issues: Difference in quality of samples shown while taking orders and goods delivered may lead to unethical consideration and spoil the relations between supplier and buyer.

There is always the solution to every problem, as these challenges can be handled when both the parties take requisite effort and perform up to their fullest extent:

- a) Transparency: It is always better if supplier and buyer are transparent in their deals, give assurance of timely payments, timely delivery, actual orders, quality assurance and level of orders fulfillment. It will keep no room for conflict and result into long sustainable relationship
- b) Use of Technology: Tracking, retrieving and dissemination all becomes quite seamless with the help of technology. Further it also leads to proper forecasting, planning and replenishment leading to increase in business of both supplier and buyer
- c) Outsourcing: Many suppliers outsource few of the processes leading to involving intermediaries who may be involve in delivery, payment collection, storing etc.

Case let : A retail organization having a vast customer base and dedicated employees, many of the employees working for more than a decade came in crises when fire broke just around 2 months prior to Diwali season, store turned into ashes and there was no hope of revive the store before Diwali.

However the employees took initiative and worked day and night to make store temporarily functional so that the business of Diwali season should not go for a toss. Equal was the cooperation from vendors who promised for an uninterrupted supply of inventory. The entire store was put functional with temporary arrangements in just 25 days. Adding cherry to the cake was overwhelming response of customers which summed up to the store achieving its all time high record business.

This case not only talks volumes about the organizations relationship with employees and customers but also of suppliers too, where suppliers ensured the supply of stocks on extended credits and also supported by accepting payments of previous dues after the insurance claim was settled.

7.5 INVESTOR RELATIONS

It is undoubtedly a great emphasis given on investor protection and investor awareness by several agencies and a quasi government body as investment boosts the economic activities and contributes to the national income having a multiplier effect. However organizations apart from focusing on protection of their investor also focus on developing strong relations with their investors and in order to do so they have dedicated department known as Investor relations (IR) department.

Investor Relations combines finance, communication and marketing to effectively control the flow of information between a public company, its investors and its stakeholders.

Need for Investor Relations:

- a) Investor perception have say in the market which is reflected through a market prices, it is very important to build the confidence of investors as it is reflected through the share prices and less volatility
- b) Investor relations develops the trust and may be of great importance if company wants to come up with right issues or FPOs
- c) Investor Relations have impact on ratings given by credit rating agencies as it is based on the market outlook which is expressed by the investors
- d) Strong Investor Relations makes it easy for the company to make its investor understand the present situation and future prospects as they are confident about the transparency of communication
- e) Suffices the need of Balanced Scorecard, it helps to balance financial and non financial objectives of the organization

7.5.1 Focus of investor relations

- a) Access to capital: The relationship with investor helps organizations to access additional capital or funds. Sustainable relationship assures company continuous funds for expansions or growth. However, to focus on investor relations and take advantage it is equally important to keep fair valuation and good returns.
- b) Strategic Advantage: Focusing on investor relations gives organization a strategic advantage in terms of financial leverage which helps organizations to easily diversify or expand. It present situation it is quite evident that many startups are able to expand because of the funding through Venture Capitalist and Angel Investors, which provide with successive rounds of investments
- c) Positive sentiments: Stronger the relations more positive are the investors sentiments and it goes long way in increasing market price irrespective of facts, it makes quite evident that companies have to focus on investor relations

- d) Future of the organization: The focus on investor has a long impact as it does not only gives advantage as mentioned above of access to capital but when analyzed by researchers it shows the positive trends in forecasting which makes companies future too bright.
- e) Societal impact: Focusing on investor relations take care of societal impact too as broader the base of investors who are member of society, spread positive word of mouth in the society which makes organizations to synergize their goals of investor and society relations.

7.6 KEYS TO SUCCESSFUL INVESTOR RELATIONS

- a) Increasing Investor Engagement: It's important to continuously engage investors through communication on several issues related to organization and further to promote both way communication. Although there may be very limited communication from the retail investors but institutional investors may be more keen knowing about the development is the organization which may be not directly financial information but may have indirect financial implication
- b) Improve disclosures: Although it is mandatory as per the SEBI regulation but it also enhance the overall credibility of the organization. Adherence to the SEBI norms and avoiding delays will lead to increase in trust of investors. Companies with window dressing practices and non-transparency may fail to build trust and survive in long run.
- c) Enable better compliances and corporate governance: Although SEBI and Company's Act makes it mandatory for the organization to adhere to certain norms but the information is analyzed by the investors which makes or mars the relation of organization with the investors
- d) Research reports and information: The investor relations department carries out research to forecast future performance and changes, such information helps its investor to remain abreast and take the decisions which may help them to take decisions and maximize their wealth
- e) Role of top Management: The top management is expected to create an ecosystem for nurturing investor relations which pays in long run. Such systems are multi-dimensional is addressing investors issues, disseminating information, etc which creates positive image in the mind of the investors.
- f) Focusing on key components: Organizations should identify key components of financial statements which are more related to investors returns and wealth and try to maintain it to certain level which will enhance investors confidence, as these are important to investors when they analyze. For example PE ratio, EPS etc
- g) Creating a proper system to address investors grievances: A proper investors grievances redressal system helps them to understand what

is the process and will reduce their complexity. Irrespective of grievances, investor looks for the system.

- h) Use of technology: Companies should maximize use of technology where investor can easily handle all their queries and other issues online without delay. Concept of E-seva for investors can make system more effective in enhancing company-investor relationship.

7.7 ENHANCING SHAREHOLDERS LOYALTY AND RETENTION

One of the core areas of Investor Relationship Management or Shareholder Relationship Management is developing the feeling of trust and confidence resulting into Shareholders Loyalty and continuously addressing issues as when arises by creating an environment of commitment resulting into Shareholders retention.

Organizations are committed to maximize shareholder income by paying handsome dividends and maximize their wealth through proper appreciation. If these twin objectives are achieved it will result into Shareholders Loyalty and Retention.

Let us understand what organizations can do to enhance Shareholders Loyalty and Retention:

- a) Building shareholders trust: Informing shareholders on methods of communication and channels used. Encouraging shareholders participation giving them sense of ownership in real sense make a big difference to the organization
- b) Timely Engagement: Engaging shareholder timely when consents are required creates the sense of responsibility and regular updating on events and decisions will lead to smooth sailing as there will be less apprehensive at the decision stage
- c) Consistency in Communication: Communication with shareholders should be in synch with the communication to other stakeholders like society, media, financial institution etc so there is no ambiguity and leads to develop trust
- d) Use data management platform: Using such platforms helps in analyzing the insights received from the shareholders and responding them which will lead to high rate of retention of shareholders
- e) Addressing shareholders issues: It's very important for the organization to allow shareholders to vent out their rage and enter into right resolution techniques which will create empathy and felt heard
- f) Invitations and Prioritization: In case of right issues or any other program initiated by the organization, investors should be invited through timely communication and be given priority making them feel important in the entire process.

- g) Shareholder Education: Organization should consider it as their moral responsibility to educate their shareholder on several issues and more pertaining to their interest, which goes a mile more in making shareholders feel important and can lead to high rate of retention.
- h) Coupons and offers: Organization should give offers and coupons to their shareholder of the goods or services they either trade or manufacture, if possible. It is old trend where these type of coupons use to be given with dividend warrants. However it can be converted into digital format.
- i) Use of artificial intelligence: AI is vastly used to study the consumer behavior and increased importance of finance behavior companies should try to use the same in understanding the shareholders behavior which can be of great use in catering them better based on identified needs.
- j) Retention program: If organization is experiencing low retention, efforts should be taken to immediately act on it by doing a root cause analysis. Here too big data can be used to forecast the retention rate which can help in timely actions.

7.8 SUMMARY

Supplier relationship management is comprehensive concept and encompasses procurement processes, business practices, technology used, interactions between the supplier and the buyer and flow of information through supply chain management

Suppliers pyramid includes the segmentation on the basis as under:

- a) Strategic : Partners & collaborative suppliers
- b) Business essentials: Operational or core suppliers, there are alternatives
- c) Transactional: Lot of options, each with limited value chain impact

Challenges of SRM includes Credit terms, Order fulfillments, Delivery terms, Wrong and inaccurate delivery and Quality Issues.

Investor Relations combines finance, communication and marketing to effectively control the flow of information between a public company, its investors and its stakeholders.

Key to successful investor relations includes : Increasing investor engagement, disclosures, compliance and research

7.9 EXERCISE

Fill in the blanks

1. Discuss The term _____ also includes the technology used by the organization to improve business operations by the suppliers
 - a) Enterprise Resource Planning
 - b) Supplier Relationship Management
 - c) Vendor Managed System
 - d) Supplier Management System
2. _____ is the process of categorizing vendor on different attribute and varies from organization to organization
 - a) Supplier Segmentation
 - b) SEC Classification
 - c) Market Segmentation
 - d) SRIVALS
3. Which of the following is not the part of generic levels of supplier segmentation
 - a) Strategic
 - b) Business Essential
 - c) Arm's Length
 - d) Benchmark Supplier
4. Investors relations does not includes _____
 - a) Compliances
 - b) Corporate Governance
 - c) Investor Relations Department
 - d) VMI

Answers:

1-b , 2- a, 3- d, 4- d

Short Notes

1. Importance of Investors Relations
2. upplier Segmentation Pyramid
3. Challenges in Suppliers Relations
4. Keys to successful investors relations

Answer in brief.

- a) Discuss the Supplier Improvement Process for better relations
- b) Explain keys to successful investor relations
- c) What are the challenges encountered in Supplier Relationship Management

7.10 REFERENCES

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STAKEHOLDER RELATIONS

Unit Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Types of Stakeholders
- 8.3 Role of Business in Social Development
- 8.4 Strategies to improve community relations
- 8.5 Impact of community relations on business
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8.0 OBJECTIVE

- 1. To understand the concept of Stakeholder Relations
- 2. To identify different types of stakeholders
- 3. To discuss strategies to improve community relations
- 4. To study the impact of community relations on business

8.1 INTRODUCTION

Introduction to Stakeholder Relations

In all the previous chapter we understood the different dimensions of business relations with Customers, Employees, Suppliers and Investors. However society by and large and different units of society are impacted by businesses and businesses are also impacted by these units of society.

We now try to identify different stakeholders other than discussed earlier and try to understand the management of business relations with other identified stakeholders.

Stakeholder is a party that has an interest in a company and can either affect or be affected by the business, which encompasses customers, employees, suppliers, investors, society, government, financial institutions and trade associations.

Scope of stakeholders can be extended to non-government and semi-government organization, media, creditors and groups representing different segments of society affected by business or have direct or indirect interest in business.

It is also the fact that the interest of these different groups may be conflicting which requires proper assessment and assignment leading to cooperation to the best extent possible.

It is important for an organization to identify, prioritize and engage stakeholders resulting in achievement of objectives of both the organization and the stakeholders.

Stakeholder relations is the process of engaging the stakeholder who will be affected by the decisions of the organization and who can be involved in the process of decision making resulting in overall positive and conducive environment.

Merely understanding stakeholders is just the beginning organizations are expected to work towards social development by involving themselves into community programs. It helps in understanding the ground reality and enhance positive perception of society towards the organization.

It is indeed a big task for any organization to strategize to improve community relations as it involves resources and organization may not have complete information about the community. However, many suggest involving key people. But, this too has limitation as it takes time for motives to be revealed.

8.2 TYPES OF STAKEHOLDERS

Stakeholders can be classified in different ways:

- a) Internal Stakeholders and External Stakeholders
- b) Primary Stakeholders and Secondary Stakeholders
- c) Stakeholders with economic interest and stakeholders with non-economic interests

Internal Stakeholders and External Stakeholders:

This classification is based on the criteria whether the stakeholders are from within the organization or outside the organization, as impact and interest of stakeholders is more and direct whereas those who are from outside the organization the impact may be in varying degrees.

Let us understand them:

Internal Stakeholders: These are the stakeholders who are directly affected by the performance of the organization and can be impacted positively or negatively, in fact many of these stakeholders are entirely dependent on the

organization for their survival and livelihood and hence have high level of interest in the organization.

These stakeholders includes: Employees at all the levels, promoters and shareholders

External Stakeholders: These are the stakeholders whose list is much bigger than the internal stakeholders but are relatively less impacted by the organizations performance and actions as compared to internal stakeholders.

These stakeholders includes: Suppliers, non-equity investors, financial intermediaries, labour union, government, non-government and semi government organizations, competitors, trade associations and federations, society at the large, local community, media, research associations/agencies etc.

Primary stakeholders and secondary stakeholders:

Primary and secondary stakeholders can be classified on high level and relatively low level of interest in the organization along with how organization prioritizes its stakeholders. As discussed earlier stakeholders' relations requires identifying, prioritizing and engaging different stakeholders. This classification helps in understanding the level in interest and affect along with prioritization.

Primary stakeholders: They are on the top list of the organizations as they have economic interest and long term association. They regular keep tap on organizations actions and are involved in organizations affairs to the greater extent.

This classification involves: Customers, Employees, Equity shareholders and vendors.

Secondary stakeholders: They are relatively on the lesser priority and have lesser interest as compared to the primary stakeholders. However interest and priority of the stakeholders in this list may vary from one another and hence organization needs different criteria to understand the engage these stakeholders.

Secondary stakeholders involves: Government, Competitors, Semi-government bodies, trade associations, media, pressure groups and community at large.

Stakeholder with economic interest and with non-economic interests:

This classification helps to understand the aspects of interest in the organization. For example, shareholders are interested in market price of shares of the organization and dividends, customers are interest in price and value, employees are interested in salaries, wages, perks etc, financial intermediaries are interest in regular repayments and interest payments, vendors are interested in timely payments, credit terms and orders. However, environmentalists are interested in understanding the impact of

business on environment, media is interested in story they can carry in newspapers and magazines.

Stakeholders with economic interest includes: Employees, shareholders, financial intermediaries, investors, customers, suppliers and promoters

Stakeholders with non-economic interest includes: Media, pressure groups, academicians, researchers, to some extent government (excluding their role of levying penalties, fines) and trade associations.

The whole concept of understanding the stakeholders helps organizations to understand the level of engagement and strategies to engage the stakeholders and it also helps to analyze the stakeholders

Involving stakeholders in business affairs without affecting the operational aspects resulting in development of trust and confidence, reducing the conflicts if any and enhancing the image of the organization can be summed up as stakeholders' engagement.

Importance of Employee Engagement:

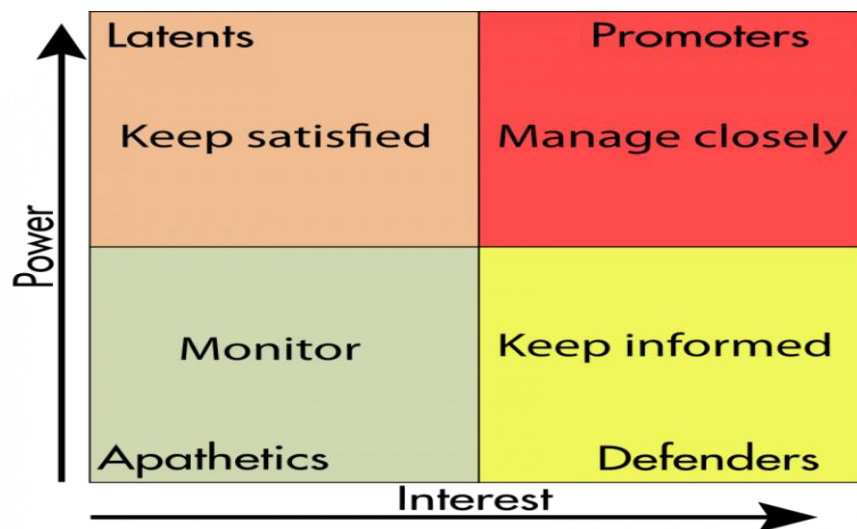
- a) Long term relationship: The association and relations with the different stakeholders are to be seen as long term horizons, customers retention increases business, employees retention increases productivity through learning curve, media association can communicate organizations growth and diversification plan, timely compliances and adherence to the regulations lead to creating positive image in the mind of regulators and government bodies which results in quick grants and permission.
- b) Reduces the chances of conflicts: As discussed earlier the many of the objectives of different groups may conflict each other, through proper communication and addressing them timely may reduce the chances of conflicts. Further, regular interactions with different groups help the organization to understand their perspectives and act accordingly leaving less or no scope for conflicts.
- c) Higher productivity and returns: Engaging stakeholders and empowering them will result in increase in productivity as they take ownership and contribute to the growth of organization which in return increases profits and overall performance of the organization.
- d) Making organizations socially responsible: Engaging stakeholders makes organizations responsible to fulfill the commitments as communicated and update once the commitments towards the different groups are fulfilled. It makes organizations accountable on one hand and enhances the image on the other
- e) Mutual Learning and development: Organizations through engagements learn from different stakeholder and so do different stakeholder when they are communicated about the organizations actions, plans and strategies leading to mutual learning and development.

- f) Creates positive business environment: Ease of doing business is most talked about, more the stakeholder are engaged and participate in the process which are of their concern will make business to be more transparent and accountable. Simultaneously continuous engagement with government and regulators will make them understand the challenges of businesses or organization thus resulting in creating robust ecosystem for businesses in India.

Stakeholders' engagement is important both at micro level as well as macro from increasing productivity and profit of the organization and peace and prosperity at economy's level.

Stakeholders Analysis:

Apart from identifying and engaging stakeholders it is equally important to analyze the stakeholders as it helps in prioritizing and strategizing resulting into the win-win situation for both the organization and the stakeholders'. It can be done with help stakeholders priority matrix which divides the stakeholders on the two axis, on X axis we take the level of interest and on Y axis we take level of power.



Source: penpoin.com

The above diagram of stakeholders' priority matrix or stakeholders map categorizes the stakeholders in to 4 groups based on the 4 quadrants as follows:

- Latents: With high power and low interest, who need to kept satisfied
- Promoters: With high power and high interest, how manage closely
- Apathetics: With low power and low interest, who monitor
- Defenders: With high interest and low power, who need to be kept informed.

Role of business is important both for economic development as well as social development; here we try to understand the role in social development. Under section 135(1) of the Companies Act 2013 it is mandatory for the companies with certain qualifications in terms of turnover, profits etc to constitute CSR committee and work as socially responsible organization. However, irrespective of mandate organizations should shoulder the responsibility of acting as catalyst to bring social development and change.

Many Indian companies have philanthropic approach and are instrumental in developing social infrastructure. It was also quite evident during the Covid19 pandemic where these organizations came out and contributed towards saving lives and livelihood. Other organizations should benchmark themselves to these notable organization and work towards social development.

Let us enlist few of the roles of business in social development

- a) Working towards sustainable development goals: It is one of most important role in working towards SDGs, the organizations today are trying to map their social development activities to UNs SDG, let us understand few of them.

These are the global goals and United Nations has classified them into 17, which are integrated. No poverty, zero hunger, good health and well being, quality education and gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure, reduced inequalities etc,

Organization can take up any of these one or more and can work on it to bring social development

- b) Working as social enterprise too: Today organization can not merely work as an economic unit as they have to look at the society as source of input as well as output.

Organizations have to create sustainability bu giving society more than what they take from the society leading to balance in the entire ecosystem.

- c) Adhering to and creating awareness on environmental issues: Organizations are expected to go beyond the adhering to standards for environmental practices, they are expected to work towards educating society on environmental issues and collectively take initiatives on climate change, resource depletion etc.
- d) Creating business models and acting as role model for other enterprises: As role of business in social development if linked to SDGs it encompasses most of the areas of social development. But,

when it comes to implementation organizations are expected to develop the model which really makes the efforts of the organization worthwhile in achieving the objectives. If properly executed it should be shared with the other organization to increase the reach

- e) Increase Industry-academia interface: It is important for organizations/businesses to have a strong interface with the educational institute at all the level to regularly give inputs on skills required and talent expected to be developed. Further, businesses can also be supported by the research undertaken to solve issues related to businesses. It has a long term benefits in terms of creating employment and entrepreneurial opportunities and also solving some of socially pressuring issues

There are many facets where businesses can directly and indirectly contribute towards the social development. But, it is important to measure the success rate and see that is percolate to the groups or stakeholders exactly in the way it is expected.

It is indeed observed that businesses are more actively involved in social development and contribute phenomenally, but it is a long journey to go.

8.4 STRATEGIES TO IMPROVE COMMUNITY RELATIONS

It is very important for the businesses to improve community relations as its magnitude is high and be of a great benefit to the organization as well as community. Below are the few suggested strategies to improve community relations:

- a) Involving community: It is not possible for organization to work for community based on the decisions taken by the top management as they may not be aware of the ground reality as the problems encountered by the community is known to the community better. Best strategy would be involving community by identifying few representatives who can explore and explain the problem with the root causes.

The proper roadmap to be prepared by involving the community and monitoring progress can lead to building confidence of community.

Example: ITC's e-choupal services has a reach of more than 4 million farmers, 35000 villages and 6100 kiosks it is worlds largest rural digital infrastructure

- b) Strategic Investments: Investments for community should be based on cost-benefit analysis, where benefits are to be measured in terms on reach of the program or initiative, percentage of population gained through measures, number of jobs created through deploying resources, impact on climate or environment etc. It is very important that the investments should lead to long term benefits and lead to some

transformation in society. Although it should not be with the main focus of enhancement of brand or image. But, in the due course of actions it should get achieved on its own.

Example: Tata STRIVE is initiative to bridge the gap between vocational education and industry needs. It is to skill youth who is underprivileged.

- c) Communication as core tool: Continuous, clear, candid and consistent communication can create a good synergy in developing community relations. It is also suggested to involve person from the organization, who is fluent with the local language where community can relate well. It is also suggested that if the platform is created where community representative can put forth their issues without any fear or prejudices it can lead to strong bond between the organization and community.
- d) Developing relations with community leaders: It may take some time for community to be convinced and to develop the trust for business organizations, hence it is better to initiate the relations with community leaders who can influence and can make them understand the objectives of the organizations are for the welfare of the community. These community leaders can also be the representative of the community who can be involved in decision making process. It is equally important that community leaders should be carefully identified for whom the betterment of community should be priority and should be passionate for social upliftment or social change.

Example: As mentioned above in ITCs e-choupal program each village headman acts as nodal point of the network

- e) Act timely and quickly: It is also important to address the community issues timely as any delays may create the feeling of distrust or infer lack of interest of business. Timely initiative and completion of the initiatives should be focused by deploying right amount of resources. Some issues related to community should be prioritized as delay may make things moving out of control and may backfire.

8.5 IMPACT OF COMMUNITY RELATIONS ON BUSINESS

- a) Growth with Integrity: A strong community relations helps the organization to establish themselves in the society, all the stakeholders positive attitude towards organization helps them to accelerate their business and grow by bounds and leaps.

It is integrated force which makes organization to derive a multiplier effect due wide acceptance.

- b) Gains competitive advantage: Businesses gain competitive advantage due to their community relations as their actions are accepted and

purposes are known. Today society looks how businesses are managing profits, people and planet. Societal concept makes organization to stand out from their competitors and enhances their brand equity. It is important to note here again that the purpose should be community driven and not merely enhancing brand image.

- c) Sustainable relations: The relations developed with community on bases of trust and welfare go long way. Business develops sustainable relations with the community which keeps flow of information from the community and helps the organization to take measures in right direction. It is worth noting that sustainable relations with community on many occasions bring opportunities which were not even anticipated by the organization.
- d) Wider acceptance: One of major impact of community relations is businesses get wider acceptance which increase visibility of the organization. Organizations commitments if fulfilled are endorsed by the community and media too covers it. There are many cases of initiatives of small and medium enterprises being discussed on national platforms.
- e) Creating shared value: It is creating economic value by societal value by solving problems that are scalable and self-sustaining as today businesses are incorporating societal issues into strategy and operations. Today the congruence between the economic value creation and societal objectives is increasing and social needs represent the largest market opportunities.
- f) Fulfillment of objectives: Organization's community relations helps them to fulfill various objectives of welfare and societal obligations which are in today's world aligned with the other objectives of profit and wealth maximization.
- g) Learning to cater: In the entire process of organizations getting involved with community they learn more about the needs and perspectives, which can be used as feedback and added to the market intelligence, which in return helps company to grow.
- h) Fulfillment of CSR in right way: The community relations help to fulfill the Corporate Social Responsibility in a meaningful way. The CSR which is now mandatory as per Companies Act 2013 should not be just the ritual and hence a community relation helps to optimally utilize companies' resources which will be more beneficial to the community as well as organization.

8.6 SUMMARY

Stakeholder relations is the process of engaging the stakeholder who will be affected by the decisions of the organization and who can be involved in the process of decision making resulting in overall positive and conducive environment.

Stakeholders can be classified in different ways: a) Internal Stakeholders and External Stakeholders b) Primary Stakeholders and Secondary Stakeholders c) Stakeholders with economic interest and stakeholders with non-economic interests.

Roles of business in social development: a) Working towards sustainable development goals b) Working as social enterprise too c) Adhering to and creating awareness on environmental issues d) Creating business models and acting as role model for other enterprises e) Increase Industry-academia interface

Strategies to improve community relations: a) Involving Community b) Strategic Investments c) Communication as core tool d) Developing relations with community leaders e) Act timely and quickly.

Impact of community relations on business: a) Growth with integrity b) Gains competitive advantage c) Sustainable relations d) Wider acceptance e) Creating shared value

8.7 EXERCISE

Fill in the blanks:

1. _____ is not an internal stakeholder
a) Employees b) Promoters c) Executives d) Media
2. _____ are the stakeholders with high interest and high power
a) Promoters b) Latents c) Apathetics d) Defenders
3. There are _____ number of United Nations Sustainable Development Goals
a) 16 b) 17 c) 18 d) 19
4. Media as a stake holder is _____
a) With economic consideration b) Without economic interest
c) Internal stakeholder d) Primary stakeholder

Answers: 1- d, 2- a, 3- b, 4-b

Answer in brief:

- a) Discuss the role of business in social development
- b) Discuss the strategies to improve community relations
- c) What is the impact of community relations on business?

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