
UNIT 4 PUBLIC RELATIONS IN PRIVATE SECTORS

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4.0 OBJECTIVES

In the preceding unit, you have learnt about the PR activities in Public sector. This unit brings you glimpses of the private sector, its functioning, the various controls, problems, opportunities and challenges therein. On completing this unit, you should be able to:

- explain the industrial environment in India;
- describe in brief the industrial development in India;

- describe the new economic reforms and the moves towards liberalisation and its impact on the private sector;
- list the various means by which the government regulates the private industrial sector;
- state the various types of ownership patterns and distinguish between private and public limited companies;
- discuss the special role of PRO in private sector particularly in relation to internal relations and communication activities;
- explain the need for an organisation to cultivate relations with its various publics;
- enumerate the various tools and media available to PR for strategic communication.

4.1 INTRODUCTION

The Indian economy, within the framework of democracy, has grown along the lines of mixed economy i.e. it is an amalgam of two sectors—the public sector and the private sector. The public sector, as you have seen in Unit III, consists of those units which are owned, controlled and run by the state. The private sector consists of those entrepreneurial units which are owned and run by private enterprises. Besides these, there are also units in the joint sector which are jointly owned by the State and private enterprises.

The private sector has witnessed tremendous growth since independence, because of factors like political stability and government assistance to private sector in various forms like providing technical collaborations, easy finance, infrastructure, subsidies, incentives and special schemes.

The recent structural reforms, aimed at removing administrative controls are expected to increase productivity, accelerating the move towards privatisation. This unit is meant to familiarise you with the industrial climate, and the factors conducive to the growth of the private sector. You will also see how businesses need to be flexible and sensitive to the socio-economic-political environment. The unit will also give you an insight into the role of a PRO in a private sector and the challenges to be faced i.e. promoting among all its publics—consumers, shareholders, government and above all, its employees, a sense of harmony, for the ultimate growth of the organisation.

4.2 INDUSTRIAL ENVIRONMENT

Nation building is a continuous process, with changes being introduced from time to time. No doubt we have our share of problems, some of them chronic—like poverty, unemployment, overpopulation etc. Other problems, like labour unrest, terrorism, are of recent origin, which have vitiated the industrial climate.

Despite all this, experts tell us that we have reason to be optimistic with our positive assets like manpower, land resources, infrastructure and a generally conducive social/political environment for industrial growth. Let us briefly examine these factors in relation to the state policies and see how these have contributed collectively to industrial growth. We need to understand particularly the role of private sector in the context of the new economic reforms.

4.2.1 Growth and Development of Industries in India

Our planners believed that socialism was the correct solution to many of the ills in the country. A need for planning was thus felt. Why Planning? Planning was to check imbalances in growth and to make optimum use of scarce resources. Hence the Planning Commission was set up to promote common good, keeping in mind the Directive Principles of State Policy.

Article 38 of the Constitution of India says: "The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice social economic and political shall inform all the institutions of national life. Further, concentration of wealth and means of production to common detriment should be avoided and the ownership and control of material resources of the country are to be distributed as would best subserve the common good."

Various Industrial Policy Resolutions were passed, based on the pattern of mixed economy, with the commanding heights reserved for public sector units. Since we know that the Industrial Policy of a country reveals the relationship between the government and industry, we must try to understand the Industrial Policy in the context of the overall economic policy. In the previous unit, we have examined the earlier Industrial Policy Resolutions which accorded a greater role to public sector units. The Industrial Policy of 1977 promised reservation for small scale industry and provided for the establishment of District Industries Centre for assistance in setting up industries. Selective support for sick industries and control of environment pollution were also spelt out.

Liberalisation started in the Indira Gandhi and Rajiv Gandhi era, with greater responsibility given to private sector through special schemes like Jawahar Rozgar Yojana etc. The Seventh Plan included strategies to increase productivity, improve infrastructural facility, upgrading of technology and boosting of exports.

4.2.2 The Eight Five Year Plan

The plan document assigns a bigger role for the private sector by calling for the "progressive elimination of protection to domestic industries, particularly in the organised sector." It also calls for decontrolling prices of industrial products. It reiterates that the private sector has now come of age and developed considerable entrepreneurial, managerial, technological, financial and marketing strength. The thrust of the Industrial Policy during the 8th plan should be to sustain the pace of deregulatory measures.

4.2.3 The New Industrial Climate

Although the Industrial Policy Resolution of 1956 provides the basic framework for the government's overall Industrial Policy, there have been several change in the New Industrial Policy, 1990 to step up industrial growth. These changes have been made with a view to

- increasing production ;
- upgrading technology ;
- maximum utilisation of capacity ;
- increasing export ;
- enhancing efficiency ;
- improving quality ;
- promoting competitive environment.

The salient features of the new policy include

- delicensing of small scale sector ;
- simplification of statutory procedures governing regulations like MRTP, FERA in order to attract foreign investment proposals, foreign technology etc.;
- improving flow of credit ;
- import market access for goods ;
- import deregulations and lowering of import tariffs ;
- setting up of technology development cells and export development centres ;
- special incentives for backward areas

All these reforms, termed as liberalisation, show a shift in paradigm in favour of a free market economy and integration with the global economy.

4.2.4 Private Sector and Liberalisation

Business has to anticipate changes and turn them into opportunities. Radical changes have come about with the new economic policy. There has been wide restructuring in banking, foreign investments, capital market reforms and exchange rate policy. This has been done with the aim of creating a conducive environment for a high industrial growth.

With these move towards privatisation many areas which were hitherto reserved for the public sector, electricity, petrochemicals etc. have been thrown open to private entrepreneurs. The big business houses of Ambanis, Birlas, Goenkas and Singhania have already made forays into these sectors.

The entry of private foreign investors and foreign brands of goods like Levi's Jeans and Le Sancy Soaps, poses unprecedented challenge for the Indian business persons. This means greater competition and therefore improvement in quality, more aggressive marketing strategies to win customers.

More modernisation of equipment, more alliances, export of services like consultancy are expected to make Indian companies venture into the world arena of trade competition and business co-operation. Some Indian industrialists have already floated capital issues outside the country. Very soon, Indian business houses will become international players and have their shares quoted on the stock exchange in Tokyo or New York.

Check Your progress 1

Notes : i) Answer the following questions as directed in the space provided below.

ii) Check your answers with those given at the end of this unit.

i) State two purposes of planning.

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ii) List some salient features of the New Industrial Policy.

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iii) State if the following statements are true or false :

- a) The Industrial policy of a country does not reveal the relation between the government and industry ()
- b) The concept of mixed economy was thought to be a solution to many ills in the country. ()
- c) The Eighth Five Year Plan assigns a bigger role to the private sector. ()
- d) Entry of private foreign investors does not pose any challenge to Indian business persons. ()

4.3 PRIVATE SECTOR AND GOVERNMENT

As we have seen, political, social and economic factors have a close relationship with industrial growth and progress. Businesses can be affected by State intervention in the form of legislations.

Should the State intervene? To what extent should it intervene? These questions cannot be answered in a simple 'Yes' or 'No'. These are economic decisions which are based on the policies adopted by the State. These decisions determine the distribution of power in society.

There are various degrees of State intervention which can range from licensing, price control to take-overs. As a welfare state the government concerns itself with the welfare of all its members and hence confers both rights and duties on them.

State intervention is justified on the following grounds :

- reduction of concentration of wealth;
- encouragement of small scale industries;
- channelising scarce national resources;
- improving foreign exchange reserves;
- meeting the basic needs of weaker sections;
- protecting the environment and;
- protecting the consumer.

Government Regulations : Let us examine some important legislations concerning industry and business enacted by the government in the interest of the consumer and public.

4.3.1 Monopolies and Restrictive Trade Practices Act

There have been several amendments to the Monopolies and Restrictive Trade Practices Act which was passed with the aim of curbing monopolistic practices detrimental to society. The Act is not applicable to Public Sector Units, Co-operatives and Trade Unions. The Act has two parts—the first one dealing with economic power and the second dealing with unfair trade practices. The MRTP commission investigates cases referred to it by the government and possesses the powers of a civil court. MRTP may conduct enquiry in to any restricted trade practices which misleads public on prices, give false facts about the goods and services of another person or falsely represents the service/quality/grade of goods or services. The restriction may be in the nature of a limitation, e.g. a producer selling to only one class of buyers or specifying that a buyer who buys one product must also buy another. MRTP Commission receives complaints from individuals and associations.

4.3.2 Foreign Exchange Regulation Act

This Act was passed to consolidate and amend the law to regulate dealings in foreign exchange, the aim being proper utilisation and conservation of foreign exchange resources of the country in the interest of economic development. The Act seeks to regulate the assets held in India by Non-Resident Indians, employment of foreign nationals, establishment of business in India, holding of immovable property outside India by Indian nationals, among other things.

Guidelines and procedures are laid out in the Industrial Policy about private direct foreign investment in the country which are regulated and controlled by residents of another country. Benefits of such collaborations are that the host country receives capital, technical know-how, and skill. A disadvantage is its being a drain on the foreign exchange earnings of the country and the possibility of its affecting the development objectives of the country.

Lately, many of these procedures have been liberalised to attract foreign investments.

4.3.3 Consumer Protection Act

The government has recognised the role of consumer organisations in promoting responsible consumer movement in the country. COPRA'86 is a milestone in providing a 3-tier redressal quasi-judicial machinery at the district, state and national levels. It also provides for a simple, inexpensive and speedy redressal to consumer grievances in case of faulty goods and services. The Act applies to all goods and services covering public, private, joint and co-operative sectors.

The rise of consumerism is only a natural reaction to the unprecedented flooding of the market with new goods and corresponding business propaganda through various media.

The Consumer Act also acknowledges the rights of consumers which include;

- Right of choice;
- Right of safety;
- Right to be informed;
- Right to be heard;
- Right to redressal;
- Right to consumer education.

4.3.4 The Environment Protection Act

The regulating framework for controlling pollution in India, includes The Water (Prevention and Control of Pollution) Act 1974, The Air (Prevention and Control of Pollution) Act 1981 and The Environment (Protection) Act 1986. Under these Acts, various Boards of Authority have been set up with advisory functions and controlling powers to take remedial action in case of industrial accidents. The Boards have the power to inspect discharge of industrial effluents, or to restrict industrial operations in air pollution control areas or examine manufacturing processes that are likely to cause environmental pollution. The Bureau of Industrial Standards has established environmental standards for several specific industries.

Since pollution due to industrial effluents is detrimental to public health, environment audit has been made mandatory for all industries covered by the Water and Air Pollution Acts. The EPA thus deals with industrial pollution by imposing stringent penalties on industries violating the norm. These measures act as a disincentive to pollution and help in the adoption of cleaner technologies by industries.

4.3.5 Employee Welfare Legislations

In order to promote the welfare of employees in all kinds of establishments, the government provides legal protection to them through various legislations. To mention a few, these include:

Payment of Wages Act 1936; Maternity Benefits Act, 1961; Employer Provident Fund Act 1952; Factories Act 1948; Shops and Establishment Act; Industrial Disputes Act 1982a, Bonus Act. Besides, there are a number of legal provisions with regard to employees safety, health, working condition etc. Employees have recourse to legal remedies if the management does not comply with these enactments.

4.3.6 Companies Act

This prescribes formats for printed accounts, limits the number of executive directorships a person may hold. It restricts/controls intercorporate investments and in general, attempts to regulate investments in the Company, thus reducing malpractices and providing safeguards for investors.

4.3.7 Sick Industrial Companies Act

This aims at rehabilitating major sick companies and displacing inefficient units by efficient ones. The Board for Industrial and Financial Reconstruction (BIFR), a quasi-judicial body, rehabilitates sick units or orders their closures.

4.3.8 Incentives and Subsidies

Apart from imposing controls, the Government also provides assistance in the form of incentives and subsidies in order to motivate entrepreneurs and promote industrialisation particularly in backward regions. Incentives include liberalisation of licensing system, setting up of growth centres in backward areas, concessional finance from financial institutions at a lower rate of interest and special incentives for providing technological support through SIDO (Small Industries Development Organisation) training programmes, and marketing help for export promotion by small scale units and special bill discounting and refinancing for units involving indigenous technology.

Direct subsidies include assistance, relief for reimbursement, tax concessions, concessional power tariff etc.

4.3.9 Government Relations

Since government regulations determine, to a large extent, the functioning and growth of private enterprise, it is important for a company to establish good relations with government officials at various levels. PR persons of large business may have to be in constant touch with the Planning Commission and the various Consultative Committees set up by the Parliament from time to time. Every organisation must keep open lines of communication with the local MLAs, MPs and the VIPs to apprise them of the company's performance or problems. This can be done by regular mailing of reports, relevant papers, annual reports etc. or through personal contacts. Columns of newspaper can also be an effective channel for conveying

information. Besides, MPs, MLAs and important government officials can be invited to visit the plant on special occasions.

Check Your Progress 2

- Notes : i) Answer the following questions in the space provided below.
ii) Check your answers with the ones given at the end of the unit.

1) Give reasons to justify state intervention in business and industry.

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2) List some important legislations concerning industry enacted by the government in public interest.

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3) Fill in the blanks.

- a) investigates cases on unfair trade practices.
- b) The legislation for proper utilisation and conservation of foreign exchange reserves of the country is known as
- c) Consumer Protection Act 1986 applies to
- d) The regulatory framework in India controlling pollution includes
- e) is a quasi-judicial body to rehabilitate sick industry.

Activity

Read the news item relating to government and industry given alongside and try to relate it to the relevant points of our discussion. Also identify atleast five such items from a week's newspapers.

KMA-A LABOUR'S SUCCESS STORY

From Our Staff Reporter

BOMBAY, April 1. After three years of lockout, the Bombay based KMA Limited, has gained a new lease of life with its takeover by the workers of the company.

KMA Limited was originally incorporated as Kamani Metals & Alloys Limited in 1944 for the manufacture of non-ferrous metal strips and sheets at its Kurla factory in Bombay. In 1975 the management was handed over to Mr. Ashish Kamani.

The company, which was making profits for a number of years slipped into the red in the late Eighties because of mismanagement. The

situation continued till the management unilaterally and without any notice suspended operation of the Bombay plant on March 18, 1991 and the Bangalore plant on September 30, 1991. The lock-out continued despite the Maharashtra Government's order prohibiting it.

The company was referred to the Board for Industrial and Financial Reconstruction (BIFR) in May 1991. According to the BIFR proposal, the total cost of revival was estimated at Rs. 5.11 crores. The workers raised Rs. 2 crores as equity contribution, while the Maharashtra Government and IDBI gave Rs. 50 lakhs each. The balance amount was to be found through term loans.

Wage freeze

Besides contributing to the equity (Rs. 20,000 per worker), the workers have also agreed to forgo half the wages for the closure period of three years. They have also agreed to a five year wage freeze and deferment of bonus for five to six years. In addition, there will be a 10 per cent deduction from net salary for eight years as an interest free fund to the company. The working of the company will be under the overall supervision of 12 directors.

Nearly 850 workers out of the 1000 at the time of closure, will be taken back in a phased manner, said Mr. D. Thankappan, working president of the Kamani Employees' Union. He hoped that the company would be able to wipe out the accumulated losses in eight years and would generate cash profit after two years. The capacity utilisation at the Bombay and Bangalore units is expected to go up from 55 per cent and 48 per cent in the first year to 79 and 72 per cent by the fourth year respectively.

Mr. Thankappan says the viability of the scheme is based on financial projections worked out for the next ten years taking into account the past experience and the current market situation. The company already has orders for 150 tonnes during the first month, which is nearly 40 per cent of the company's normal monthly production, he contends.

The takeover of the company had taken place despite an appeal filed by the erstwhile management before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR). As there

was no stay granted to the erstwhile management by the AAIFR or by any court it was incumbent on the workers as the new owners of KMA to operationalise the BIFR sanctioned scheme.

Entire state air pollution control area

Express News Service

THIRUVANANTHAPURAM - The State Government has declared the entire state as air pollution control area.

The State Pollution Control Board in a statement here on Saturday said that all industries having air emission and situated within the declared air pollution control area have to apply to the State Pollution Control Board for obtaining consent under the Air Act. The industries in the newly included areas have to submit the consent application on or before May. 15. Stern action will be taken against defaulters. Application forms and details can be had from the Head Office and Regional/Sub Regional Offices of the Board on payment of Rs 50 by cash or money order.

Industrial relations scene improves

NEW DELHI - Industrial relations situation in the country has shown improvement with a loss of just 10.78 million mandays during the first 10 months of 1993 against 25.79 million during the corresponding period in 1992. According to an official statement, during the first nine months of 1993, the Central Industrial Relations Machinery (CIRM) intervened in 444 threatened strikes and its conciliatory efforts succeeded in averting 415 of them, which works out to about 94 per cent success. PTI

4.4 PRIVATE SECTOR MANAGEMENT.

It is important for a PRO to familiarise himself/herself with some basics of management, particularly about the kinds of ownership patterns, the organisational structure and the newer management techniques. The organisational structure has already been dealt within the preceding unit (Unit II, Block II). We will now take a brief glimpse into the other aspects.

4.4.1 Types of Private Ownership

Private sector, business/industrial organizations are those where ownership and control lies in the hands of a private individual or individuals. These enterprises may differ in the pattern of ownership and can be classified into the following categories:

- i) **Sole Proprietorship** : Where one individual is the proprietor who will have absolute control of the business. These may include a small trader, a shopkeeper, a small scale entrepreneur or even a prosperous industrialist.
- ii) **Partnership** : Partnership is an association of two or more individuals who

combine themselves with their collective investment to run the business for profit carried on by all of them or any one of them acting for all. This is regulated by the Indian Partnership Act 1932.

- iii) **Private Limited Company:** These are mostly family business like the newspaper "The Hindu" where the principal shareholding is in the hands of a small group of individuals. The number of shareholders is restricted to 50 and the public has no scope for participation in purchase of shares.
- iv) **Public Limited Company :** When successful business need to be expanded, a company may decide to 'go public' i.e., it will sell shares to the public which will get quoted in the stock exchange and may be purchased by the public. Thus, these public limited companies can grow more e.g. Ashok Leyland Limited.
- v) **Co-operatives :** This is a type of ownership by members on the principles of sharing profits according to the value of the purchases. Co-operatives are regulated by the Co-operative Society Act (1912). Examples of such companies are the Chittoor Co-operative Sugar Mills, Gujarat Co-operative Milk Marketing Federation Ltd.
- vi) **Multinationals :** Any company that operates in two or more countries is a multinational company. Although small business have not participated in expansion into the international market, there is every possibility even for a small entrepreneur to do so. With the unprecedented expansion of national enterprises in to international market it is considered a corporate opportunity for growth to go multinational. By doing so, capital can move to areas where cost of production is low. Lower production costs in competitive global economy, are thus, a means to profit and increased growth. This is why MNCs in India are Nestle, BPL, Procter & Gamble etc. Every sovereign country has its own set of regulations regarding the entry and operations of MNCs.

4.4.2 Difference between Private and Public Limited Companies

The difference between a Private Ltd. Co. and Public Ltd. Co. can be briefly summarised as follows :

- i) **Formation of the Company :** Private Limited Company is formed with a minimum of 2 members and a maximum of 50. Public Limited Company needs a minimum of 7 members with no upper limit to the number of shareholders.
- ii) **Name of the Company :** A private company should add 'Pvt. Ltd.' to its name while a public limited company need only add 'Ltd.' to its name.
- iii) **Starting Business:** A Pvt. Ltd. Co. can start its business immediately on obtaining the certificate of incorporation whereas a public Ltd. Co. needs to obtain a certificate of commencement of business from the Registrar.
- iv) **Meetings :** Holding of a statutory meeting and filing of a statutory report is necessary for a Public Ltd. Co. unlike a Private Ltd. Co.
- v) **Shares :** A private company can issue shares of any kind but has a lot of restrictions in the transfer of its shares. A public Co. can issue only equity and preference shares but has no restrictions in the transfer of its shares.
- vi) **Directors :** Directors can be elected by a single resolution with no upper age limit restrictions in the case of Pvt. Ltd. Co. A Public Ltd. Co. can appoint Directors below the age of 65, each director by a separate resolution. One-third of the directors retire by rotation every year but are eligible for reappointment.

4.4.3 Converting Private into Public Limited Company

A Private Ltd. company can be converted into a Public Ltd. company if the Board of Directors decides so. As a first step, a general meeting of shareholders is called for, and the Article of

the Company is amended. The resolution duly passed along with a copy of prospectus is to be filed with the Registrar of Companies as per the formalities. The Registrar of Companies then issues a fresh Certificate of Incorporation. A Public Ltd. company which desires to raise its capital through public participation must obtain the necessary clearance from the Securities Exchange Board of India (SEBI), Reserve Bank of India (RBI) etc. thereafter the company notifies the public through press releases and advertisements.

4.4.4 Role of Public Relations in Private Sector

You are already familiar with the principles and functions of PR, detailed in Block II. Basically a PRO's role in every organization is more or less similar, differing in degree or areas depending on the needs of the organization.

Private sector organizations operate for profit in a competitive environment using aggressive marketing strategies. They also rely on many categories of public for the manufacture and marketing of their products. A sound PR programme gives priority to the interests of its public in every decision affecting the operation of its business. This is on the assumption that the organization operates because of the support and co-operation of all these people put together e.g. shareholders, employees, customers and community. Although, the interests of these publics may be in conflict, the management has to maintain a fair ratio of benefits to all these groups to secure the goodwill of the general public.

A) Co-ordination and Counselling: It is the responsibility of the PRO to assist the management in framing and executing satisfactory management policies towards each of these specific publics e.g. evolving marketing policy for better relations with consumers, dealers and distributors, personnel policies for improving internal relations among employees, purchasing policy for sustaining suppliers' goodwill etc. Besides, PRO has also a role in maintaining inter-departmental co-ordination.

**The Suez Canal radically
shortened the route to
Asia.**

**Eurail made all of Europe
one.**

**Until Boeing, it wasn't
really a small world.**

**Since 1903, India as a
tourist destination has
become far more
accessible to the world.**

**Because of a Tata
company.**

**The Taj Group of
Hotels.**

An organisation that makes available world-class hospitality at over 25 of India's prime tourist destinations. Being home to over million international guests each year. Combine this with the fact that it boasts of many hotels # 1 hotel chain. A success story made even more remarkable by its pioneering efforts.

The Tata group is proud of having The Taj Group of Hotels as one of its members. The company embodies the values and beliefs of the group. Innovation, integrity and dynamism. Strengths that each and every one of the group's 270,000 employees considers his personal responsibility. Strengths that have given the Tata group an unassailable reputation for quality.

Behind the group's turnover of Rs. 15,000 crores and wide range of products and services stands a century of trust and a tradition of firsts. Backing every product and service that bears the mark you see on this page. The mark of Tata.

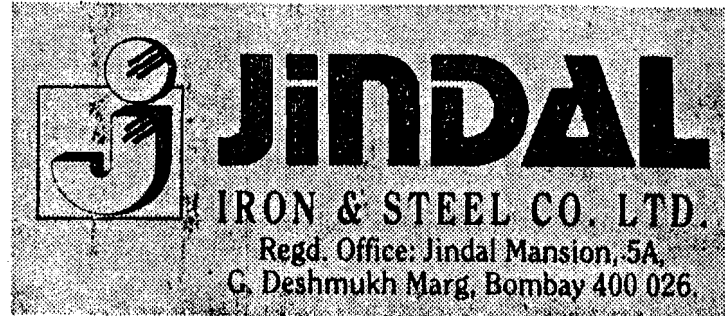
TATA

INDIA'S MOST TRUSTED MARK.

Kirloskar Electric bags prestigious export order

Kirloskar Electric has bagged a prestigious export order from Fuji Electric, Japan for supply of DC Motors. Fuji Electric would be using these motors for setting up a manufacturing unit for cans to be used for food packaging at Taiwan. Kirloskar Electric has already been exporting these motors to

USA, Europe and the rest of Asia. These motors, which meet with Fuji's stringent delivery and quality terms, will be manufactured by Kirloskar Electric's Peenya Unit. The Unit's ISO 9000 certification, and position as market leader in India for DC machines are some of the several reasons that prompted Fuji Electric to come to Kirloskar Electric.



STRENGTH BEYOND STEEL



New horizons, new hopes.



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Pure sound technology. For pure listening pleasure.

B) Planning Communication Activities: Having read the earlier unit, the PR process and its four stages—research, planning, executing and evaluation are known to you. PR has an important role to play in carrying out each of these functions so as to bring about a favourable attitude among the publics towards the organization. This is done through the strategic use of various media and tools like institutional advertising, publicity, company publications, public speaking, exhibitions, meetings, open house, special events etc. Thus PR is responsible for all corporate communications about which we will be reading in greater detail in the subsequent units of Block V.

In the sub-section that follow in this unit, you will be familiarising yourself with the need for relations with each of these publics and how it could be achieved.

C) Image Building : Any company, even a private one, is open to public scrutiny and in course of time the public begins to view it with some particular perspectives and form impressions which may be true or not so true. This overall impression of the company in the

minds of its various publics, for example—its credit worthiness, its quality of products, its concern for its employees, its discharging of social responsibilities—all contribute towards the overall image which is the corporate image. Hence companies go out of the way, to talk about themselves, to project themselves as being reliable, strong, competent, responsible, dynamic etc. To promote its image, a company uses its corporate name, some emblem, or a slogan, which it carries in all its communications. Personal contacts, verbal communication, audio-visual aids, exhibitions, publicity and institutional advertising are often used to convey the corporate personality. (Refer Illustration No. 1)

Building up of a corporate image is a long term and sustained programme. This will be examined in greater detail in the Units of Block V.

D) Public Relations and Marketing : Businesses have to be flexible to survive in the global market place or they go the legendary dinosaur way. PR, therefore, must prepare the management for new thrusts and help in planning out long-term strategies. PR must know what is happening to business and try to bridge the gap between the various levels in an organisation. The enterprise must be seen as a whole and the sales department must have co-ordination of all departments. Since marketing success involves both customer satisfaction and employee satisfaction, PR's role can have vital implication for sales.

To illustrate, we have the case of Asian Paints a company whose well planned marketing strategies coupled with PR efforts, have helped them capture a good segment of the market and retain it. This was achieved through innovative ways—emphasising on corporate image rather than advertising each brand, talking in regional language, getting a regular feedback from customers, conducting seminars involving decision-makers like interior decorators and architects, and appreciating regional differences in consumer perception, by focussing on varied festivals like Pongal in Tamil Nadu, Onam in Kerala, Durgapuja in Bengal, Dcepawali in North etc.

E) Crisis Management: Public Relations is not an emergency activity alone. It is not a 'fire-alarm' service. All the same, PR has an expanded role in crisis management e.g. during a labour strike or a product recall. While it is better to be alert for signs of dissonance, it may not be always possible to anticipate a crisis. Constant monitoring and feedback may help to detect early warning signals. Yet, long-term effects should be kept in mind. Communication links should be strengthened for negotiations and to present the company's side of the story in order to combat rumours. PR's role in private sector is therefore, informational as well as promotional; preventive as well as curative.

4.4.5 Employee Relations

The rapid changes in the Indian Industrial scene are not confined to economic reforms alone. It is true of the newer management policies too. It is being increasingly realised that a reasonably satisfied staff is crucial to the success of any business and that good pay alone is not enough. Employees need better working conditions, challenges, recognition and a role in decision making too! Hence Human Resources Development (HRD) has become an area of key concern leading to sharper corporate personnel policies. This is over and above the legal protection that employees enjoy (which has been discussed in the sub-section, 4.3.5)

The Organizational structure itself is being revamped—vertical giving way to horizontal and flat structure with less number of managers. This paves way for greater employee participation which is team-oriented. Companies are keen to establish a reputation of becoming a good company to work for. The PRO therefore has a great role in evolving an employee-friendly management policy in order to reap rich rewards. Mutual trust is sought to be cultivated in a variety of ways.

At Blue Star, for example, a fresh recruit is provided with a handbook of guidelines to get familiar with the Company's policy and is invited to join the Blue Star team to mark the start of a satisfying relationship. At TISCO, employees are briefed on conditions of services—wages, vacation, benefit, promotion, training, rights and responsibilities— immediately on induction.

Some companies pay good attention to upgrading and improving the skills of its employees. TISCO provides training to its staff at the Training Institute in Jamshedpur. Many employers are known to depute their employees to attend courses and seminars to institutions like the Administrative Staff College, Hyderabad, Tata Management Centre, Pune or even to international training workshops.

Similarly, financial incentives are also used to motivate employees e.g. at TELCO, handsome cash awards are given to employees who offer ideas to save time, money and man-hours. This suggestion scheme is very popular and boosts the morale of the employees. So also is TELCO's Open Promotion System which enables an employee to apply directly for higher posts within the organization.

Imagine an organisation according a reception to a newly-wed employee and his spouse with the chairman also present. You think it is far fetched? No, this happens at Kirloskar's. Here the management takes an interest in the important events in the personal life of its employees. Such concern is also shown by holding Safety-Week Celebrations as is done at TELCO to affirm solidarity with the employee, thereby increasing job satisfaction. It is the countless little things like these build relations with employees.

Good employee relations is of paramount importance for any organisation because employees are the best persons to help create its image. The attitude of the employees towards the organisation can have a great bearing on its corporate relations. An employee's opinion of the company is naturally considered more credible by the people he/she comes into contact with— family members, neighbours etc. A company that keeps its employees satisfied and informed can be considered to have laid the foundation for a successful PR programme.

4.4.6 Internal Communication

Once upon a time, the communication to employees in an organization was a one-way flow i.e. from top to bottom— that too selectively. We have travelled a long way since. Effective communication is now a two-way or rather a multi-way process through a variety of channels. Organisational communication may be

- vertical and horizontal;
- upwards and downwards;
- formal and informal.

This is because the management knows that employees must be empowered with knowledge if business is to succeed. Employees must be clearly informed of the existing policies, changes and the rationale behind any major decision. It is important to do so in order to avoid uncertainty, anxiety, rumours etc. — all of which may trigger of labour unrest.

Information to employees must be

- Timely
- Honest
- Adequate

Media for Communication may be categorised as

- a) **Oral** : Personal queries, meetings, public address system.
- b) **Printed/
Written** : Suggestion programmes, direct mail, Bulletin board, newsletter, brochure, manuals, house magazines, annual reports, memos and circulars.
- c) **Audio Visual** : Exhibition, closed circuit TV, slides, motion pictures etc.

Communication strategies must be particularly planned with care during times of crisis e.g. during a labour strike. It is important to keep open channels for negotiations and make adequate arrangements to collect feedback. The task becomes more complex if the company has units in other places too.

Baat-Cheet

THE HOUSE MAGAZINE OF KIRLOSKAR OIL ENGINEERS LTD. • OCTOBER 1992

20% Dividend Declared

SHAREHOLDERS of KOEL will receive a dividend at the rate of 20% for 1991-92, as against 18% of the previous year. The fixed dividend on preference shares is to be maintained at the rate of 12%.

These decisions were announced at the 46th Annual General Meeting of KOEL's shareholders, held at Hotel Blue Diamond on Sept. 1, 1991-92 were adopted. Shri Harish Bhargava from Pune was nominated to the Board of Directors

to represent the Industrial Credit and Investment Corporation of India in place of Shri N.C. Singhal. Shri R.V. Divatia resigned as Director, as from May 18. Speaking on the occasion, Shri S.L. Kirloskar, Chairman, KOEL, welcomed the new industrial policy as spelt out by the Government last year. He stressed the need for further decontrol, reduction of taxes, full convertibility of the Indian rupee and a liberalized foreign investment policy.

NEWS FLASHES

Highest Value Shipment! KOEL made a single export shipment worth 22 million rupees in the month of September. This is the highest value shipment in the Company's history of exports, spanning nearly four decades. Another feather in Baat-Cheet's Cap: KOEL's quarterly house journal, 'Baat-Cheet', has won an award from the Delhi-based Press and Public Relations Association, India, for 'Best Internal Communication', 1991. There were in all 106 contestants from all over the country.

Awards for Outstanding Agricultural Dealers

KIRLOSKAR Small Engines Business Group (SEBG) has been approximately pursuing its target of having market leader in the country.

For instance, the Group's multi-pronged drive to augment its market share includes introduction of a number of new models like the AK65, AK50, AK31, C.I. DM110 and DM20, and the Waterpump (water).

Or, there is the wide-spread van campaign, implemented in selected States, which has made prospective customers aware of the variety of Kirloskar models available.

Over all the SEBG considers the dealer network

the most effective agency for penetrating the deep interior of the rural market. Indeed, the SEBG dealers have a long-standing association with - loyalty to - KOEL, as an organization with - and a long-term commitment to Kirloskar pumps.

To demonstrate SEBG's appreciation, at the annual conferences held recently, outstanding agricultural dealers were awarded cash prizes and plaques for their performance in 1992-93. They were felicitated with traditional shawls and coconuts.

MD

Congratulates Workers

SHRI Atul Kirloskar, MD-KOEL, congratulated KOELians for attaining 98% of the sales target fixed for 1991-92, in his talk to employees, Aug. 10. He was confident that the target of Rs.236 crores for 1992-93 would be met, with the cooperation of all. He asked KOELians to give of their best so that KOEL secures ISO-9000 certification.

He also detailed KOEL's moves towards diversification: the gas turbine project, the pig iron foundry, and automobile components manufacture.

Shri Sadashiv Kul, President of the RESS, KOEL's Trade Union, while proposing a vote of thanks, assured full cooperation from the workers in attaining the targets set.

The management presented Safari suitcases to 2400 KOELians, as a token of appreciation of their work-performance in '91-92.

Check Your Progress 3

- Notes : i) Answer the following questions as directed in the space provided below.
ii) Compare your answers with the ones given at the end of the unit.

1) Fill in the blanks suitably

a) Private ownership may take the form of

.....
.....

b) Information given to employees by the management should be

.....

2) State if the following statements are true or false

- a) It is not possible to convert a Private Ltd. Company into a Public Ltd. Company. ()
- b) One cannot buy shares of a Private Ltd. Company in the open market ()
- c) The employees in private sector have no legal protection. ()
- d) Modern organisational structures are becoming horizontal as against the conventional vertical structures. ()
- e) All communication channels should be closed down in case of a crisis ()

3) List a few ways in which good employee relations can be cultivated.

.....
.....
.....
.....
.....

4.5 PRIVATE SECTOR AND FINANCE

Businesses need finance for initial capital and further growth. We have already examined the various incentives the government offers to entrepreneurs to start their own businesses by providing finance at concessional rates. Both the small entrepreneurs and the big business houses are in constant need of funds and loans to increase production. It is, therefore, prudent to establish good financial PR to attract more investors and build a strong bargaining position when arranging corporate loans.

4.5.1 Financial Institutions

Capital may be raised in the following ways.

- i) Through development banks like IDBI, IFCI, ICICI, BIFR, SFC etc.
- ii) Through LIC, GIC, UTI and the mutual funds of banks which are deployed for providing working capital only.
- iii) Companies can also float Rights Equity issue if their shares are quoted above par.

4.5.2 Corporate Disclosure

Giving of information about the company to the target group, inside and outside the organisation, is termed 'Corporate Disclosure'. Since information is given voluntarily, some prefer the term 'transparency'. Being transparent, helps the company to reduce criticism. The Board of Directors must justify their performance. This is done through the financial accounts, annual reports and balance sheets which show profit and loss, nature of assets, total assets and liabilities.

These reports are an essential link between the board and shareholders. The latter have a legitimate right to know all about the enterprise in which they are investing. Besides the shareholders, employees too have a right to the financial information in their long term interest. Creditors, suppliers, local and regional government officials, customers and the society itself, is also similarly interested in the corporate disclosures. This is achieved through company publications, house journals, policy manuals, reports, mailings etc. Questions like when and how much to disclose are, however, based on many factors like external environment, overall corporate goals etc.

4.5.3 Financial Relations

As we have seen, a company may borrow from financial institutions or from the general public by 'going public' i.e. by offering shares to the public. The task of securing share investment from general public is a challenging one where the PR man has an important role. The financial PR has to be conducted in such a way as to gain public acceptance for the company and its policies through planned and organised communication with potential shareholders prior to, during and even after the public issue. The image-building act is, therefore, very important.

Investment community may be divided into two categories—actual shareholders and financial opinion leaders, brokers and credit rating services like CRISIL (Credit Rating Investment Services India Limited) and ICRA (Investment Information and Credit Rating India Limited) and other financial analysis who help investors.

The PR effort, therefore, has to be directed not only to the shareholders but also towards financial counsellors, banks, insurance companies, brokers and business publications. Adequate disclosure of corporate information is as important as quality performance. With growing interest in privatisation, the private sector may need to have more shareholders on the Board of Directors and encourage employee ownership of company stock. Hence goodwill and support of these groups is necessary for the success of the business.

Besides arranging the statutory meetings and annual general meetings, the financial community should be kept informed through reports, newsletters, speech reprints, publicity, financial advertising, personal contacts and plant tours. The theme and presentation should give an overall picture and image of the organisation.

Check Your Progress 4

- Notes : i) Complete the statements in the space provided with appropriate phrases.
ii) Compare your answers with the ones given at the end of the unit.

- 1) Development banks like
.....
supply working capital to industries.
- 2)are important to shareholders as they have a legitimate right to know about the enterprise where they are investing.
- 3) Investment Community includes
.....
.....
- 4) Media and tools used for maintaining financial relations could include.....

Activity 2

Read through the annual report of any private company and analyse the contents in terms of the information provided.

4.6 OTHER EXTERNAL RELATIONS

In the preceding units, we have examined the nature role of PR in the private sector with the government and with the shareholders. We will now examine some other publics that a private industrial organisation to deal with e.g. media, community, dealers, suppliers, customers etc.

4.6.1 Media Relations

This implies cultivation of favourable relation with various communication media — print and electronic. A professional PRO needs to have a favourable working relationship with reporters, editors, editorial writers, columnists, cameramen and broadcasters. If good publicity coverage is to be secured, publicity can be planned by issuing relevant, newsworthy and well-timed concise news-releases and feature articles to project the image of the company. Major changes, expansions, diversifications, new products, foreign visitors, production figures, special community activities or even exceptional human interest incidents occurring in the company can be used as material for news releases.

Business feature articles prepared by the PRO to support marketing objectives can be a good source of publicity. Speeches, interviews, photographs, research results can all be used with advantage in special sections of newspapers.

Financial news releases for building image and attracting more investors can be used in the financial magazines or in the business pages of newspapers. Background information may also be supplied to newspapers for preparing favourable editorials.

Similarly, in case of any crisis like an accident, or an emergency like a labour strike, special problems may arise which need careful handling. Unfavourable news should not be suppressed. Media queries should be promptly answered and the company's viewpoint placed before the public. After the crisis passes, media should be thanked for the coverage and co-operation. Good media relations can be cultivated by honest and frank exchange of information, a helpful attitude, understanding the limitations of the editors, avoiding favouritism and not combining advertising with publicity.

Mutual trust can be built by answering press queries promptly, through personal contacts, press conferences, lunch invitations, plant tours and media kits.

4.6.2 Dealers-Distributor Relations

Dealer is an important link in product promotion. The marketing department must necessarily choose dealers with care so as to avoid irresponsible persons with deceptive practices which may bring discredit to the company. Once dealers are appointed, they must be kept informed about the development plans and the company's policy. For successful marketing, it is important to have good quality products, guaranteed by a warranty, well designed, fairly priced and innovatively packed, prompt after-sales service, proper display etc.

Dealers can be helped through training programmes, advertising aids, banners, modernising of showrooms etc. Good communication aids like posters, banners, dealer magazines, publicity, exhibition and sales literature help to boost marketing. Dealers' awards can prove to be great motivators.

4.6.3 Supplier Relations

Manufacturers necessarily depend on suppliers of tools, accessories and raw materials for

continued operations. If one is to ensure quality products, one needs to have a long-term partnership with a reliable supplier of integrity. Manufacturers must work closely with suppliers as it can by itself become a source for word-of-mouth advertising. Suppliers should preferably be locally based. The company should have a sound purchasing policy and accord fair treatment to suppliers. Good supplier relations can be developed in co-operation with the purchase department. Personal contact, meetings, open house, correspondence, company publications, publicity and visits to suppliers plant can help to establish friendliness and mutual confidence.

4.6.4 Customer Relations

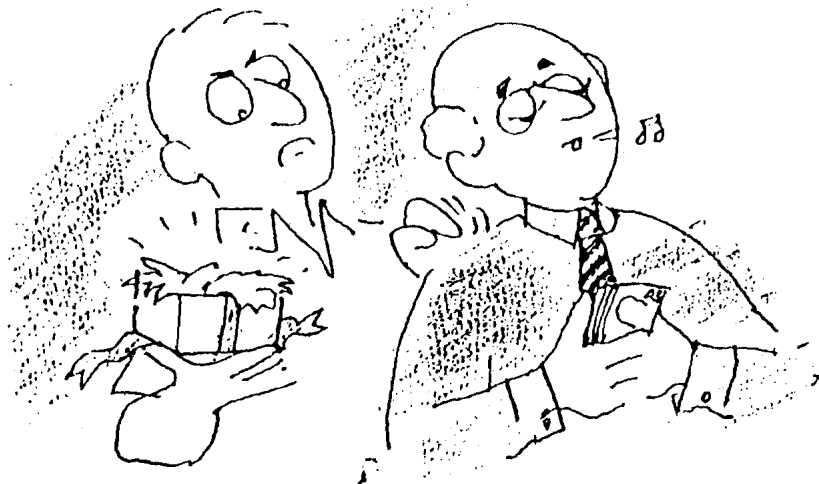
Due to flooding of the print and audio-visual media with advertising messages, the Indian consumers have become more discerning in the choice of products. Consumers are the life blood of every business and the various segments of consumers are clearly emerging as a potential target to reckon with e.g. the youth, the women consumers etc. Greater consumer awareness about adulteration, spurious products, unethical advertisements, wrong weights and measure and unfair prices have resulted in a visible consumer movement. Some of the factors responsible for it are :

- ISI which enforces standards of quality;
- the Advertising Standard Council of India which has formulated a code to ensure honest claims by advertisers;
- the consumer forums existing at district, state and national levels for settlement of disputes;
- consumer education, both formal and informal; and
- increasing market competitions.

BEFORE
SALES



AFTER
SALES



Losing interest in customer after the sales can be detrimental to the company's image.

Satisfaction of consumers and establishment of long term goodwill has therefore, become, a priority for manufacturers. Most companies are keen to establish the image of having a customer-oriented approach and even have a customer-complaint cell backed by prompt action. To build up a trustworthy relationship and a good consumer policy, it is necessary to have products with special features, good performance, high quality, fairly priced, accessible, adequate and friendly service, correct information etc.

Customer relationship can be built up through advertising, publicity, sales literature, consumer meet, exhibitions, sponsored programmes over audio-visual media, direct mail, answering queries, customer publications etc.

4.6.5 Relations with other Businesses

No company can work in isolation. A good relationship with other businesses including one's rivals is important. As a member of trade associations and through meaningful participation representing a particular trade, an organisation can hope to solve common problems, confronting the industry, more smoothly and win the respect of others in the process. By exercising leadership in dealing with problems like government regulations, new legislations, taxation etc. which are better solved through co-operative efforts, a company can increase its esteem and image in the public eye.

4.6.6 Relation with Educational and Research Institutions

There has been increasing awareness that Universities and research institutions can play an important part in the national development by creating a sound technological base on which the industrial productivity depends. National Research Organizations like Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Indian Space Research Organization (ISRO) Defence Research and Drawings Organisation (DRDO) and University Research Departments may have good infrastructural facilities for research. Industry can make this research more meaningful and application-oriented by collaborating with such institutions for its own research needs. It can also provide support by sponsoring such research. Joint sponsoring of events like workshops, seminars, etc. which help in transferring research results for commercialisation could not only pave the way for a stronger and meaningful relationship for both industrial and educational institutions, but also give a sense of direction and access to the student for future employment. This could lead to ultimate benefits for the nation. Here, PRO of the industrial concerns, needs to cultivate industry-iversity relations.

4.6.7 Community Relations

A group of people living in and around the area where the company operates, constitutes its community. The institutions that exist in a society and the people living therein are said to be mutually dependent. How is that? This is so because an institution exists with the cooperation and support of the society. It is dependent on the society for the facilities like roads, power, water supply, law and order etc. Besides, it gets its resources of labour and employees from there. It may also be dependent on the local supplier, shareholder, consumer etc. for service and support. In a similar way, the community too benefits from the institutions as these provide local employment and goods/services.

Businesses are carried on primarily for profit. It is the society that sustains business. Business have an increasingly greater influence over the society by determining investment and inducing them to change life-style (e.g. inducing to buy consumer durables). Therefore, it is argued that businesses have an obligation to society which they must fulfil by contributing in some way towards its welfare.

This concept, in an extended way is also known by terms like 'Social responsibility' and 'Social accountability' which places on businesses the responsibility towards not just the local neighbourhood but towards the nation as a whole by promoting development goals, national integration and communal harmony. The responsibility also extends towards the environment by minimizing pollution and taking up preservation activities.

Every company is keen to develop a good 'image' — which means, making others perceive it as a 'good company to work for'. This image is sought to be cultivated by a combination of several factors e.g. improving performance, enhancing quality, proving itself to be a model employer, and being a responsible corporate citizen by contributing towards the welfare or improvement of the locality and the environment

The object of community relations is, therefore, to inform the community how it contributes to local social life. Institutional advertising, public speaking, annual reports, exhibitions, open house are ways of communication with the community to apprise them of the welfare activities undertaken.

Welfare can be promoted by providing local facilities like schools, bus shelters, recreation facilities, medical camps, instituting scholarships, participating in civic programmes, community health programmes or cultural activities. The House of Birlas is known to construct temples for the benefit of the locals.

Some companies may even 'adopt' local villages for developing them. A case in point is the recent tragic earthquake in Maharashtra which left a trail of devastation in several districts. While the nation, as a whole, rose to help, industries and business houses particularly responded promptly, organising and co-ordinating relief work and generously contributing in cash and kind, reaching medicines, food and clothing to the afflicted. Some, like the Malayala Manorama group of publications are helping to rehabilitate the victims by constructing new houses for an entire village.

Check Your Progress 5

Notes: i) Read the following statements and tick (✓) the option you consider appropriate to complete the sentence.

ii) Compare your answers with the ones given at the end of the unit.

- 1) It is important to satisfy a customer
 - (a) to avoid litigation in Consumer's Forum
 - (b) to establish long-term goodwill.
- 2) (a) Relation with other business are not important.
 - (b) Relation with other business can help to solve common problems.
- 3) Good media relation demands that businessmen, who advertise in newspapers
 - (a) should not combine publicity with advertising.
 - (b) have a right to claim space for publicity.
- 4) (a) Business houses function for profit and therefore cannot be expected to take up the burden of community welfare, which is a state responsibility.
 - (b) Businesses thrive with the support of community and hence must share responsibility.
- 5) (a) Dealers should be chosen with care as they are an important link in product promotion.
 - (b) A dealer's deceptive practices do not affect the reputation of the manufacturing firm.

Activity 3

Read the accompanying news item which illustrate community relation activities carried on by two companies. As the PRO of a private textile manufacturing company, list a few such community welfare activities that you would advise your firm to promote.

Free orthopaedic, arthritis camp

Express News Service

KOZHIKODE - A two-day free camp will be held from March 26 for patients suffering from orthopaedic and arthritic problems under the auspices of the PVS Hospital.

Free consultation, medication and physiotherapy counselling will be provided at the camp. After the completion of camp, which will be held at the Rotary hall, treatment facilities will be available at the PVS Hospital, according to T K Jayaraj, Rajan HN Sreenivasan of the PVS Hospital.

The camp will be conducted under the leadership of S Venkat from the Kovai

Medical Centre and Hospital at Coimbatore.

Those interested should register their names at the PVS Hospital, they said.

Maruti's millionth vehicle for Mother

NEW DELHI - To mark the production of the millionth vehicle, Maruti Udyog Limited on Monday donated 3 Gypsy ambulances to the Missionaries of Charity to help them carry out

their services to society.

The keys of these ambulances including the millionth vehicle were handed over to Mother Teresa by R.C. Bhargave, managing director, at a ceremony held at the plant in Gurgaon.

Maruti dealers have also contributed equally by donating 3 Gypsy ambulances to the Missionaries of Charity.

4.7 LET US SUM UP

There has been a rapid transformation in the Indian economic scene, in the past couple of years because of the widespread structural reforms introduced by the government. Although private sector industries have existed side by side with public sector units since independence, they have maintained a rather low profile. With the recent governmental moves towards greater privatisation and relaxation of controls, the private sector has now come of age asserting its right to glorify itself for the risk and initiative it undertakes.

We began this unit by tracing briefly the growth and development of industries in India, the role of 'Planning' in Indian economy, and the general social/political/economic environment that has been conducive to industrial growth. The new industrial reforms, collectively termed as 'liberalisation' have been discussed in context of what they mean to the private sector. Relaxation of governmental controls, permitting entry of multinationals, import deregulation, throws a lot of challenges to the Indian industrialists, exposing them to global competition.

We also examined the relationship between government and industry — how the government may exercise control of various degrees through legislation. We have discussed certain specific legislations that have been enacted by the Indian government for the benefit of the industrial workers, for the consumer and for the nation at large. These factors make it imperative for the industries to keep in touch with the government at various levels and for the PRO to cultivate good relations with the concerned officials.

We also dwelt on the concept of 'Private Sector' and the various forms of ownership patterns it can take, each regulated by different Acts. The role of PR in a private sector has been discussed elaborately — his/her special functions and responsibilities particularly with regard to maintaining internal communication and evolving of sharp personnel policies that will be conducive to smooth relations with the employees.

The various financial institutions that can help raise capital, the importance and ways of cultivating good relations with the financial community through strategic PR communication to attract more investors has also been discussed.

Other publics with whom an organisation needs to interact and cultivate mutual understanding includes media, dealers, distributors, suppliers, customers, educational institutions, other businesses, and the community. How a PRO may use good communication skills to establish rapport with each of these publics has been elaborated under separate heads.

Thus these PR efforts to create goodwill for the organisation, among its various publics, each having differing interests, is in itself a challenge. Good performance and effective communication together can contribute to a favourable 'corporate image' which is the ultimate goal of the PR department.

4.8 GLOSSARY

- 1) **Company** : Any group of people voluntarily united for jointly performing any activity. This is synonymous with enterprise, firm, corporation etc.
- 2) **Customer** : Person or organisation making the purchasing decision — not necessarily the 'user'.

- 3) **Entrepreneur** : A person who is skilled at identifying new products and setting up operations to promote and market the product and arrange for financing of operations.
- 4) **Business Environment** : Refers to the surrounding conditions of an activity —particularly in marketing —social, physical, political and psychological conditions.
- 5) **Motivation** : Psychological stimulers behind the actions adopted by individuals. This is applied in organizational behaviour as well as marketing.
- 6) **Marketing Strategy** : Written comprehensive plans of several activities for achieving a particular objective and their relation in time and magnitude.
- 7) **Shareholders** : An individual or an organization which has bought or acquired a security in a company.
- 8) **Balance Sheet** : A statement expressing the financial position of a firm at a particular point in time. This contains details of assets and liabilities expressed in a balanced form.
- 9) **Private Company** : Is a company whose shares are restricted in the sale equity. Shares of private company are not bought or sold in the open market.
- 10) **Consumer durables** : Goods designed for long-term use e.g. washing machine, refrigeration, stereo system etc.
- 11) **Employer** : Person or Organization that employs.
- 12) **Management** : The group of people within an organization who are concerned with the management activities of that organization.
- 13) **Labour problem** : The economic and social issues that grow out of work for payment. These include industrial unrest, go-slow tactics, strikes etc.
- 14) **Industrial relations** : Rulers governing relations between labour union and management.
- 15) **Leadership** : Characteristic and behaviour of individuals who are responsible for leading groups within the organization and in their field.
- 16) **Free Market Economy** : A term used in relation to purchase and sale of any commodity where there is full freedom to deal.
- 17) **Import Tariff** : A tax, levied by government against certain imported products, in order to raise revenue or protect domestic firms.
- 18) **Word of mouth influence** : Personal communication about a product between buyers, neighbours, friends and associates.
- 19) **Opinion leaders** : People within a reference group who because of special skills, knowledge etc., exert influence on others.
- 20) **Advertising messages** : Advertising appearing in print media, outdoor, electronic media, insertions, display, neon signs etc.

4.9 SUGGESTED READING

- 1) *Government and Business*; D. Amarchand; Tata - Mcgraw Hill Publishing Co. Ltd.; 1991.
- 2) *Business Environment in India*; 1990-91, B.S.K.S. Chopra, The Times Research Foundation.
- 3) *Targeted Public Relations*; Robert W. Bly; Henry Hold and Company Inc; New York; 1993.
- 4) *Corporate Public Relations*; K.R. Balan; Sterling Publishers Private Ltd., New Delhi; 1992.

- 5) *Personnel Management and Industrial Relations*; Rustom, S. Davar; Vikas Publishing House, New Delhi; 1989.
- 6) *Practical Public Relations*; Sam Black; Universal Book Stall; New Delhi; 1993.
- 7) *Public Relations — Principles, Cases and Problems*; Frazier Moore & Frank Kalupa; Surjeet Publications; New Delhi; 1985.
- 8) *Hand book of Public Relations in India*; D.S. Mehta; Allied Publishers; New Delhi; 1991.

A Comprehensive Note on Sources used for illustrations & Activities (Unit IV, Block IV, Course IV)

Illustration 1 : Clippings from ads in Economic Times, Hindu & Indian Express.

Illustration 2 : Extracts from 'Baat Cheet' — the House journal of Kirloskar Oil Engineers Ltd., Pune, June 92 issue.

Illustration 3 : A & M Magazine June 91 (Pg. 49, 51)

Activity 1 : Clippings from the Hindu, Indian Express & Economic Times dated 21.2.94, 13.3.94, 14.3.94.

Activity 3 : Clippings on Medical Camp — Indian Express (Calicut edition) 14.3.94.

4.10 CHECK YOUR PROGRESS : MODEL ANSWERS

Check Your Progress 1

- 1) Check imbalance in growth, make optimum use of scarce resources.
- 2) Delicensing, simplification of statutory procedures, improving flow of credit, improving market access, import deregulation, setting up of technology development cells and export development cells, special incentives for backward areas.
- 3) (a) False, (b) True, (c) True, (d) False.

Check Your Progress 2

- 1) State intervention is justified on the following grounds.
 - a) Reduction of concentration of wealth.
 - b) Encouragement to small scale industry.
 - c) Channelising scarce national resources.
 - d) Improving foreign exchange resources.
 - e) Meeting basic needs of weaker sections.
 - f) Protecting the consumer.
 - g) Protecting the environment.
- 2) MRTTP Act, FERA, COPRA, EPA, Companies Act, Sick Industrial Companies Act, Various Employee Welfare legislations like Factories Act, Industrial Disputes Act, Employee's Provident Fund Act etc.
- 3) a) MRTTP Commission, b) FERA, c) all goods and services covering public, private, joint and co-operative sectors, d) The Water (Prevention and Control of Pollution) Act, '74, The Air (Prevention and Control of Pollution) Act '81, The Environment (Protection) Act, 1986, e) BIFR.

Check Your Progress 3

- 1) a) Sole proprietorship, partnership, private limited company, Public limited company, co-operatives, multi-nationals.
b) Timely, honest and adequate.
- 2) a) False, b) True, c) False, d) True e) False.
- 3) Adequate information, satisfying working conditions, training and promotion, good personnel policies, management's interest in employee's welfare, incentives and a two-day communication policy.

Check Your Progress 4

- 1) IDBI, IFCI, ICICI, BIFR, SFC.
- 2) Corporate disclosures.
- 3) Actual Shareholders, brokers, financial analysts, opinion leaders, and credit rating services who help investors.
- 4) Statutory meetings, annual general meetings, annual reports, newsletters, speech reprints, publicity, financial advertising, personnel contacts and plant tours.

Check Your Progress 5

- 1) b)
- 2) b)
- 3) a)
- 4) b)
- 5) a)