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Green Buzz in Luxury Brands

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Abstract

The association of luxury with ecological sensitivity has broadened the vision of people towards luxury that earlier was narrowed to aspects such as conspicuous consumption, excessiveness, lavishness etc. The purpose of this paper is to explore the sustainable and environment friendly practices adopted by luxury brands globally to fulfill their share of ecological responsibility. Interestingly, the elite luxury customers are concerned about the environmental issues and they want to know how and where the products are made and express penchant for being part of those activities which can be seen as 'pro social' rather than 'pro self'. Luxury brands globally are identifying this fact and are making notable contributions in terms of sourcing, manufacturing, operations, marketing etc. towards responsible luxury. This paper provides an in-depth analysis of eco-friendly practices of the luxury brands.

Keywords: Luxury Branding, Green Marketing, Sustainable Development

Defining Luxury

Luxury brands have often been associated with creativity, exclusivity, craftsmanship, precision, high quality, innovation and premium pricing which provide customers with an unknowing enhancement in their self-esteem, prestige and status. According to luxury *fashion Designer Gabrielle Coco Chanel (1883-1971)* luxury is a necessity that begins where necessity ends (*Okonkwo, 2007)*. Similar ideas were shared by the famous economist *Veblen (1899),* who explains the concept of conspicuous consumption as the waste of money and/or resources by people to display a higher status than others.

Luxury is concept related to status, ego and psychogenic needs; not necessary for survival. The six facets of luxury identified by *Dubois, Laurent and Czellar (2001),* were excellent quality, very high price, scarcity and uniqueness, aesthetics and poly sensuality, ancestral heritage, personal history and superfluousness. *Heine (2012)* also describes a few similar core characteristics of luxury brands such as rarity, exclusivity, aesthetics, product craftsmanship precision, premium pricing and high quality.

Luxury Brands and Green Practices

The traditional luxury buyers were less concerned about the ecological and social responsibilities of the brand. However, in their recent survey, the Luxury Institute, New York, found that the younger and more affluent customers are more concerned with the CSR activities in comparison to the older ones. Thus, luxury brands are trying to re-invent their brand image and are associating themselves with 'an ecological and socially responsible image' or an image of 'the caretaker of Mother Earth', which is thus beneficial for the brand image and brand value. Furthermore, global recession has also added challenges for the luxury brands. A survey conducted by Cone Consumer Environment in February 2009 in USA found that 35% of Americans had great expectation from the companies that were ecologically responsible and 35% observed that they had higher interest in environment today than they had earlier. This obviously means that a good cause always has support of the community.

Luxury brands such as Gucci, Prada, and Versace have reduced the use of paper for packaging; it is a momentum towards 'going green' as more luxury customers prefers to use those products which are more environmentally-friendly (Kapferer, 2010). Some luxury brands have also entered into interesting innovations which we generally see in motion pictures of characters like the superman etc, for promoting this cause, an example of this is the brand Ermenegildo Zegna, which has designed "Ecotech Solar" jacket under its label Zegna Sport. This jacket has solar panels on its sleeves which can be used for recharging a battery.

World Wide Fund for Nature (WWF) has ranked the ten largest luxury brand owning companies on their environmental, social and governance (ESG) performance. These brands include Gucci, Tods and Louis Vuitton. The ranking is based on what the companies themselves report to the investment community and what are the findings of Media and NGOs about their practices. Anthony Kleanthous, senior policy adviser for WWF expressed that initially the luxury brands were quite defensive regarding the adaptation of environmental policies but now they are pushing themselves forward for it and this push is directly related to the brand value.

Literature Review

The history of green movement is differently viewed by different scholars. Some argue it to have begun in the early 1840s with the philosophers like Thoreau, while some argue it to have begun in l960s with the release of Rachel Carson's book, Silent Springs in 1962 which highlighted the environmental damage caused by human errors such as destruction of natural resources, pollution, etc. and drove a call for care from all sectors of the economy for environmental protection and promotion of green.

Dubois, Czellar and Laurent (2005), categorized Luxury goods into three sets, based on how luxury products are perceived by the customers– *Elitist, Democratic and Distant. Elitist* views luxury as a category only to be consumed by refined people and not for the mass, these refined people are the ones who are enriched with good education, and have a good taste and class. *Democratic* people possess an open-minded attitude towards luxury and they believe that many people can own a luxury product based on their own interest and a luxury product is somewhat useful and is not reserved for the refined people. *Distant* views luxury as a complete useless and ultra-expensive product and believe that luxury is a different world which they are alien to.

What makes luxury environmentally sustainable?

The origin of the word sustainability is from a Latin word '*sustinere'* that means 'to hold up' (Cassardo & Jones, 2011). The word is often linked with supporting of those activities that protects the eco system. This term was first used in Brundtland Report of United Nations on March 1985, where it was stated that sustainable development is a development which has got the ability to meet the need of the present generation without making any adjustment with the need of future generation. With the unprecedented changes in climate, global warming, deforestation, massive ecological disaster, 'going green' has become a concern for all. Industries, people, everyone is skeptical about the dangers of global warming and other climatic changes and now environmental issue has a wider implication because of the concern of wider community on this issue (*Lash, 2007)*.

Luxury consumers are looking for a distinctly different set of benefits when they are buying luxury products, however they do not look for the same benefit while buying a normal product (*Zaichhkowsky, 2000)*. In his study conducted in 2007, Kapferer stated that Luxury brand must create their identity not only by the name, design, style, personality of the founder, but also through some value, which should be deep and an enriched one and the brand should be judged publicly by this value only. Luxury consumers are expecting a wholesome luxury experience not a one off transaction while purchasing luxury (*Leadbeater & Okonkwo, 2007), and* would solely reject the brand if they find that the brand is only a profit-driven brand and lacks in substance (Okonkwo, 2007). Thus a brand should be driven by a background story as emotions plays a vital role in terms of luxury buying, and customer always looks for something that is concrete and morally correct. Though few marketers are skeptical about the green trend in luxury and regard it as a passing fad for the moment (*Danziger, 2005)* however, luxury consumers are looking for new experience rather than just materialism while purchasing a luxury product (*Danziger, 2005).*

Today, luxury buying is not just a statement of status or a material possession for the consumer, it is also a medium to show concern for the environment and eco-friendly practices and communicates positive things about once personality (*Griskevicius, Tybur & Bergh, 2010)*. This pro social behavior and self-sacrificing a part of your wealth for the benefit of larger section creates a reputation that can be extremely valuable and may enhance consumer's status in the group. When people shop alone online, they choose products that are luxurious and enhance comfort but when they shop in public, their preferences for green products increases because most people want to be seen as caring altruists (*Griskevicius, Tybur & Bergh, 2010)*. Interestingly, the study also shows that status motives increased desirability of green products especially when such products cost more - but not less -relative to non-green products. This explains why the *Prius* price tag and why old-fashioned items like hand operated reel lawn mowers are holding their prices.

Mishra and Sharma (2010), describe green product as the ones, which are manufactured through green technology that causes no environmental hazards. The characteristics are:

- Products those are originally grown, also termed as organic products,
- Products those are recyclable, reusable and biodegradable,

- Products with natural ingredients and non-toxic chemical,
- Products that do not harm or pollute the environment,
- Products that are not tested on animals,
- Products that have eco-friendly packaging i.e. reusable, refillable containers etc.

Chaudhary, Tripathi and Monga (2011) describe green products as those with the ecological objectives to reduce resource consumption and pollution and to increase conservation of scarce resources. Price is one of the most critical and important factor of green marketing mix and most consumers will only be prepared to pay additional value if there is a perception of extra product value which may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price from the customer.

Go- Green: A New Trend in Luxury

The terms green marketing and eco-fashion have become a buzzword in luxury sector and are the most discussed topic in the world of fashion today (Joy, Sherry et. al., 2012). The luxury industry has started contributing towards environmental cause, since last few years in its own interesting way. The question that generally comes to mind is, why so much emphasis is being laid on promotion of green activities? The answer to this lies in the presence of some iconic brand such as Louis Vuitton, Gucci, Tods , Tiffany and Co. in this sector and the resultant highly visible of the sector because of its association with high-profile people, celebrities etc.

Once able to win customers with the promise of fine design, craftsmanship and service, the luxury business is contending with an aging core clientele and need to the re-invent their brands to cater to younger shoppers who more often consider their impact on the environment than do traditional luxury-goods buyers (*Dodes & Schechner, 2009).* Kapferer (2010)*,* provided an insight to the fact that how sustainability can be an imperative business model for luxury thus enhancing its reputation, he emphasized the role of celebrity and high-end customer of luxury who can act as an opinion leader and should act responsibly by demonstrating ethical concerns and substituting an ethical stratification to power stratification.

Taking this a step further, studies have found a significant positive relationship between employee satisfaction and level of perceived environmental performance, however no significant relationship was found between employee satisfaction and firm financial value (Walsh & Sulkowski, 2010). Luxury brands are less about distinguishing oneself than demonstrating membership of a particular social group, as social harmony through conformity is still a common value (Chadha and Husband, 2006). Increasingly, wealthy Asian consumers share the concerns of the well educated and well off in the West, for whom sustainability has become an important issue (Chadha and Husband, 2006).

Research Methodology

The key objective of this study was to explore the various green practices, which are being followed by the luxury brands all over the globe towards creating responsible luxury. For this purpose multiple channels were used to identify inspiring cases and pro-environment practices. The first step was to connect with the luxury buyers and consumers to understand the level of awareness and consciousness towards greener luxury brands. This was further followed by, interviewing representatives of few luxury brands, which are having presence in India. And finally an in-depth study was done on the related topics by following the news articles, corporate websites of the said brands and any other available literature.

The following criteria were used for selecting the luxury brands for the study:

- Organizations, which have included environmental sustainability in their visions, or
- Organizations, which have taken into account the environment in their operations and products or services, or
- Organizations, which have sponsored or have indirectly taken part in the promotion of some environment friendly activity.

Findings

Organization can green themselves through two levels: first, value addition process and management systems, second, product level (Prakash, 2002). The same was observed during literature review that, luxury brands have inculcated the practice of ‘going green’ either in their whole value chain (sourcing, creating, manufacturing, logistics, distribution, marketing, servicing, waste and recycling), or through the corporate social responsibilities (Kapferer, 2010).

Manufacturing

Donna Karan is the forefront of green movement through her Urban Zen initiative, which combines a philanthropic foundation along with a retail arm that distributes a line of natural and organic fashions (Danziger, n.d.). Gucci, Louis Vuitton recently introduced limited edition organic t-shirts. Organic clothing is clothing made from material made or grown in compliance with organic agricultural standards. In its attempt to create awareness on environment issues, designer Alexander McQueen, created a limited edition 100% organic cotton scarf showing a dying earth in form of a skull for the promotion of the *'Home'* project, which was a environmental movie that seeks to raise awareness about social issues and climate changes (Weston, 2009). PPR, i.e. Gucci group was one of the co-producers of the movie. PPR owned Sergio Rossi also designed 'Eco Pump', i.e. eco-friendly stilettos, made from largely recyclable and biodegradabale material- liquid wood and vegetable-tanned leather (Wesselhoft, 2009).

The LVMH Group has a specific strategy for sourcing and safeguarding raw materials; it applies the Convention on International Trade in Endangered Species of Wild Fauna and Flora (LVMH, 2011). It is also involved on an ongoing basis with Business for Social Responsibility (BSR) and the United Nations Conference on Trade and Development (UNCTAD). The department identifies plant species from around the world that could be used in cosmetics, and helps protect these species and develop local economies.

In the fashion and leather goods business group, Louis Vuitton always tries to select woods with Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certication (PEFC) labels for store construction, window dressings, customer packaging and some of its exclusive products. As a standard practice it carries out an in-depth investigation of the source of exotic wood to make sure the wood comes from sustainably managed forests (LVMH, 2011).

Luxury brands, either through their design or material used for manufacturing, are promoting the concept of green luxury. In terms of manufacturing process, many luxury brands who are into the manufacturing of apparels have substituted synthetic fabric with organic, artificial dyes with natural dye, the use of endangered resources in terms of manufacturing have been reduced. Another good example is Tiffany & Co., the company works closely with jewelers' industry groups and NGO's such as Earthworks and Oxfam to promote responsible mining. It purchases diamonds from countries, which are under the Kimberly Process Certification Scheme that eschews conflict diamonds. Further Tiffany & Co has a "no corals" policy since 2002 (Burke et al., 2011). Dior handbags are manufactured using Italian bio farm leather and are made in Italy; producing less CO2 than if it was made in China as Coach does (Kapferer, 2010). Dior also decided to forbid the use of silicon in their products at the cost of the experiential benefits of silicon, i.e. the soft touch and feel impression (Kapferer, 2010).

Packaging

Packaging which is an important component of a brand, is also being adopted for promoting green practices. The plastic and metal packaging is now replaced by eco-friendly packaging and recycled paper packaging. In the luxury beauty product category we have a very good example of Estee Lauder, which tries to minimize its environmental impact by sustainable packaging, energy conservation, biodiversity, green chemistry and return/recycle (The Estee Lauder Companies, 2010). Some of the companies achievements are: 6 of the Estee Lauder's suppliers are committed to using renewable energy, 100% PCR plastic contents are used in promotional bottles and Clinique uses 80% recycled aluminum in their skincare caps (The Estee Lauder Companies, 2010). Talking of creating awareness of recycled packaging, MAC's campaign was a great example, wherein for six empty containers of MAC returned the customers would get a lipstick for free (Russel, 2008).

Tiffany & Co. uses material for packaging which is 100% Forest Stewardship Council (FSC) certified and 83% of the materials used comes from post-consumer recycled sources (Tiffany & Co., n.d.). Louis Vuitton, has found innovative ways to decrease the size of shipments by reducing not only empty space but also outer packaging, all workshops have been sent a tool to help them with packaging decisions (LVMH, 2011). Louis Vuitton has also continued its efforts in this regard by eliminating tissue paper and plastic protection in its cartons for shipments of shopping bags, trunks, pouches, presentation boxes and shoeboxes. The resulting initiatives led to a 60% reduction in shipped volume, representing an annual saving of more than 950 Million metric tons of carbon dioxide equivalent (LVMH, 2011).

Operations

In terms of operations, some luxury companies follow the environmentally friendly policy by saving the consumption of natural resources such as water, energy, etc. India based, Oberoi Group of hotels (international chain) follows the policy of Waste Management and Recycling Program for safeguarding the ecology. *Responsible luxury* being the credo of luxury hotels specifically at all eight ITC-branded hotels in India, which set an eco-trend by merging indulgence and sustainability. Rather than burden guests with dos and don'ts about showers and fresh linens, the group has greened its energy, supply and vendor chain (Phatarphekar, 2011). Today ITC Sonar Kolkata is the world's first hotel with carbon credits, and the ITC Gardenia, Bengaluru is the world's largest hotel with a platinum eco-rating from the

International Leadership in Energy and Environmental Design (LEED) organization (Phatarphekar, 2011).

Talking about other Luxury brands, some of the iconic Luxury brands such as Louis Vuitton - LVMH have also presented a good example in terms of operations towards the policy of going green. In 2004, LVMH's Louis Vuitton brand conducted a "carbon test," to measure its impact on greenhouse-gas emissions. Afterwards, it made an attempt to cut the air pollution, by transporting 60% of its good via ship (LVMH, 2011).

For safeguarding the air from pollution, Westin Gurgaon (Situated in India- NCR, owned by the Vatika Group) presents a total different concept. This hotel offers complimentary red-and-white-painted Radio Tuk Tuks (three-wheelers) that ferry guests to the nearby malls and the Kingdom of Dreams, a live entertainment and leisure arcade specializing in Bollywood musicals (Phatarphekar, 2011).

In 2009, Louis Vuitton leather-goods brand launched a "Core Values" ad campaign featuring tennis player Andre Agassi, rocker Keith Richards and astronaut Buzz Aldrin. emphasising the company's support for the Climate Project. These celebrities donated part of their modeling fees to the nonprofit group which, was running for an ecology protection cause (Dodes & Schechner, 2009).

Corporate Social Responsibility

Several Luxury brands are supporting various activities to promote the concern of ‘go green’. Tiffany launched its sustainability website, detailing the responsibility business practices have made in this sector (Niemtzow, 2012).

Italian leather and fashion house launched the Ferragamo World collection, with 5% of profit going to the Vanguard Acumen Fund (Yarnall, 2012). In 2009, Shiseido, a luxury cosmetic brand, was certified as the ‘Eco-First Company’ by the Ministry of the Environment, Japan, and it promised that it will make several ecology protection initiatives. The brand also participated in Tree planting Program in Japan, for forest conservation in 2009 (Grail Research, 2010). These brands are not acting in isolations from their consumers but they understand the growing need and demand of their customers and are trying to act accordingly. Though there are several luxury brands which have no stated CSR policies, reports and no executive or board level commitment to CSR, Chanel, Hermes, Prada, Labelux and Tod's fall at this end of the spectrum (Yogendra, 2012), two of the largest luxury houses who have their presence in India and are largely contributes towards going green activities are LVMH and PPR (Gucci Group).

LVMH has drawn up an environment charter that applies to all its brands; the performances of the brands are monitored through internal and external environmental audits, and active risk management (Yogendra, 2012). The Watches & Jewelry business group of LVMH is a member of the Responsible Jewellery Council (RJC) since 2005, an organization of more than 160 professionals around the world committed to the promotion of ethics, human and social rights and environmental practices throughout the product chain, from the mines to the points of sale (LVMH, 2011).

PPR- Gucci group on June 2012 has confirmed its participation in Rio+20, the United Nations Conference on Sustainable Development that took take place in Rio de Janeiro, Brazil on June 20-22, 2012 (Pavarini, 2012).

PPR has a multi-tiered action plan, including specific five-year targets, to implement a group-wide Environmental Profit &Loss Account (EP&L), to help in identifying new opportunities across the supply chain to enhance the sustainability of PPR’s products and to ultimately implement efficient and innovative initiatives to reduce the environmental impacts from the sourcing of raw materials, processing, manufacturing, and distribution of the group’s products (King, 2012). Key areas of focus are the reduction of CO_2, waste and water; sourcing of raw materials; hazardous chemicals and materials; paper and packaging; and supply chain (King, 2012).

Challenges In Going Green for Luxury Brands

Bendell & Kleanthous (2007) in their WWF-UK report ranked 10 largest luxury brands on their Environment, Social and governance performance (ESG), the ranking was done on the basis of the combination of two types of information: what the companies themselves report to the ethical investment community; and what media and non-governmental organizations have been saying about them. This information was weighted and combined to create a score out of 100, expressed as a grade from A (best) to F (worst). No company earned better than a grade C+. Hermes and LVMH topped the ranking with C+, and Italian group Tod's came tenth. This clearly reflects a big gap in terms of adopting the policy of go-green.

Business has three issues to face, what it takes, what it makes and what it wastes (*Hawken, 1993)*. What it takes is related to materials from the environment for making the product and the process by which the material is extracted that can be through extracting, mining, cutting, hunting and other means. What it makes is the products of commerce, goods and services that are derived from the natural environment through the process of conversion and transformation of raw material into finished good. What it wastes represents eco-costs arising from garbage, pollution and destruction of natural systems, which are the consequences of taking and making processes. And these costs are generally not accounted by the company.

CSR activities can backfire for luxury brands associated with a self-enhancement concept, but not for brands associated with openness or conservation concepts, unless steps are taken to avoid these negative consequences *(Torelli, Monga & Kaikati, 2012).* The authors believe that messages of social responsibility that come from luxury brands associated with a "self-enhancement concept" cause consumers to feel that something is "not right," which means their opinion of the brand declines. On the other hand, brands associated with openness or conservation does not have the same "motivational conflict" with social responsibility.

Hopes for green products in most of the cases have been hurt by the perception that such products are of lower quality or don't really deliver on their environmental promises, however growing number of people willing to pay a premium for green products, from organic foods to energy-efficient appliances (Ginsberg & Bloom, 2004). Although public opinion polls consistently shows that consumers would prefer to choose a green product over one that is less friendly to the environment when all other things are equal, those "other things" are rarely equal in the minds of consumers. However, despite the increasing eco-awareness in contemporary market economies, it is generally recognized that there are still considerable barriers like Need for Standardization, New Concept and lack of awareness, Patience and Perseverance, Doubt in terms of benefit and performance (*Bonini & Oppenheim, 2008).*

Conclusion and Suggestions

Luxury brands face criticism that they provoke unnecessary consumption and are seen as an aspirational brand by many all across the globe. Thus what the luxury brands do, what they promote, all these become talk of the town and a level to which many people aspire to reach. However despite strong commercial drivers for greater sustainability, luxury brands have been slow and are not up to the mark to respond. The largest luxury conglomerates have been ranked on their social and environmental performance for the first time, and none scored high, the highest was C+ grade, none were able to reach. A lot of things are required to happen on these grounds. In deed, adopting the approach of going green will produce deeper, more rewarding experiences to consumers, staff, investors and local communities.

This study suggests that the luxury consumer is ready to embrace the movement of luxury brand towards sustainability. To foster the movement further luxury brands should focus on the following imperatives:

- Improvement in internal processes
- Accountability for management practices acorss the company
- Culture of innovation
- Re-tuning of corporate values and brand in sync with sustainabililty
- New paradigms for design
- Integration of sustainable management practices with performance review system
- Involving consumers in sustainable efforts of the company
- Reaching out to stakeholders with clear message on sustainable intent of the company in an effective and interactive manner

Limitations

The study is based on informal interviews with luxury buyers/consumers, brand representatives of few selected luxury brands, which have presence in India and secondary data from published sources. It was found that in India the awareness of green practices adopted by luxury brands is very low, be it with reference to consumers or even the brand representatives hence global reference were used and global practices were referred to for this study.

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Migrant Workers in Globalized India: Issues and Concerns

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Abstract

Migration, both domestic, between rural and urban areas, and transnational, between states, is a regional phenomenon directly related to the demands of globalisation. The growing pace of economic globalisation has created more migrant workers than ever before. Unemployment and increasing poverty have prompted many workers in developing countries to seek work elsewhere, while developed countries have increased their demand for labour, especially unskilled worker. As a result, millions of workers and their families travel to countries other than their own to find work. But, it has been day in and day out the violation of human rights of migrant workers. In fact most of the migrant workers are not even aware of their rights. Rights can be enjoyed only in relation with others. There are several international arrangements to protect the basic human rights of the migrant workers but, when it comes to the role of Indian government to ratify these arrangements or instruments we find the government exhibiting amazing indifference. In this backdrop, the author has examined the perils of migrants workers in globalized India.

Keywords: Migrant Workers, Globalization, India

Introduction

Globalisation panoramically refers to the extension and expansion of global linkage, the organization and institution of social living on a global parameter and the growth of global consciousness, and hence to the consolidation of world society.[1] In popular discourse, globalisation often functions as little more than a synonym for one or more of the following phenomena: the pursuit of classical liberal (or "free market") policies in the world economy ("economic liberalization"), the growing dominance of western (or even American) forms of political, economic, and cultural life ("westernisation" or "Americanisation"), the proliferation of new information technologies (the "Internet Revolution"), as well as the nation that humanity stands at the threshold of realizing one single unified community in which major sources of social conflict have vanished ("global integration")."[2] India also follows the line of Globalisation. Since economic liberalization, free market was taking their toll in Indian souk; the capital starts to stream like casino. Social theorists of globalisation

[1] Dasgupta, Samir (2007), "Globalization and its Future Shock," in Samir Dasgupta and Ray Kiely (eds.), *Globalization and After,* Sage, New Delhi, p.6

[2] Stanford encyclopedia of philosophy in http:/plato.stanford.edu/entries/globalization

always intended to develop such assumption that it provides good opportunities to the skilled worker, but for non-skilled workers globalisation will always a threatening discourse. This is to some extent is the outcome of what usually called "neo-liberal globalisation". "Neo-liberal globalisation" means the aggressive pervasion of all human relations and living conditions according to the requirements of capital realisation (or utilisation). That is why countless people, directly or indirectly, forced to set off from the regions of economic depression and political crisis – in other words, they thinned out zones of globalisation – to other areas in search of a secure existence, of work, protection, income and human living perspectives. The nub of my paper is to emphasize the shoddier conditions of migrant worker and Indian government initiatives (if any) to provide them basic workers' right or protect their human rights.

Understanding Migration

Migration, both domestic, between rural and urban areas, and transnational, between states, is a regional phenomenon directly related to the demands of globalisation. A long-term migrant leaves his or her country of residence for at least a year and the destination country become the new country of residence.[3]It has an alarming impact on the family life and communities so important to local cultures. Transformed by the market, families and communities often can no longer provide personal security. The result is a host of rights problems pertaining to women, migrants, and even families, which challenge the current discourse and protection regimes and place greater demands on the state to provide a personal safety net for its citizens or to assist families and communities in doing so.

The growing pace of economic globalisation has created more migrant workers than ever before. Unemployment and increasing poverty have prompted many workers in developing countries to seek work elsewhere, while developed countries have increased their demand for labour, especially unskilled labour. As a result, millions of workers and their families travel to countries other than their own to find work. Migration is fundamentally poverty-driven, and no law has been shown to cure poverty or alleviate it. If the real issue at hand is poverty and a disappearing safety net for vulnerable peoples, should the rights regime give more weight to the controversial right to development? Certain social problems, such as the plight of migrants, while deriving from current development demands around the region appear to find part of their solution in successful economic development.[4]

According Todaro[5] the motives of migration can be classified into push (which emphasize on the situation at the origin, that is, place from which migration started) and pull factors (which emphasize on the situation at the destination), respectively. Unemployment, flood, earthquake, drought, (i.e., natural calamities) etc, are the push factors. Pull factors that determine migration such as attraction of city life, for education, health, development of backward community, job opportunities and. training facilities and so on.

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[3] Langhorne, Richard (2006)*, Global politics,* Chapter-7 International migration and diasporas, Oxford, New York, p299

[4] Koser, Khalid (2007)*, International Migration: A Very Short Introduction*, Oxford, New York, p109

[5] Todaro, M. P. 'A Model of Labour Migration and Under Development in Less Development Countries', published in American Economic Review (Vol- 59, No. 1).

International and Internal Migration: Facts & Figures

According to official estimate four to five million Indian workers have migrated abroad in search of jobs. The total amount of money remitted by them to their families works to about 12 to 15 billion US dollars annually. According to new figures from the World Bank, in 2007, Indian workers sent back $27 billion. During 2012-13 India top the table of receiving migrant remittances. It is further estimated that about 1 million workers form India have been migrating abroad every year. The government of India gives emigration clearance to workers going abroad when they get confirmation letters of contractual employment. During the year 2005, 5.49 million workers were given such emigration clearance by the government of India. According to a World Bank report, that increases to 11.4 million in 2011. The number was only 2.79 million, in 2001.[6] Equal numbers of workers are migrating illegally from India without emigration clearance from the government of India.[7]

Census of 2001 shows that the number of inter-state migration in all duration is 41166265 of them the number of work employment migration is 10865197 and number of business migration is 816572 and marriage migration is 12233530. NSSO 2007-2008 shows that the total no of internal migration increases to 328 million that is 28.5% of the total population. And total domestic remittance market were roughly $ 10 billion in 2007-2008.[8] Still government did not take realistic initiative to protect the basic human rights of the migrant workers. The failures of various executive, judicial, NGO, civil society institutions to hold the government accountable to protect the human rights of the migrant workers pose a great threat to humane, democratic and just governance.

Human Rights Condition of Migrant workers

As the first sentence of the universal declaration of Human rights states, respect for human rights and human dignity "is the foundation of freedom, justice and peace in the world."[9] “All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.”[10] But, it has been day in and day out the violation of human rights of Migrant workers. In fact most of the migrant workers are not even aware of their rights. Rights can be enjoyed only in relation with others.

"The International Convention for the Protection of the Rights of all Migrants and their Families", 1990, provides basic human rights to migrant workers. The human rights of migrant workers and their families include the following universal, indivisible, interconnected and interdependent human rights:[11]

- The human right to work and receive wages that contribute to an adequate standard of living.

[6] Pandhe, M. K., Migrant Workers in a Globalized Economy in www.political affairs magazine.net

[7] Dr. Gurpur, Shashikala (10th dec. 2007), Packaging Exploitation: The Case of Transnational Migrant Worker, in international seminar on “Globalization and Human Rights”, Symbiosis Law School, Pune.

[8] C. Tumbe, C (2011), Remittances in India: Facts and Issues, Working paper no 331, Indian Institute of Management, Bangalore.

[9] Preamble; The Universal Declaration of Human Rights

[10] Art. 1 of the UDHR

[11] http;//Romania.indymedia.org/en/2004/08/416.shtml

- The human right to freedom from discrimination based on race, national or ethnic origin, sex, religion or any other status, in all aspects of work, including in hiring, conditions of work, and promotion, and in access to housing, health care and basic services.
- The human right to equality before the law and equal protection of the law, particularly in regard to human rights and labour legislation, regardless of a migrant's legal status.
- The human right to equal pay for equal work.
- The human right to freedom from forced labour.
- The human right to protection against arbitrary expulsion from the State of employment.
- The human right to return home if the migrant wishes.
- The human right to a standard of living adequate for the health and well-being of the migrant worker and his or her family.
- The human right to safe working conditions and a clean and safe working environment.
- The human right to reasonable limitation of working hours, rest and leisure.
- The human right to freedom of association and to join a trade union.
- The human right to freedom from sexual harassment in the workplace.
- The human right to protection during pregnancy from work proven to be harmful.
- The human right to protection for the child from economic exploitation and from any work that may be hazardous to his or her well-being and development.
- The human right of children of migrant workers to education.
- The human right of migrants and their families to reunification.

Still migrant worker faces several violations regarding their human rights. They often regarded as 'others'. In this regard I can put up some points on violations of human rights of migrant worker such as:

- Irregular or non-payment of wages,
- No access to medical care,
- Poor living conditions (like poor sanitisation, one toilet for 10-15 people,
- No rest days,
- Deprived of food,
- Forced to do extra job without extra pay,
- Unsafe working conditions and environments,
- Religion, race, language, gender, social and cultural biasness, etc.

According to a report submitted in Rajya Sabha in May 2007 by the Minister of Overseas Indian Affairs, government of India, Vayalar Ravi, 1820 registered recruiting agents are operating in India. Several of them are spurious agents who indulge in cheating the workers and charging high amount on the promise of giving job in the foreign country. On many occasions workers find that jobs are not commensuration with the assurances given[12]. The ministry had received 76 complaints in 2006 and 14 till May 2007. However, the government of India sends such complaints to the state governments for action. But most of

[12] ibid

the state governments generally do not take action since these agents are heavily bribing the officials. As a result of the malpractices not being checked, even now large scale cheating of workers is going on unabated.[13] Indian embassy in Qatar reported 98 Indian migrant deaths, including 45 deaths of young, low-income workers due to cardiac arrest, thus far in 2012, to build the FIFA world cup 2022 better. Deaths occur due to long restless working hour without a day off. Still the Indian government kept silent only cancelling the licenses of recruiting agencies and made policy promises to register and solve this cases as soon as possible.

In context of internal migration there is no fixed time of work for migrant workers; they work more than 12 hours a day instead of 8 hours a day, harvesting of sugarcane migrant workers, sugarcane cutters, transporters and brick kiln workers work for 12 or more hours per day .So far as wage rates of women workers are concerned, it has been observed that migrant women workers are paid lower wages than male workers in certain operations. Indigenous migrant workmen are often thrown out from their workplace without any notice. In 2010, thousands of Jharkhand indigenous migrant worker attacked by forest officers in bauxite mining project in Niyamgiri Hills, Odhisa. Role of the government remains same, though the Indian government denied clearance to the Vedanta Resource's Rs 4,500 crore bauxite mining project in Niyamgiri Hills.

International Arrangements and India’s Role

The issue of migration is now high on the international agenda. The recent report by the World Commission on the Social Dimension of Globalization (Note 2) placed migration at the top of its recommendations and a Global Commission on International Migration has begun work to prepare recommendations for the UN Secretary General and other stakeholders. In 2006, the High Level Dialogue of the United Nations General Assembly will be devoted to the issue of migration and development.

There are several international instruments that relate to migrant workers (few of them are especially for women migrant worker) human rights:[14]

- Vienna Declaration and Program of Action approved at the 1993 World Conference on Human Rights and Program of Action;
- Program of Action of the Cairo International Conference on Population and Development;
- Program of Action of the World Summit for Social Development;
- Beijing Declaration and Platform for Action, Fourth World Conference on Women (chap. IV D) World Conference against Racism, Discrimination, Xenophobia and Related Intolerances August 2001;
- The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (New York, 18 December 1990);
- General Recommendation number 19 approved in 1992 during the 11th periodic session of the Committee on the Elimination of Violence against Women;
- International Convention on the Elimination of All Forms of Racial Discrimination against women (Article 6);

[13] Pandhe, M. K. op. cit.
[14] http://www.hrw.org/legacy/wr2k7/essays/globalization/index.html

- ILO's Migration for Employment Convention No. 97 (1949);
- Migrant Workers (Supplementary Provisions) Convention No. 143 (1975).

While it comes to the role of Indian government to ratify these arrangements or instruments we find the government exhibiting amazing indifference. In Vienna Declaration and Program of Action, Indian representatives not only abstained during the voting process required for approval, but stood aside with four other countries. In Program of Action of the Cairo International Conference on Population and Development, representatives from India submitted formal credentials but did not make any positive comment on the issue of protecting migrant workers human rights. In context of Program of Action of the World Summit for Social Development, we can only say this - the pledge the international community made 16 years ago for an inclusive society is still elusive. Though India ratifies The Beijing Platform for Action, still the percentage of unpaid work activity remains very high. This picture is quite similar to other international conventions, in context to implementation by the Indian government.

Governmental Initiatives

For international migration, Indian government follows Emigration Act, 1983, which replace the 1922 act. The Emigration (Amendment) Bill, 2002 do propose to establish a National Manpower Export Promotion Council, which will be a tripartite organization comprising representatives of labour, management and the government. Ministry of overseas Indian affairs constituted in 2004 for special care of immigrants who are skilled and professional. Pravasi Bharatiya Bima Yojana (PBBY) 2006, Overseas Citizenship of India (OCI) initiatives, Pravasi Bharatiya Samman Awards etc are few instances of initiatives taken by the government to encourage skilled and professional migrants to send more remittances. But when Saudi Arab government tighten their immigration act (2013) and future of 1.40 million Indian migrant workers shadowed, Indian government kept silent. As these people is basically not professional, working in jewel making firms. India remain the largest and highest recipients of migrant remittances i.e. 69 billion US dollar in 2012.[15] Contribution of these remittances to GDP is near 4%. Still Indian government remain silence on protecting the basic human rights of non-skilled, semi-skilled, seasonal, part-time migration; as the remittances they sent is basically not reported.

The government of India adopted Inter-state migrant workmen (Regulation of Employment and conditions of service) Act 1979 which provides certain protective measures like payment of wages, equal wages for equal work, residential accommodations, medical facilities, protective clothing and compensation for injures, it is largely not implemented in India. Most migrant worker did not even know about the law. But the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act (1979) did not provide a coherent framework to protect the basic human rights of the migrant workmen. The act also has some gaps within itself, which follows:[16]

- The Act applies to only migrants crossing state boundaries and, therefore, a large section of migrants are excluded from its ambit.

[15] The World Bank report (19th April, 2013), Migration and Development Brief.

[16] Internal Migration in India Initiative: For a Better Inclusion of Internal Migrants in India, Policy Briefs (2012), Pub, UNESCO House, New Delhi and United Nations Children's Fund UNICEF India Country Office, New Delhi.

- It does not monitor unregistered contractors and establishments.
- It remains silent on provision for crèches, education centres for children or mobile medical units for the labourers.
- It articulates no guidelines for inter-state cooperation.
- It covers only regulation of employment and conditions of service of migrants and does not address access to social protection of migrants, their right to the city and the special vulnerabilities of children and women migrants.
- Important provisions of the Act such as minimum wages, displacement allowance, medical facilities and protective clothing remain unenforced.

While the government has no machinery to ensure implementation of the Act, the trade union movement is also not taking their problems in right earnest.[17] Wherever trade unions have taken interest in their problems they have participated in the struggle and achieved improvement in their living conditions. But in most cases trade unions basically uses these people for their political interests. The problem of several migrant workers is linked with the system of bonded labour despite legal ban imposed by the government of India.

Probable Measures

Globalisation already near to reach its goal of making the globe economically open to all! Still Indian government provides policy promises which are far from real implementation. There is a deep need to provide few initiatives by which migrant people can able to know about their rights and where to go if those rights are violated. A few probable measures in this regard are as under:

- Strong monitoring system to check flow of migration;
- Provide better economic opportunities and standard salary packages.;
- Unbiased police and judicial role to stand against harassment and discrimination to migrant worker;
- Civil society and NGOs movement;
- Positive role of schools and colleges;
- Strong public opinion and group formation;
- Erase development gap;
- Adequate monitoring system to protect human rights of these people;
- Development of a universal national minimum social security package covering minimum wages and labour standards and incorporating portability of benefits in all government social protection schemes and public services also seems to be handful;[18]
- Prioritize implementation of existing labour laws including the Minimum Wages Act (1948), Payment of Wages Act (1936), Contract Labour (Regulation and Abolition) Act (1970), Equal Remuneration Act (1976), Bonded Labour System (Abolition) Act (1976), Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act (1979), Child Labour (Prohibition and Regulation) Act (1986), Workmen's Compensation Act (1923), Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act (1996), and Unorganized Workers Social

[17] Pandhe, M. K. op.cit.

[18] Internal Migration in India Initiative, op. cit.

Security Act (2008)[19] may also enhance the probability to protect human rights of migrant worker.

Concluding Observations

Laws only provide the opportunity to enjoy rights. Globalisation only provides better economic opportunities. But it depends on awareness of the people to gather those opportunities. Political parties always intended to secure their vote bank. Thus peoples' representatives will always avoid the cases of violation of human rights of migrant worker, because they are not belongs to their constituencies. Globalisation will provide greater opportunities but it is the duty of government to take necessary initiatives to protect the basic human rights of the migrant worker. At the same time consciousness about the worker rights, group formation, just leadership would help these people to protect their basic rights. Certain social problems, such as the plight of migrants, while deriving from current development demands around the region appear to find part of their solution in successful economic development.[20] The government should develop a need based approach for economic parity. Still there is a gap between policy recommendations and practical realities. The problem of human rights violation of migrant workers may perhaps not resolve without psychological progression, positive political motives.

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[19] Ibid.

[20] Koser, Khalid(2007)*,* op cit*,* p109

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Role of China and India as Development Partners in Africa: A Critique of Neo-Colonialism

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Abstract

Emerging economies like China and India with their substantial GDP growth rate has transpired them to become donors and investors worldwide and especially in Africa. Western nations have injected an estimated $1.8 Trillion of aid and investment (A&I) money into Africa since 1950s but poverty has only increased with no positive effect on growth. Various questions hounding the world is whether Africa is a black hole where the A&I money vanish? How and why it will be very contemptuous on any country's part to treat Africa as a pariah continent? and why the principle of triage is unwarranted to put an end to their involvement in the continent. A paternalistic approach is evident in these aid handouts where no consideration is paid to the needs of the recipients. A request driven A&I is the need of Africa which must be met by its donors. Emerging economies have come up as attractive development partners for many African countries with a view that they understand Africa's development aspirations. They veritably abstain from the use of the term aid as it carries colonial connotations and prefer themselves as development partners. This paper discusses the role of China and India as development partners to Africa and their portrayal as investment powerhouses. The intention of this paper is to dissuade the idea of neo-colonialism and contribute a balanced view to various controversies associated with China's and India's presence in Africa.

Keywords: Aid and Investment, Development Partners, Neo-Colonialism, Emerging Markets

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Introduction

Africa, since a long time has been attributed to as the Dark Continent, not in reference to its colored inhabitants but in reference to how little knowledge the Westerners had of it. The audacity of the West was perplexing as it branded Africa dark, only because they were unaware of the vast continent. It initiated the patronizing and paternalistic view with which the Westerners have viewed Africa since then to this very day. Western countries since 1950s have disbursed a trillion US$ as aid money to Africa but its effects have been far from constructive. There is no dearth of empirical examples substantiating this point. Just a few in cases may be – With an average per capita income of roughly US$1 a day, sub-Saharan Africa remains the poorest region in the world.

Africa's real per capita income today is lower than in 1970s, leaving many African countries at least as poor as they were forty years ago, life expectancy has stagnated with Africa being the only continent where life expectancy is less than sixty years, and in some countries it has fallen back to what it was in the 1950s, adult literacy across Africa has plummeted below pre-1980 levels. (Dambisa Moyo, 2010) The conundrum and politics of aid by the Western nations, coupled along with China's and India's own economic rise has resulted in higher footprint of these countries in Africa which have provided an alternative growth pattern for many African countries. This paper will discuss as to what actually aid is and how it has been politicized to keep the growth of the continent in leash. The second part of the paper will discuss the rise of China and India in Africa and various controversies associated with it.

Aid –A Conceptual Framework

Aid can be classified in three distinct forms. First is the humanitarian or emergency based aid, which is mobilized and apportioned in wake of natural disasters and calamities, for example in Asian Tsunami of 2004 and for Myanmar cyclones of 2008. Second is the charity-based aid where the donation by rich people, for example, to Africa results in a girl child attaining education but it does not allow a meaningful growth to take place. It is a makeshift arrangement or a band aid solution to the graver underlying problem. Third is the systematic aid that is made directly to the governments either through government-to-government transfer (bilateral aid) or transferred via institutions such as World Bank (multilateral aid). Large systematic aid from Western nations to African governments has tended to be in form of concessional loans and grants. Concessional loan is the money that is lent at below market interest rates and often for much longer lending periods than ordinary commercial markets whereas grants is the money that is given for nothing in return.

The prospect of repayment of loans is seen as the source of funding various infrastructural projects by the governments which will mobilize tax collection and maintain the current levels of revenue collection. However, this has resulted in default in debt repayment and increase in burden of many African governments as most of the infrastructure projects have a large gestation period. Thus, the vicious cycle of loan and default continues to plague the nations. This problem has led many donors to push for a policy of grants, which are free resources and could perfectly substitute the government's domestic revenue. However, this has brought about the problems of transparency and accountability to the fore where leaders of grant recipient countries involve themselves in corruption, embezzlement and rent seeking habits. This choice between concession loans and grants has been termed as Samaritan's dilemma. (Gibson C.C, 2005) The donee country must be independent in order to reap the maximum benefits of these aid allocations. Economic autonomy of various African countries has always been dubious.

Africa: A Quasi-independent Space

African nations did achieve independence in 1950s and 1960s but it was pseudo-independence as the countries were never economically freed from the clutches of their colonial masters (George T.Yu, 1966) African countries did strive for attaining Positive sovereignty. (Robert Jackson, 1993) Positive sovereignty is where the government not only enjoys the rights of non-intervention and other institutional immunities but also possesses the clout to provide public and political goods for its citizens which includes educational facility, health facilities and national security. The African nations till 1990s had achieved only Negative sovereignty or Juridical sovereignty (Michael Barnett, 1995) which can be defined as the freedom from outside interference and most of the African countries acquired this from their former colonizers as a consequence of the international enfranchisement movement. Further, the paper will elucidate how aid has played active role in the continuation of such a space in Africa and how China and India are providing a hope for change.

Why aid does not work?

The aid culture is directly related to the estrangement of African governments and African people. Aid emergence and its encapsulation of the continent can be attributed to chiefly three reasons. Firstly the decolonization process of Africa coincided with the emergence of the economic literature in Western countries which empirically stated that savings equal investment equals growth. But, as these countries were newly independent and were poor, they lacked savings. Western policy makers propounded that aid can be a substitute for savings which will get converted to investment and growth, ultimately alleviating poverty. Secondly, the success of the Marshall plan through which Western Europe came on strong economic footing after the Second World War gave an impetuous and confidence to policy makers for the replication of similar aid programs in Africa. Thirdly, the battle for the world hegemony during the Cold War was played extensively in Africa with the weapon of aid. Aid became a key tool in the contest to turn the world capitalist or communist. If Soviets supported Patrice Lumumba in Congo and Mengistu Mariam in Ethiopia then US backed Mobutu in Zaire (Dambisa Moyo, 2010).

All these scenarios culminated in donor recipient governments to disregard, ignore and ill maintain the democratic credentials and indices which are expected out of any democratic nation. They somehow absolved itself of its responsibilities which it had towards its citizens in terms of providing the public goods. This responsibility was very conveniently handed over to the donors. The African leaders have understood that aid will perennially keep flowing and has thus shied away from its democratic contract and political imperatives. US and European countries are equally to be blamed for this.

Diverse Africa: Why no single policy initiative is advisable?

A paternalistic aid dispensation to Africa is another reason as to why A&I by Western countries have failed in Africa. Western nations never explored the needs and aspirations of the African people instead they imposed their own idea and knowledge on Africans. Africa, the continent in itself is not monolithic space but is highly diverse. As a former French colony with Arab influences and mainly Muslim population, Senegal is quite different from Malawi, a former British colony with predominantly Christian population. Lusophone Angola and Mozambique are different from Anglophone Kenya and Tanzania and both are different from Francophone Algiers and Senegal; just to make things interesting, all are different from Ethiopia which was never colonized. Even economically, tea exporting Kenya is structurally quite different from ex-Belgian colony of Democratic Republic of Congo, which remains a large mineral exporter. (Dambisa Moyo, 2010) Thus, a single policy will not suffice for the entire continent; leave alone a non-localized policy being framed in a faraway Western country. A&I catering to the need of the recipient country will go a long way in bolstering the confidence and trust between both the donor and recipient nations. This is where emergence of China and India has been interesting and contentious in equal measures.

China and India as aid donor in Africa: An analysis

Historical and Political presence: The presence of China and India in Africa is not a contemporary phenomenon; in fact Indian presence predates that of the Chinese. However, the reason for their present ubiquity in Africa is different. Indian presence is historical and cultural in nature whereas Chinese deluge has political origins. Indian traders and businessmen have made countries like Tanzania, Kenya, Uganda and South Africa their home since eighteenth century. Indian manual workers brought in by their British colonizers were instrumental in the laying of the railway track connecting Mombasa in Kenya to Kampala in Uganda in the early twentieth century. The rupee was then East Africa's main currency. (*The Indian Express*) China has a very different rationale of its presence in Africa. Chinese nation building coincided with the decolonization process of Africa. 1950s was a period when Western nations were having reservations in recognizing People's Republic of China (PRC). In order to legitimize it existence and garner support of the international community, PRC backed the decolonization process and was at the forefront of criticizing the Western tactics in trying to hold on to their African colonies even after granting them independence. (George T. Yu, 1966) Fostering of such anti-colonial and post-colonial solidarity was repaid through African states' recognition of the PRC. (Barry Sautman and Yan Hairong, 2007)

Present Scenario: In present times, emerging countries like China and India have conquered Africa not through the barrel of the gun but, through the muscle of their money. In April 2008, New Delhi launched its own Africa summit- the Indian-African Summit- promising, like China, lines of credit (LOC) and duty free access to Africa. India plans to double its credit lines to Africa from US$2.15 billion in 2003-04 to US$5.4 billion in 2008-09. (Dambisa Moyo, 2010) During the second India-Africa Summit held in the Ethiopian capital in 2011, Prime Minister Manmohan Singh pledged another $5 billion to African countries for their economic development. (*Business Standard*) This included US$300 million LOC to help revive Ethiopia-Djibouti rail route and US$710 million in LOC to help rural electrification and revival of sugar industry of lower Oma region in Ethiopia. Apart from pledging money directly, India through its Indian Technical and Economic Cooperation program has agreed to build human resources capacity and training arrangement for Ethiopian diplomats and trade negotiators. China is of course far ahead in Africa in terms of money pumped in owing to its obvious large size of economy. China has invested US$900 million in Africa in 2004 and between 2000 and 2005 Chinese Foreign Direct Investment (FDI) to Africa totalled US$30 billion. As of mid-2007, stocks of China's FDI to Africa were US$100 billion. There is no inadequacy of such statistics for both the countries however; representing the numerical figures is not the motive of this paper. Instead, it is desirable to critically analyze the controversy that these countries have stirred up in the media and in Western countries.

These settings raise an important issue whether China and India are competing. Both the sides play such comparisons down and see their presence more on strategic terms than based on short term economic gains. They do sparingly compete for the same resources and infrastructure projects and Chinese are ahead in some of them. But, the wins for Chinese come at a cost. Indian business houses have encountered fewer hostilities as compared to the Chinese owing not only to former's smaller presence but also the kind of business sector it involves itself in. The charge is led by private sector firms such as Bharti Enterprises, Essar, Tatas. Rather than focusing on trading goods, they increasingly invest in the continent. Bharti Airtel bought an Africa-wide mobile phone network in 2010 for US$10.7 billion. The Asian behemoths do compete for selling turbines and mineral ores, but when it comes to setting up hospitals or telecom infrastructure, Indian firms have little to fear from the Chinese as their firms are still state owned. Thus, the strength and opportunities of both the countries are quite diverse at the moment and both of them are enjoying their positions in Africa. It is very prudent here to share Mahatma Gandhi's lines "The commerce between India and Africa will be of ideas and services, not of manufactured goods against raw materials after the fashions of Western exploiters" (*Indian Express*).

Controversial Presence of Asian Giants

China's and India's charm offensive has not gone unnoticed. Criticisms from the countries that currently rule the roost in determining Africa's destiny think in most paternalistic manner, that it is their moral responsibility to look after Africa (Dambisa Moyo, 2010). Emerging countries have come to Africa with a positive attitude of doing business and they treat Africa and Africans as equal partners unlike the Westerners who have dealt with Africa with the premonition of goodwill, guilt and pity and continue to do so. Both China and India have had bitter colonial experiences in the past hence, are ever so cautious of their interactions with Africa. India, for example, is reticent in using the word 'Aid' and instead addresses the African nations as 'Development Partners' due to colonial connotations of the former term. Clamour of allegations and objections have been leveled against China's record on governance and human rights and against India's land grabs throughout the continent.

Chinese Anxiety

One of the most prominent allegations against China is its support to corrupt leaders of Africa. However, history has a different story to narrate. It was Western aid regime that gave rise to Africa's most notorious plunderers and despots in form of client leaders of Zaire's Mobutu, Uganda's Idi Amin and CAR's Bokassa to name just a few. 2005 visit of Chinese premier Hu Jintao to Robert Mugabe's Zimbabwe created a lot of flutter in the Western media who congenially ignored the fact that both US and UK have maintained diplomatic ties with Zimbabwe and as recently as 2006 has granted a combined aid package of US$300 million. There are some tangible concerns of lax safety standards around hazardous jobs like in mining and mining related industries, problems of underbidding local firms and not hiring local Africans. This may well be the case and this is where the African governments should step in and not the Western powers. Similarly it would be intellectually dishonest and wrong on world community's part to try and stop Africans from doing business with the Chinese on the issue of human rights and governance. The entire world community must jointly tackle these issues with China as such problems are prevalent in all geographical spaces wherever China does its business.

Indian Unease

A lot of bad press was generated regarding the issue of land grabs by India's private sector companies with an investment of over US$5 billion and leases over 600,000 hectares. In 2008, Karuturi Global made international headlines when it leased 300,000 hectares of land in southern Ethiopia with the stated aim of becoming the world's largest food producer. It was written extensively that much of the production was meant for export and local food grains which are the staple diet of the area will not be grown. However, the firm through its forward linkages can easily supply the production of sugarcane as raw material for the sugar factories for which the Exim bank has pledged US$710 million. The company is not contractually obligated to hire local people and the Ethiopian government has been prodded to reassess its leasing policy (*The Hindu*) and moreover it would not make any economic sense to export Indian laborers to Ethiopia when Ethiopia itself has cheap labor. Through the focus of Growth and Transformation Plan, the focus is given to raise the level of contribution of extensive and mechanized farming which will help extricate the country out of poverty. Moreover, similar land leasing exercises in Latin America hardly creates news as most of the firms involved there are from Western nations. Various Malaysian firms and private equity hedge funds originating from US and Europe have rushed to Africa to invest in the farm land. The noise of land grabs in Africa has everything to do with the paternalism of some of the activists as well as with the identity of the investors who are currently benefitting from the deals.

Conclusion

Western nations have for long exploited, plundered and pulverized Africa and criticizing the emerging nations like China and India of their presence in Africa only showcases their hypocrisy and double standards. Local needs and aspirations are considered by China and India in their interactions with African nations and their A&I are need based unlike that of Westerners, whose abject disregard of local needs have been well documented. These countries are also not intrusive and interventionist in the day to day working of the African governments. The whole concept of aid is to keep the holistic development of any country in a limbo and not to allow the nations to grow on its own; it doesn't allow a country to mature by arresting them in a prolonged childish phase. China and India through their technology transfer and various training modules have been constantly trying to empower the African people. Branding Chinese and Indian presence in Africa as Neo-Colonialism will be utterly disdainful on part of Western nations.

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Table 1 Top 10 Official Development Assistance by Development Assistance Committee (Bilateral Aid) in USD Millions, net disbursements

	2009	2010	2011	3-year average	% of DAC countries
United States	7672	7763	9423	**8286**	28%
France	4093	4187	4641	**4307**	14%
United Kingdom	2795	3075	3409	**3093**	10%
Germany	2084	1948	2575	**2202**	7%
Japan	1499	1888	1708	**1698**	6%
Canada	1342	1535	1545	**1474**	5%
Netherlands	1216	1369	979	**1188**	4%
Spain	1578	1245	742	**1188**	4%
Sweden	914	874	1351	**1047**	3%
Norway	904	947	1080	**977**	3%
Other DAC Countries	4058	4515	5158	**4577**	15%
Total DAC Countries	**28157**	**29346**	**32611**	**30038**	**100%**

Table 2 Top 10 Multilateral Donors to Africa (Multilateral Aid) in USD Millions, net disbursements

	2009	2010	2011	3-year average	% of all multilaterals
EU Institutions	5606	5443	5475	**5508**	30%
IDA	4866	5196	4739	**4934**	27%
ADB	2750	1918	2272	**2313**	13%
Global Fund	1405	1914	1534	**1618**	9%
IMF (Concessional Trust Funds)	2076	1194	1057	**1442**	8%
UNICEF	464	500	484	**483**	3%
GAVI	220	317	517	**351**	2%
ARAB Funds (AFESD)	281	375	285	**314**	2%
UNDP	294	277	221	**264**	1%
GEF	221	109	205	**178**	1%
Other multilaterals	1176	1009	1110	**1098**	6%
Total multilaterals	19358	18252	17900	**18503**	100%

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Measuring the Performance of Banks: An Application of AHP Model

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Abstract

The current study aims to develop a conceptual model for measuring the performance of the banks which includes both the financial as well as human aspect. The hierarchy of dimensions of performance has been created in the study. An attempt has also been made to measure the importance of the various dimensions of the performance of the banks using Analytic Hierarchy Process model. On the basis of banking experts' responses, it can be concluded from the study that human aspect is more important than financial aspect while measuring the performance of the banks. Under human aspect the corporate social responsibility is more important than customer satisfaction and employee satisfaction.

Keywords: Banks, Analytic Hierarchy Process, Corporate social responsibility, Performance

Introduction

Indian banking sector has emerged as one of the strongest drivers of India's economic growth. Positive changes witnessed in the last two decades have impacted every aspect of banking, ranging from regulatory standards to customer management. Indian banks adapting to the changing landscape along with the vision of the regulator and the Government in shaping the future growth of banking were two of the noteworthy features of this transition[1]. The Indian banking system is among the healthier performers in the world, when compared with top three banks in total assets and in terms of return on assets. This sector is tremendously competitive and recorded as growing in the right trend[2]. The policy makers, which comprise the Reserve Bank of India (RBI), Ministry of Finance and related government and financial sector regulatory entities, have made several notable efforts to improve regulation in the sector. The banking sector now compares favourably with other sectors in the region on metrics like growth and profitability. While banks evolved their strategies in response to increasing competition and changing customer requirements, the regulator guided its growth with policies of gradual liberalisation and benchmarking the domestic system with the best in the world[3].

As the world recovers from the global financial crisis, Indian banking has remained resilient while continuing to provide growth opportunities. India has by-and-large been spared of global financial contagion due to the subprime turmoil for a variety of reasons. India's growth process has been largely domestic demand driven and its reliance on foreign savings has remained around 1.5 per cent in recent period. It also has a very comfortable level of foreign exchange reserves. The credit derivatives market is in an embryonic stage; the originate-to-distribute model in India is not comparable to the ones prevailing in advanced markets; there are restrictions on investments by residents in such products issued abroad; and regulatory guidelines on securitisation do not permit immediate profit recognition. Financial stability in India has been achieved through perseverance of prudential policies which prevent institutions from excessive risk taking, and financial markets from becoming extremely volatile and turbulent[4 5].

With the increased participation of new private sector and foreign banks, the Indian banking industry has become fiercely competitive. Competition will be further intensified with the proposed entry of new private players and non banking financial companies (NBFCs). A few banks have established an outstanding track record of innovation, growth and value creation, reflected in their market valuation[6]. The changed competition and accounting environment compelled the commercial banks to provide unprecedented attention to cost cutting and supplementing fund-based income by fee-based income[7]. Commercial banks lending and deposit taking business has declined in recent years. Deregulation and new technology have eroded bank's comparative advantages and made it easier for non bank competitors to enter these markets. In response, banks have shifted their sales mix towards noninterest income-by selling fee based financial services such as mutual funds, by charging fees for services that used to be bundled together with deposit or loan products. Earnings from fee based products are more stable than loan based earnings and fee based activities reduce bank risk via diversification[8]. The cost of banking intermediation in India is higher and bank penetration is far lower than in other markets. India's banking industry must strengthen itself significantly if it has to support the modern and vibrant economy which India aspires to be. While the onus for this change lies mainly with bank managements, an enabling policy and regulatory framework will also be critical to their success[9].

A diverse range of various studies have been conducted by the researchers for measuring the performance of the banks, which present different perspective with regards to the performance of the banks in different countries. Traditional systems of performance evaluations of banks mostly uses the factors like return on assets (ROA) and return on investments (ROI) for measuring the financial performance of the banks. But today, intellectuals and managers of organization find that traditional systems of performance evaluation having been typically based on financial views are incomplete in evaluating overall Performance of organization and presenting effective feedback[10]. Using criterions as ROA/ROI or financial measurements present summary of organization's activities in last period only, even by presentation of the best sample of performance results, it does not ensure the continuity of these results in the future. Excessive financial measurements may increase organization's short term profit, but bring about losing competitive situation and threatens long-term profit. Principle power of valuation in banks is in its intangible assets (knowledge and ability of personals, relationship with customers), financial aspect is not able to evaluate intangible assets[11]. Non-financial criterions like customer's satisfaction, employee's satisfaction and corporate social responsibility can be necessary for strategic success of bank[12]. Customer satisfaction is the key to the profitability of retail banking, which is having a long term financial impact on the business of the banks[13]. Performance of the banks depends

upon the efficiency and level of satisfaction of its human resources. High level of human capital efficiency and employee satisfaction leads to the high performance of the banks[14].
It has also been found by the researchers that the banks which adhere to be socially responsible in their routine activities, outperform in their financial performance. There is a positive relationship between the corporate social responsibility and the financial performance of the banks both in short and long run[15]. Thus there are two main aspects from which one can measure the overall performance of the banks, financial and human aspects. The dimensions of performance of a bank under human aspect are namely, customer satisfaction, employee satisfaction and Corporate Social Responsibility (CSR). The following conceptual model explains the performance and its dimensions.

CONCEPTUAL MODEL

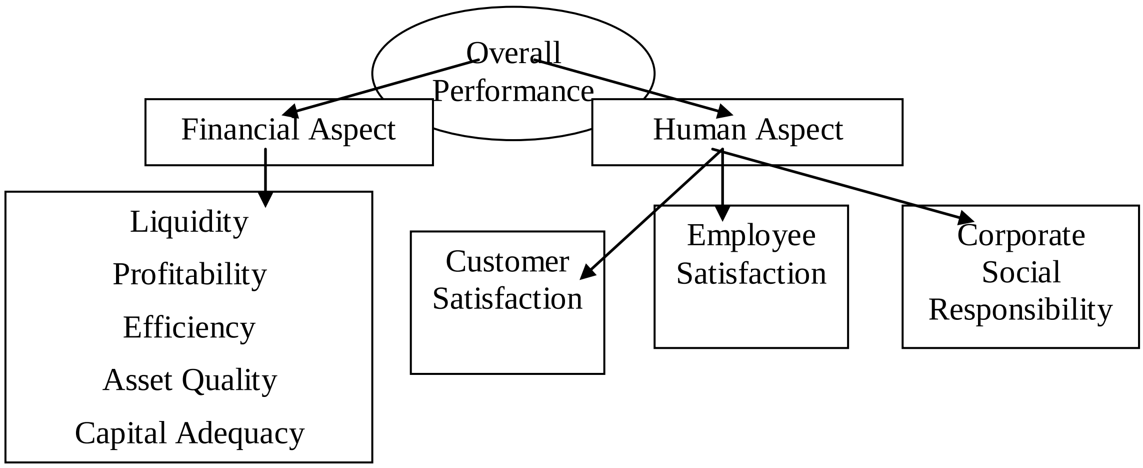

Figure 1 Conceptual Model

Analytic Hierarchy Process Model

Analytic Hierarchy Process (AHP) is one of multi criteria decision making method that was originally developed by Prof. Thomas L. Saaty. It has particular application in group decision making, and is used around the world in a wide variety of decision situations, in fields such as government, business, industry, healthcare, and education. It provides a comprehensive and rational framework for structuring a decision problem, for representing and quantifying its elements, for relating those elements to overall goals[16].

AHP application can assist managers to effectively evaluate firm's overall performance in their long-term strategic planning process even under complex economic and marketing conditions[17]. AHP is a structured method to elicit preference opinion from decision makers. Its methodological procedure can easily be incorporated into multiple objective programming formulations with interactive solution process[18]. The AHP approach involves decomposing a complex and unstructured problem into a set of components organized in a multilevel hierarchic form[19]. A salient feature of the AHP is to quantify decision makers' subjective judgments by assigning corresponding numerical values based on the relative importance of factors under consideration[20].

A huge literature is available on the applications of AHP model in different decision making problems. The Analytic Hierarchy Process has been applied by the researchers for evaluation of quantitative and qualitative factors which influence the route selection decision.

AHP is used by the researchers in the banking industries for measuring the performance of the banks by considering both the financial and non financial criterions. Quantitative criteria are financial ratios, which are related to the performance of bank's businesses. Qualitative criteria are characteristics used in the existing system for evaluation and supervision of banks[21]. The performance of Croatian banks has also been measured using AHP model and it enables the integration of the quantitative data (measured by selected financial ratios) and qualitative data by which the bank features and some internal and external environment factors are described[22]. AHP model is also used by the researchers for determining customer choice in retail banking using bank attributes and demographic factors. Researchers have also used AHP model for measuring the importance of each determinants of profitability in the commercial banks of Malaysia[23]. Analytic Hierarchy Process (AHP) methodology is used to guide decision makers in banking industries to deal with information security policy[24]. Analytic Hierarchy Process (AHP) is used as an evaluative tool for strategic reconsolidation of capital base by Nigerian commercial banks[25]. AHP model is also used by the researchers for comparison of financial ratios of the banks[26].

AHP is one of multi criteria decision making method. It provides a comprehensive and rational framework for structuring a decision problem, for representing and quantifying its elements, for relating those elements to overall goals. Users of the AHP first decompose their decision problem into a hierarchy of more easily comprehended sub-problems, each of which can be analyzed independently. The elements of the hierarchy can relate to any aspect of the decision problem—tangible or intangible, carefully measured or roughly estimated, well- or poorly-understood—anything at all that applies to the decision at hand. Once the hierarchy is built, the decision makers systematically evaluate its various elements by comparing them to one another two at a time, with respect to their impact on an element above them in the hierarchy. In making the comparisons, the decision makers can use concrete data about the elements, but they typically use their judgments about the elements' relative meaning and importance. It is the essence of the AHP that human judgments, and not just the underlying information, can be used in performing the evaluations. The AHP converts these evaluations to numerical values that can be processed and compared over the entire range of the problem. A numerical weight or priority is derived for each element of the hierarchy, allowing diverse and often incommensurable elements to be compared to one another in a rational and consistent way.

This capability distinguishes the AHP from other decision making techniques. In short, it is a method to derive ratio scales from paired comparisons. The input can be obtained from actual measurement such as price, weight etc., or from subjective opinion such as satisfaction feelings and preference. AHP allow some small inconsistency in judgment because human is not always consistent. The ratio scales are derived from the principal Eigen vectors and the consistency index is derived from the principal Eigen value. The AHP could be understood by the following example. Suppose we have two criterions A and B. The relative scale to measure how much criterion A (on the left) is important than criterion B (on the right) is as follows:

	Extremely/ Absolutely Important	Very Strongly Important	Strongly Important	Slightly Important	Equally Important	Slightly Important	Strongly Important	Very Strongly Important	Extremely Absolutely Important	
Criterion A	9	7	5	3	1	3	5	7	9	Criterion B

The respondents will be asked to tick one of the options on this scale. If the respondent feels that his answer is between the two options, then he may tick in between the options. The values in between such as 2,4,6,8 are intermediate values that can be used to represent shades of judgement between those five basic assessments.

Objective

The main objective of the study is to determine the relative importance of all the dimensions of the performance of the banks using AHP model.

Research Methodology

The study is based on the primary data collected from the experts of the banking and finance. A questionnaire (appendix-I) has been prepared for the collection of data that has been used in the AHP model – Analytic Hierarchy Process model, for assignment of weights to the different dimensions of the performance of the banks. Questionnaire has been provided to banking experts to make a peer comparison of various aspects/dimensions, which can be used for measuring the performance of the banks. Relative importance of the different aspects/dimensions of the performance has been evaluated through AHP model. Firstly the two criteria Financial Aspect and Human Aspect were given for peer comparison by the experts. After this the sub criteria under Human aspect i.e. Corporate Social Responsibility (CSR), Customer Satisfaction (CS) and Employee Satisfaction (ES) were taken in the study for peer comparisons by the experts. Thus there are two clusters, one at criteria level (Financial vs Human Aspect) and one at sub criteria level (CSR vs CS, CS vs ES and ES vs CSR) has been used in the study.

The validity of an AHP study hinges heavily on the composition of respondents. To be valid, respondent are supposed to be fully knowledgeable with regard to the variables and how they relate to the objective. Their knowledge provides the possibility to explore the relative contribution of various dimensions to performance of banks. The collection of primary data on the importance of financial and human aspects in performance of banks has been done from thirty senior level bank employees who are of Grade 5 and above and experts in the area of banking. Convenient sampling has been used for collection of data. The list of experts from the area of banking and finance have been prepared using professional database, newspapers, magazines, and with the help of internet browser. The experts have been contacted personally, in order to explain the purpose of meeting and to get the appointments for the scheduled time for getting their responses and providing their expert advice on the research area. Thirty experts from various banks have been taken for the primary study on the basis of the experts shown their consent and gave scheduled time for responding.

Data Analysis and Interpretation

Data analysis using AHP model has been given in the following section. The responses of the each experts of have been given in table 1 along with the consistency ratio and geometric mean of all the responses.

Table 1: Responses of Questionnaire

Respondents	Financial Vs Human Aspect	Corporate Social Responsibility vs Customer Satisfaction	Corporate Social Responsibility vs Employee Satisfaction	Customer Satisfaction vs Employees Satisfaction	Consistency Ratio (%)
R1	3	2	5	3	0.42
R2	0.50	4	5	2	3.30
R3	3	4	7	3	4.56
R4	3	2	7	3	0.32
R5	1	5	7	3	9.43
R6	0.33	2	5	3	0.42
R7	2	4	3	1	2.20
R8	1	2	5	2	0.64
R9	0.50	2	5	3	0.42
R10	3	6	3	0	6.79
R11	0.33	4	7	3	4.56
R12	3	1	3	2	1.78
R13	0.50	1	3	2	1.78
R14	0.33	2	3	1	1.92
R15	0.33	3	8	4	2.44
R16	2	1	6	3	5.84
R17	1	4	6	3	7.33
R18	0.33	4	7	3	4.56
R19	1	3	5	3	4.77
R20	2	1	5	3	3.09
R21	0.33	6	3	0	2.35
R22	1	5	8	3	6.68
R23	2	3	6	3	2.35

R24	0.33	1	5	3	3.09
R25	0.5	7	5	0	9.61
R26	0.5	3	5	2	0.47
R27	1	1	7	5	1.41
R28	1	3	7	5	8.34
R29	3	2	6	5	3.40
R30	0.33	6	2	0	3.40
GEOMEAN	0.907542	2.64701	5.007231	1.965567	

Interpretation: The experts have given their responses on a scale of 1 to 9 for both the criterions. The responses in whole numbers shows that experts have preferred criteria A over criteria B and the responses in fractions shows that criteria B has been preferred over criteria A. The responses are filled by experts on the basis of their experience and subjective judgements, thus we need to check the consistency in the responses of each experts for different criterions. AHP allow some small inconsistency in judgment because human judgement might not be consistent all the time. Thus we have calculated consistency ratio for each of the experts. If the value of Consistency Ratio is smaller or equal to 10 percent, the inconsistency is acceptable. If the Consistency Ratio is greater than 10 percent, we need to revise the subjective judgment. In the above table all the consistency ratios for 30 experts are below 10 percent. Thus it can be concluded that the subjective judgements of the experts are consistent and hence acceptable for further process.

Financial Aspect Vs Human Aspect

The comparison matrix for financial aspect and human aspect is derived from the geometric mean of the responses given by all the experts is shown in equation 1.

$$\begin{bmatrix} \text{Financial vs Financial Aspect} & \text{Financial vs Human Aspect} \\ \text{Human vs Financial Aspect} & \text{Human vs Human Aspect} \end{bmatrix} = \begin{bmatrix} 1 & 0.907542 \\ \frac{1}{0.907542} & 1 \end{bmatrix}$$

Equation 1: Comparison Matrix

By using the data of comparison matrix, the normalized principal Eigen vector is calculated, which is also called priority vector. Since it is normalized, the sum of all elements in priority vector is 1. The priority vector shows relative weights among the things that we compare. Priority vector has been calculated for deriving the relative weights of financial aspect and human aspect. Priority vector is shown in equation 2, the weight of financial aspect is found to be 0.475765 and for human aspect it is found to be 0.524235.

$$\begin{bmatrix} 1 & 0.907542 \\ \frac{1}{0.907542} & 1 \end{bmatrix} = \begin{bmatrix} 0.475765 \\ 0.524235 \end{bmatrix}$$

Equation 2: Priority Vector Matrix of Main Criteria

Interpretation: Thus it can be interpreted from the results of the priority vector matrix shown in equation 2 that financial aspect is having a weight of approx 48 percent while human aspect is having a weight of approx 52 percent in the overall performance of the banks. Thus human aspect is more important while measuring the overall performance of the banks but financial aspect is also important to be considered while measuring the overall performance of the banks because 48 percent is a significant contribution as shown by the experts on the basis of their judgements over two criterions.

Corporate Social Responsibility (CSR) Vs Customer Satisfaction (CS) Vs Employee Satisfaction (ES)

The comparison matrix for corporate social responsibility, customer satisfaction and employee satisfaction is derived from the geometric mean of the responses given by all the experts are shown in equation 3.

$$\begin{bmatrix} CSR\ vs\ CSR & CSR\ vs\ CS & CSR\ vs\ ES \\ CS\ vs\ CSR & CS\ vs\ CS & CS\ vs\ ES \\ ES\ vs\ CSR & ES\ vs\ CS & ES\ vs\ ES \end{bmatrix} = \begin{bmatrix} 1 & 2.647 & 5.007 \\ 1/2.647 & 1 & 1.966 \\ 1/5.007 & 1/1.966 & 1 \end{bmatrix}$$

Equation 3: Comparison matrix of CSR, CS and ES

By using the data of comparison matrix, the normalized principal Eigen vector is calculated, which is also called priority vector. Since it is normalized, the sum of all elements in priority vector is 1. The priority vector shows relative weights among the things that we compare. Priority vector has been calculated for deriving the relative weights of dimensions of human aspect as, corporate social responsibility, customer satisfaction and employee satisfaction. Priority vector is shown in equation 4, the weights of CSR, CS and ES are found to be 0.632968, 0.242216, and 0.124816 respectively.

$$\begin{bmatrix} 1 & 2.647 & 5.007 \\ 1/2.647 & 1 & 1.966 \\ 1/5.007 & 1/1.966 & 1 \end{bmatrix} = \begin{bmatrix} 0.632968 \\ 0.242216 \\ 0.124816 \end{bmatrix}$$

Equation 4: Priority Vector Matrix of Sub Criteria under Human Aspect

Interpretation: Thus it can be interpreted from the results of the priority vector matrix shown in equation 4 that corporate social responsibility is having highest weightage among the three dimensions of human aspect. Corporate social responsibility which is having a weight of approx 63 percent is found to be important than customer satisfaction and employee satisfaction while Customer satisfaction having a weight of 24 percent is more important than employee satisfaction with a weight of approx 12 percent.

Conclusion

Thus overall it can be interpreted from the results of AHP model that human aspect is more important than financial aspect in banking. While using the AHP model for sub criteria under human aspect it is found that corporate social responsibility is more important than customer satisfaction and employee satisfaction. While among two variables, customer satisfaction and employee satisfaction, customer satisfaction is more important than employee satisfaction in banks. The weights calculated for these criterion and sub criterion have been used in the following section to measure the overall performance of the banks.

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