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Understanding the Behavior of Stock Market Functionality: Need and Role of Behavioral Finance

Devesh Shankar* & Raj S. Dhankar**

Abstract
This paper provides a critique of the psychological phenomena most frequently cited in studies related to behavioral finance. It discusses several issues related to investor irrationality that can influence asset prices and provide a context in which the psychological phenomena affects financial decision making capabilities of investors. The study indicates that behavioral finance provides a vast pool of strategies that can be used to fetch abnormal returns by exploiting the systematic errors made by investors while making investment decisions.

Keywords: Behavioral Finance, Investor Irrationality, Investor Preferences, Psychological Biases, Heuristics

Introduction
Classical theories on finance have assumed and backed the notion of investor rationality to gain a systematic understanding of how markets work. However, several inconsistencies have been reported in the empirical testing of models based on this notion. These inconsistencies are commonly referred to as market anomalies (Annexure-1). Owing to these anomalies, explanations were sought to understand the gap that exists between the depiction of stock markets in classical finance theories and the real world stock markets. One of the most prominent explanations is the difference between the notion of investor rationality assumed in classical finance theories, and the existence of complex psychological phenomena which makes investor rationality a utopian concept in the real world financial markets.

Over the past few decades, Behavioral Finance has emerged as a new approach to understand the behavior of stock market functionality. Behavioral Finance is the intersection between Finance and Psychology. In stock markets, forces of demand and supply determine the market price of assets after taking into consideration the perceived risk and return framework of the market participants. These market prices are often different from the intrinsic value of assets as reflected by the constant booms and busts in financial markets. A focus on psychology of investing is essential to bridge the gap that exists between classical finance theories and the real world financial markets.

The purpose of this study is to review the psychological phenomena that affect the market prices of assets. These phenomena, if measured and incorporated correctly into the asset pricing models, can help in explaining the asset prices that prevail in the financial markets. Further, the study provides an account of phenomena that deviates the preferences of investors from those represented in classical finance theories. Moreover, the biases that thwart an investor from making rational choices

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have also been examined at length. The study discusses the short-cuts used by investors in decision making that are not consistent with rational decision making criteria. Finally, it explores the tendencies of the human mind to deceive oneself and make an irrational decision.

Preferences

*Prospect Theory*: Prospect Theory of Kahneman and Tversky (1979) suggests that after an increase in asset prices, the investors become less risk averse while a decrease in asset prices of the same magnitude increases the risk aversion of investors by a much larger magnitude than that mandated by the classical risk-return framework. The two main features of prospect theory are: Weighting function and Value function. The probabilities in the expected utility theory are replaced by weighting function, which measures the desirability of prospects rather than the perceived likelihood of events. Value function is a replacement of utility function in the expected utility theory and is defined for changes in wealth (i.e. gains and losses) rather than absolute value of assets. The value function is concave for gains and convex for losses, with a greater value assigned to losses than to gains, thus making the value function steeper in the domain of losses. This shows that investors are much more sensitive to losses than to gains, and that individuals take more risk to avoid losses resulting in time-varying risk aversion. This notion of avoiding losses is known as “loss aversion”.

*Myopic Loss Aversion*: Benartzi and Thaler (1995) dub the combination of loss aversion and frequent re-evaluation of portfolios as “myopic loss aversion” and propose it to be a possible explanation of the equity premium puzzle of Mehra and Prescott (1985) in which there is a large discrepancy between equity returns and returns of fixed income securities. Benartzi and Thaler (1999) provide further evidence of myopic loss aversion with findings suggesting an increase in attractiveness of gambles when the magnitude of single trial losses was reduced. They also find that the way in which past return data is presented can have a strong influence on choice with the acceptability of an attractive gamble increasing when the returns are presented in a distributional format rather than a repeated trial format. They link this finding to a phenomenon called “narrow framing” in which investments are evaluated one at a time rather than integrating them into a portfolio [Kahneman and Lovallo (1993)].

*Regret*: A closely related notion is regret [Loomes and R. Sugden (1982); Bell (1982)]. Regret theory takes into consideration the ex-post sense of loss that arises from taking a decision that does not fare well in comparison to an alternative decision that might have been a better one and incorporates this notion in the conventional utility theory to provide a better description of the behavior of decision makers. The notion of regret is not always ex-post but it can also have an ex-ante influence on the behavior of decision makers. Shefrin and Statman (1984) discuss regret aversion in the context of investor preference for cash dividends and provide arguments against the assumption of dividends and capital gains being perfect substitutes.

*Disposition Effect*: Shefrin and Statman (1985) provide an extension to their previous work on regret aversion to study the prevalence of “disposition effect”. By taking pride as a counterpart of regret, they explain disposition effect as a tendency to postpone regret by holding on to losers while realizing gains from winners too quickly to feel proud of their stock picking skills. Grinblatt and Han (2005) create a model of equilibrium asset prices motivated by prospect theory and mental accounting to find disposition effect as an explanation for existence of momentum profits.

Psychological Biases

*Cognitive Dissonance, Belief Perseverance and Confirmation Bias*: Investors frequently experience regret over mistaken beliefs that lead to a judgmental bias known as “cognitive dissonance”, in which they employ a self-defense mechanism to shield themselves from evidence that demonstrates their beliefs or assumptions to be wrong. This mechanism of avoiding new information or new
evidence leads to “belief perseverance”, in which the investors hold on to their distorted investments opinions for too long. An extension of this tendency is “confirmation bias” that influences investors to search for confirmatory evidence and also misinterpret the information that goes against their own prior beliefs.

Self-Attribution Bias: Bem (1965) identified “self-attribution bias” in his attribution theory as a pattern of human behavior in which individuals too strongly ascribe success to their own skills, but blame failure on external noise or bad luck. Daniel, Hirshleifer and Subrahmanyam (1998) use a dynamic model of outcome dependent confidence to posit self-attribution bias as a cause of momentum and earnings-based return predictability.

Overconfidence: One of the most strongly documented behavioral biases is “investor overconfidence”. Griffin and Tversky (1992) define overconfidence as a phenomenon in which an individual overestimates the probability of his favored hypothesis. Odean (1998) employs three different models to study the impact of investor overconfidence on financial markets and finds the overconfidence of traders to result in increased trading volumes, increased market depth, and reduction in the expected utility. Daniel, Hirshleifer and Subrahmanyam (1998) demonstrate that overconfidence implies long-run reversals, excess price volatility around private signals and earnings-based return predictability. Daniel and Titman (1999) suggest that the most prominent market anomalies can be explained by investor overconfidence. Their analysis suggests that investor overconfidence can generate momentum in stock returns. Cooper, Gutierrez and Hameed (2004) investigate the relationship between investor overconfidence and momentum. They suggest that an increase in market prices will increase the aggregate overconfidence of investors due to the self-attribution bias, resulting in higher momentum returns in the short-run following periods of market gains.

Extension of overconfidence: One variety of overconfidence is the “hindsight bias” in which individuals believe that they predicted the event beforehand, after the occurrence of the event. This can influence people to believe that they can foresee when a market move will take place, even if they believe that stock prices are not predictable. A different variety of overconfidence is the “better-than-average” effect in which individuals believe that they are better than the median person. This can lead to a misconception of superior stock-picking skills while making an investment decision, leading to under-diversification and below-par returns.

Heuristics
Anchoring and Adjustment: Tversky and Kahneman (1974) discuss “anchoring heuristic” as the tendency of individuals to get influenced by suggestions on the initial value during the quantitative assessment of estimates. They demonstrated this tendency by asking the same questions that had numerical answers to different groups of people, using a wheel of fortune that generated a random number between 0 and 100. This random number was different for different groups. They first asked the subjects to indicate whether their estimate was higher or lower than the random number generated from the wheel, and then to provide an estimate as the final answer. They found the median value of the answers from each group for the same question to be influenced by the number generated from the wheel of fortune. For example, the question asking the percentage of African nations in the United Nations provided median estimates of 25 and 45 for groups that received 10 and 65, respectively, as the random numbers generated from the wheel. In a financial context, during the period of booms, the investors can misestimate the recent high valuations to be maintained in the future to reach even higher levels.

Representativeness: Kahneman and Tversky (1972) discuss “representativeness” as a judgmental heuristic in which the probability of an event is ascertained by the extent to which it is similar in
essential characteristics to the parent population, and represents the prominent features of the process by which it is generated. In other words, individuals try to predict an event by seeking the closest match to past patterns and ignore the probability of matching the pattern, thereby giving too much weight to recent evidence and too little weight to prior probabilities or base rate frequencies [Kahneman and Tversky (1973)]. Barberis, Shleifer and Vishny (1998) use a model of investor sentiment, involving representativeness heuristic, to demonstrate that investors forecast future earnings after a string of positive or negative earnings changes by over-extrapolating this past performance too far into the future (known as “extrapolation bias”). They link the representativeness heuristic to overreaction, in which investors overvalue a company by misinterpreting recent high earnings growth to continue too far into the future and then get disappointed when positive return from this forecasted earnings growth is not realized.

**Affect:** An important component of human judgment and decision making is the “Affect” heuristic. Zajonc (1980) emphasized on the importance of affect, and argued that affect requires very little amount of cognition in decision making. Slovic, Finucane, Peters, and MacGregor (2007) define affect as a feeling state (with or without consciousness) of goodness or badness of a stimulus. They discuss that in the decision making process, people often consciously or unconsciously refer to an “affect pool” which contains the positive and negative markers of objects (or events), as using a mental shortcut is more easier than weighing all the pros and cons before making the decision. Statman, Fisher and Anginer (2008) start their discussion on affect by stating that an individual often approves or disapproves of a stock just upon mentioning the name of the company, without even considering the current fundamentals. They suggest that companies that changed their names to internet related dot-com names during the boom period prior to dot-com bubble, experienced “positive affect” which resulted in positive abnormal returns, while the companies with dot-com names in the bust period of the dot-com bubble acquired “negative affect”.

**Human Tendency or Self-deception**

**Mental accounting:** Thaler (1985) discusses framework of “mental accounting” as an implicit and/or explicit accounting system that influences the decisions in unexpected ways. Shefrin and Statman (1985) further elaborate mental accounting as the tendency of investors to segregate different types of financial transactions into separate mental compartments, while ignoring their possible interactions. They discuss mental accounting to be the major obstacle standing in the way of loss realization to benefit from other investment opportunities, as the investor does not consider the interactions of the different investments. Mental accounting determines the framing of decisions by investors based on the way in which the choices are presented.

An investor who frames decisions based on short-term choices exhibits “narrow framing”. Narrow framing results in frequent evaluation of gains and losses in isolation, leading to incorrect estimation of risk of the choice. Barberis and Huang (2001) study asset prices in economies where investors are loss averse and exhibit narrow framing in their mental accounting. They consider two varieties of narrow framing under mental accounting: “Individual stock accounting” and “Portfolio accounting”. Under “individual stock accounting”, investors are loss averse over individual stock fluctuations. Under “portfolio accounting”, investors are loss averse only over portfolio fluctuations. They find a substantial difference between the equilibrium behavior of stock returns as the decision frame of investor is broadened, along with a substantial value premium in the cross section under “individual stock accounting” that disappears under “portfolio accounting”.

**Herd Behavior:** Herd behavior is the tendency of investors to replicate the decisions of other investors rather than using their own information to make decisions. Lakonishok, Shleifer and Vishny (1992) provide evidence on herding behavior of institutional money managers. They find weak evidence of herding for smaller stocks and relatively little evidence of herding in large stocks that
constitute bulk of their institutional holding. Wermers (1999) investigates impact of herd behavior of mutual funds on stock prices and finds little evidence of herding in the average stock, with much higher levels of herding in small stocks.

The authors find that the stocks bought by herds, outperform the stocks sold by herds during the following six months, which can be due to either the intra-quarter feedback strategies or due to the herd behavior. Chang, Cheng and Khorana (2000) examine the herd behavior of market participants in five international stock markets, namely, US, Hong Kong, Japan, South Korea, and Taiwan. They find no evidence of herding in US and Hong Kong, partial evidence of herding in Japan, and significant evidence of herding in South Korea and Taiwan. They find macroeconomic information to have a more significant impact on investor behavior in markets which exhibit herding, than firm-specific information. Bernhardt, Campello and Kutsoati (2006) develop tests for herd behavior in the earnings forecasts issued by professional financial analysts and find anti-herd behavior with biased forecasts that overshoot the publicly-available consensus forecasts.

**Conclusion**

The real world financial markets function under a complex set of dynamics which are not captured by the classical finance theories. These complex dynamics get created as a result of convoluted psychological phenomena that impacts investors' decisions. The influence of these phenomena inhibits the investor from making rational decisions. The resultant irrationality cannot be random, as most of the investors are susceptible to these phenomena in a similar manner, with only varying degrees of dominance that cannot be canceled out. Most of the investors are in search of some obscure or concealed alpha which might tilt the risk-return framework in their favor. The above documentation suggests that there are systematic errors in the decision making framework of an investor. A focus on behavioral finance by quantifying these psychological phenomena and incorporating them into asset pricing models might act as a source of alpha and give an edge to the savvy investor.

**References**


### Annexure-1: Market Anomalies

<table>
<thead>
<tr>
<th>Article</th>
<th>Anomaly</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basu (1977)</td>
<td>Value Effect</td>
<td>Returns of stocks with low P/E ratio tend to be higher than returns of stocks with high P/E ratio.</td>
</tr>
<tr>
<td>French (1980)</td>
<td>Weekend Effect (also known as “Day-of-the-week effect”)</td>
<td>Stock returns on Monday are lower than other trading days.</td>
</tr>
<tr>
<td>Banz (1981)</td>
<td>Size Effect</td>
<td>Smaller firms (firms with small market capitalization) tend to provide higher risk adjusted returns than larger firms.</td>
</tr>
<tr>
<td>Harris and Gurel (1986)</td>
<td>Index Inclusion Effect</td>
<td>Stocks that were included in the S&amp;P500 index exhibited significant price increase on the day of inclusion.</td>
</tr>
<tr>
<td>De Bondt &amp; Thaler (1985, 1987)</td>
<td>Over-reaction Effect (also known as “Reversal Effect”)</td>
<td>Stocks that garner long-term losses (gains) over an initial period (3-5 years) tend to undergo reversals by amassing gains (losses) over the subsequent period.</td>
</tr>
<tr>
<td>Jegadeesh and Titman (1993)</td>
<td>Under-reaction Effect</td>
<td>Stocks that garner short-term gains (losses) over an initial period (up to 12 months) tend to exhibit return persistence by amassing gains (losses) over the subsequent period.</td>
</tr>
<tr>
<td>Ikenberry, Lakonishok and Vermaelen (1995)</td>
<td>Share Repurchase anomaly (also known as Buyback anomaly)</td>
<td>Open market share repurchase announcements are followed by significant abnormal returns in the long-run (more than 3 years).</td>
</tr>
<tr>
<td>Loughran and Ritter(1995)</td>
<td>Net Stock Issues anomaly</td>
<td>Firms that issue stocks, either through initial public offering or follow-on public offering, tend to perform poorly over the long-run (up to 5 years from date of issue).</td>
</tr>
<tr>
<td>Haugen and Baker (1996)</td>
<td>Profitability anomaly</td>
<td>Firms with higher profitability tend to have higher expected returns.</td>
</tr>
<tr>
<td>Sloan (1996)</td>
<td>Accrual anomaly</td>
<td>There is a negative relationship between accrual (non-cash) component of earnings and future stock returns, i.e., firms that have high (low) levels of accruals tend to provide negative (positive) future abnormal stock returns.</td>
</tr>
</tbody>
</table>
Cyberspace and Governance

Srihari Hulikal Muralidhar*

Abstract
The worldwide spread of cybercrimes starts with specific, ‘local’ acts of deviance and crime. A good example, apart from the ones mentioned throughout the paper, is that of piracy. We know Torrent is ‘illegal’ in most, if not all, countries. The act of downloading a movie illegally is a highly ‘local’ act, and can be considered a crime or offense in one country or region and may not be so in another. However, this ‘local’ act is part of a wider ‘global’ network of Torrent users (who mainly consist of those who upload the videos called ‘seeders’, those who download it, and those who provide the platform for it). This ‘global-local’ or ‘glocal’ nexus is mediated by the Internet. Although governing cybercrimes has been quite difficult because of its nebulous nature, inter alia, national governments have been relatively successful in their attempts to mitigate, if not eliminate, this phenomenon. This paper examines some of the changes that have taken place in recent times, especially in the post-9/11 context, and challenges these changes embody for our understanding of crime and its control, and more broadly, their influence on the nature of our social lives and our perceptions of ourselves and others around us.

Keywords: Cyberspace, Governance, Cybercrime, Technology, Globalization

Introduction
Our lives are mediated by an increasing number of technologies. The Internet can be seen as an exemplar of global connectivity, which is a hallmark of the globalized era we live in. Increasingly, our professional and recreational activities are moulded by this connectivity. The challenges to global governance are probably best illustrated by the extra-territorial, seemingly unregulated nature of cyberspace. This essay looks into the issue of cyberspace in an attempt to explore the relations between the ‘global’ and the ‘local’. Cyberspace illustrates a highly complex interaction between global and local forces which make it difficult to regulate by individual nation-states. We live in a world where “local transformation is as much a part of globalization as the lateral extension of social connections across time and space... what happens in a local neighbourhood is likely to be influenced by factors – such as world money and commodity markets – operating at an indefinite distance away from that neighbourhood itself” (Giddens 1990, p. 64). Morley (2002, p. 2) expresses the role of media and ICTs (information and communication technologies) in this regard in a most succinct manner: ‘the sitting room is a place where, in a variety of mediate forms, the global meets the local’.

Technology and Change
Technology has always been seen as a key instrument of social change. From the invention of railways and atom bomb, to cell phones and computers, technological change has had a powerful impact on social behaviour. In recent decades, information and communication technologies have come to increasingly mould our lives, the societal and state institutions that are in place, and

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knowledge production. Castells argues that the Internet can be seen as the backbone of these transformations and its impact is difficult to discount (Castells, 1996, 2001).

In the 1990s, the Internet was seen as a revolutionary force which would bring about the ‘death of distance’, the emergence of the virtual society, and so on. Castells sees it as the best example of the ‘space of flows’, as the truly global technology which characterizes the essence of the ‘network society’. He argues that the Internet has become ‘the technological basis for the organizational form of the Information Age’ (Castells, 2001:1): ‘Core economic, social, political, and cultural activities throughout the planet are being structured by and around the Internet, and other computer networks. In fact, exclusion from these networks is one of the most damaging forms of exclusion in our economy and in our culture’. (Castells, 2001:3, quoted in Aas 2007, p. 175)

On the other hand, critical scholars, who have tried to temper this celebration of the Net as an emancipatory agent, have pointed out that technology may have far less vivid and less foreseeable consequences. The so-called ‘social shaping of technology’ approach contends that technological change has to be understood within the larger framework of social and economic change (Aas, 2007:154). The Internet is not only a global, ‘unrestricted’ medium, but is also used in local spaces and conditioned by local contexts. How it is used is determined by a number of social, economic, and cultural factors. Rather than being a universal medium, the Internet reflects a deeply stratified and divided global condition. Internet access is unequally distributed, creating a digital divide along class, racial and ethnic lines within countries, as well as between the global North and the global South (Castells, 2001). Cyber-connectivity should therefore be perceived as a symbol of privilege at the global level.

Hints of ‘technological determinism’ are quite common in popular and mainstream media representations of the Internet which tend to exaggerate its emancipatory potential and understate the significance of the social context and of the individual agency. Critics have called for moving beyond crude, cause-and-effect reasoning about technology. The increasing embeddedness of information and communication technologies in forms of everyday life make it difficult to see these technologies as isolated in their social effects (Rasmussen, 2000). ‘No longer do they merely affect cultural processes. As with television, they are themselves cultural products’ (ibid: 5, italics in original).

These conflicting standpoints reflect a fundamental dichotomy in the nature of the Internet –its potential to pervert and democratize (Jewkes, 2003, 2007, quoted in Aas 2007). The footage of Saddam Hussein’s execution belongs to the first, whereas that of Abu Ghraib prison belongs to the latter category. Saddam Hussein’s execution was widely circulated and celebrated in the Internet. Notwithstanding what he did, these circulations depicting his capture, trial, and then death contributed to a skewed perception of Iraq and its leader. Questions around the motivations of the US behind waging the war against Iraq in the first place no longer had a place in popular imagination. Death became a public spectacle again, just like it did in the 18th and 19th centuries. The Internet also possesses the potential to democratize because it now empowers civil society groups and activists with the required technologies to expose, say, human rights abuses or human trafficking. An example would be the case of Abu Ghraib prison where POW treatment violated the Geneva Convention, although the US did not punish any of the perpetrators for what were ‘war crimes’.

Of late, the ‘YouTube effect’, as it is called, has been acknowledged by analysts, activists and the state alike. We are living not only in panoptic societies, where the few, with great force and discipline watch the many. We are also living in view or synoptic societies, where the new media allow the many to watch the few (Mathiesen, 1997). This development can be seen as an attempt to enhance social control.
The global connectivity offers fresh nuances to various aspects of contemporary crime control. Crime and deviance get new forms and arenas. For instance, the Internet suggests prostitution guides to potential sex tourists and local clients across the globe. Furthermore, discourse about crime and crime control takes place in a new setting. Cyberspace challenges conventional notions of juridical power and sovereignty which have been tied to territoriality and the nation-state (Aas, 2007).

Identity in a Globalized Context
The anonymity of the Internet and the production of information and communication technologies in daily life increase the potential for identity-related offenses (Finch, 2007; Smith, 2007). The assumption underlying the concept of identity-theft is that it has an objective, tangible existence apart from oneself and can therefore be separated from oneself. The password has become one of the most important bearers of identity in contemporary times. However, we should note that, historically, pen and paper signatures, just like passwords, became accepted as a guarantee of legitimate identity due to modernization and the fact that people and organizations became more mobile (Lyon, 2001). Therefore, passwords that are used in computer-mediated spaces can be thought of as a mere perpetuation of this trend towards abstract relationships in late modern period. This trend can be understood in terms of Giddens’ ‘disembedding’ of social systems. Disembedded identities are ‘lifted out’ of social relations and restructured across indefinite spans of time and space (Giddens, 1992: 21).

The disembedding of social relations is not exclusive to the Internet, but is rather an attribute of life in late-modernity. Establishing stable identities has always been one of the principal tasks of modern nation-states (Torepy, 2000; Lyon, 2001). However, in the contemporary world of global flows and disembedded social relations, the task of giving fixed identities to mobile populations becomes very problematic, if not unfeasible. Unsurprisingly, biometric systems are increasingly considered as a solution for curtailing the risks of identity-related cybercrime (Smith, 2007). Cyberspace takes this trend to a new level altogether. Zygmunt Bauman’s ‘liquid modernity’ can in many ways be considered to have found its key manifestation in cyberspace. The ‘disentanglement from the body allows the self to break free from the usual constraints of corporeality which, in the physical world, may prevent individuals from displaying aspects of their identities that would be discredited or disapproved by others’ (Jewkes, 2003:8).

In this context, traditional understandings of the public and the private, the legal and the illegal become muddled. Others point to the fact that cyberspace not only offers multiple possibilities of identity but that there are dangers to this type of social interaction. Historically, anonymity has been seen as encouraging deviancy and criminal behavior, due to social distance and absence of informal social controls. Furthermore, deviant individuals and groups such as fundamentalist, racist groups now find support and belonging in online forums. For instance, there are a number of matrimonial websites where Asian women are portrayed as submissive and exotic, representations which they are in no situation to challenge. As such, the Internet enables buttressing of unequal, repressive socio-cultural and gender relations (Aas, 2007).

The importance of disembedding of identity (or identities) in an age of globalization can hardly be exaggerated, especially when we consider acts like identity theft which have the potential not only to harm individuals but also nation-states. The Internet has only aggravated the risk of becoming a victim of identity theft. Hacking has become so simple, over time, that even novice hackers can make use of softwares designed specifically for this purpose to hack into individuals’ accounts to access information on their bank accounts, credit card etc. As bank and other financial transactions become increasingly digitized, so does the risk of falling prey to cybercrimes such as this. Of course, at the same time, the information about us that is available on the Internet will not be used only by
Hackers or cyber-criminals. It can also be used or misused by e-commerce websites or even the government under the pretexts of marketing or national security respectively.

Cybercrime
While some scholars conclude that cybercrime is an ‘old wine in a new bottle’ (Grabosky, 2001), others agree to the fact that, while the effects of robbery, say, may be the same, irrespective of how it is carried out, the global scope of information and communication technologies signifies a fundamentally new aspect. Technology ‘acts as a “force multiplier”, enabling individuals with minimal resources to generate potentially huge negative effects (mass distribution of email ‘scams’ and viruses being two examples’ (Yar, 2006:11-12). Unlike real world crimes, cybercrimes can be automated (Brenner, 2007). An obvious example would be bank robbery. In earlier times, robbers would have to physically go to the bank to carry out their crime. Now, they can just hack into accounts and transfer money.

Yar (2006:9) suggests that instead of trying to grasp cybercrime as a single phenomenon, one should view it ‘as signifying a range of illicit activities whose “common denominator” is the central role played by networks of information and communication technology in their commission’. Most scholars agree as to the fundamental shift from territorial to the transnational nature of crime in cyberspace. The spatially diffuse nature of cybercrime poses a number of challenges for law enforcement agencies which attempt to regulate the phenomenon. Different national political and judicial cultures have different legislations in place, which present an impediment to effective control and prosecution. What is illegal in one jurisdiction may be legal in another. For instance, Russia has emerged as the foremost source of child pornography due to a legislative void, notwithstanding that the majority of the material originates from other countries. Furthermore, the deterritorialized nature of the crime calls for creating a new framework, for a ‘global’ effort to combat it.

The deterritorialized nature of cybercrime presents a challenge for academics as well. Traditional theorizing of crime has been mostly based on face-to-face interaction between the offender and the victim. In case of cyberspace, however, the victim-offender interaction is mediated by technology. Moreover, as Yar (2006) suggests, cybercrime challenges the traditional relationship hypothesized between deviance and marginality. As noted above, access to the Internet can in itself be considered as a symbol of privilege. Cybercriminals therefore disrupt this classical notion of deviants as coming from the poorest, least educated sections of the population. Conversely, access to the kinds of resources and skills that are required to commit cybercrimes imply that they are concentrated among the relatively well-off, educationally and financially.

This is further complicated when we come to the question of legal accountability. This question arises because cyberspace mediates between an ‘actual’ event and the way it is perceived by the audience. For example, one could ask if there is any harm in just ‘looking at’ child pornography. Surely the viewer is not committing the ‘offense’ in the traditional sense of the term i.e. he is not committing the act per se. If so, then how do we negotiate our traditional understandings of accountability with these new environments and crimes? In this case, spatially distant individuals are held accountable because it is their consumption of these images and clips which create a market for actual, physical abuse in the material world. Supply cannot persist without demand. This example illustrates the fact that people in a viewer or synoptic society are not passive individuals connected by technological networks, but should be treated as responsible agents in a globally shared social space (Aas, 2007). This is not limited to cyberspace. Inhabiting a globally connected space implies that individual seemingly trivial choices can have serious ethical, social, material consequences on a global level. ‘Local’ acts become manifested on a ‘global’ scale.
Governance of Cyberspace

The duality of liberty and regulation is an essential feature of cyberspace, and molds the contemporary debates about, how to, if at all, govern cyberspace. The early view of the Internet as ‘freely floating’ went hand in hand with the argument that it cannot and should not be governed; any intervention by the state was contrary to the spirit of individual liberty. This notion of the Internet as an open, limitless space had a certain resemblance with neoliberal thought, best exemplified by John Barlow’s manifesto, ‘A Declaration of the Independence of Cyberspace’. Nevertheless, this view has been criticized heavily on numerous points. Cybercrimes have demonstrated that the Internet is not only a space of freedom, but also of vulnerability, which calls for greater government intervention (Aas, 2007). A more fundamental attack on liberatory potential of the Internet comes from its commercialization. Cyber-environment is increasingly changing under the influence of business interests, an obvious example being the rising volumes of spam.

This interweaving of business and government interests has altered the earlier views that the Internet cannot and should not be governed. A number of technologies are curbing the privacy and anonymity of cyber-citizens (Castells, 2001; Lyon, 2003a). According to Castells (2001:171), these technologies can be classified into those of identification (e.g. passwords), surveillance, and investigation. Data mining is a central feature of the growing e-commerce, for example. One of the main reasons cited as to why surveillance and state intervention is on the rise with regard to cyber-activities is the perception of the increasing risk of cybercrime, which takes place through the creation of ‘moral panics’. The image of internet as being infested with dangerous individuals, which prey not only on people’s bank accounts but also on children and public morality is constructed. Here, we can see a tendency of the state towards ‘governing through crime’ (Aas, 2007). For instance, a ‘folk devil’ (Cohen, 2002) is made out of a computer hacker.

The case of internet piracy unravels the subtleties of labelling, and the ability of the powerful to establish certain ‘undesirable’ behaviors as deviant and criminal, and the corresponding resistance on the part of those who are labeled so. The debates about cybercrime also provide an excellent illustration of risk thinking and the precautionary logic enmeshed therein. As Aas (2005) argues, ‘the intention is to intervene before the offense is committed in the ‘real world’ and no physical victimization needs to take place in order to secure a conviction (emphasis added).’ Minority Report doesn’t seem so futuristic now, does it?

While some observers see these developments as signs of the impending ‘end of privacy’ and the rise of ‘surveillance society’ (Castells, 2001; Lyon, 2001), others point to the insufficiency and, ultimately, the futility of governmental interference in cyberspace. The Internet has, right from the beginning, challenged conventional notions of policing and sovereignty which are inevitably linked with territoriality; also this challenge is coming from multiple directions, most importantly from transnational organized crime. The problem of governing a global space is magnified in cyberspace because, here, social interaction is free from the constrictions of physical space. As illustrated by the case of child pornography, the victim and the offender may be located in different countries. Unlike most ‘real world’ crimes, cybercrime does not require physical immediacy between the victim and the offender. The lack of ‘physical’ evidence and the lack of spatial connections make these types of crimes especially difficult to investigate (Brenner, 2007).

Policing of the Internet marks an important shift from the policing of territory to the ‘policing of suspect populations’ (Sheptycki, 2002a). Information and communication technologies fundamentally transform the very way in which policing is practiced. Policing cyberspace not only demands intergovernmental intervention, but also needs to organize a number of responsibilization policies on the part of the users of Internet and the service providers. The idea of ‘plural policing’
and the diffusion of regulatory tasks is therefore one of the hallmarks of cyber-governance (Jewkes, 2003).

**Cyber communities**

Information and communication technologies have been credited with creating virtual or cyber communities (Shields, 2003; Aas, 2007). The Internet has stretched social relations to unprecedented levels. In cyberspace, community as a concept does not have a geographical connotation. Furthermore, virtualization is an important part of the global capitalist economy (Castells, 2001). Some see this tendency as an indicator of the decline of social bonds and community life. While distant places become close and proximate, real life relations and neighbourhoods become distant and unknown (Aas, 2007).

These virtual forums play an important role in shaping contemporary discourses and perceptions of crime and penal system. Valier (2004) argues that the Internet has become a site for different kinds of ‘technological populism’ by urging participation in online polls, surveys, and debates about crime and punishment. Examples include ‘name and shame’ sections of sex offenders, ‘soft judges’, and so on. Cyberspace provides retributivist tendencies among the public a new forum, which assumes significance when we juxtapose it with the fact that, to a considerable extent, it is not constrained by the limitations enforced upon print and television by legal and professional journalistic ethics. ‘It permits anyone to act as report or publisher of images and information, to transmit material on any topic to a potentially global audience, as well as allowing people to participate in real-time conversations with distant others’ (Valier, 2004:97).

The argument is that the Internet is not an instrument of anomie and individualism, or an epitaph of libertarian ideas; rather it has provided space for the emergence of online groups and solidarity with respect to issues of race, gender, religion, and crime and punishment. What is to be noted here is that the extraterritorial nature of the Internet changes the dynamics of penal discourse and identity, which has conventionally been associated with bounded local and national societies. The Internet is therefore also a platform for constructing images and notions of ‘the other’. For instance, the portrayal of Iran as an alleged ‘axis of evil’ is solidified in ‘real’ terms mainly through different forms of virtually mediated reality such as videos, recordings posted on, say, YouTube. Afzal Guru’s hanging made it to the headlines of not just Indian leading dailies but also The Guardian and The Washington Post. An image of India being ‘tough’ was created thereof.

Cyberspace is a part of the ‘mediascapes’ and ‘technoscapes’ (Appadurai, 1996) and are becoming increasingly salient for constituting identities. Online technologies therefore need to be analyzed within the wider framework of how they are etched into everyday life, including political mobilization, crime prevention and control. For instance, the Megan’s Law website provides information about registered sex offenders in a particular neighbourhood. In this regard, the virtually mediated dangers can seem more ‘real’ than individuals’ actual, real world experiences, thus producing a realm of ‘hyper-real’ threat in the neighbourhood. The Megan’s Law mapping system can be seen as yet another example of the emerging ‘surveillance society’ (Lyon, 2001). Nevertheless, it also provides a key understanding of how notions of community, safety, and risk have transformed.

Online mapping of ‘real world’ dangers is on the rise. Geographic Information Systems (GIS) have now become a standard item in the police armory. Introducing the language of ‘crime hotspots’ and ‘criminogenic areas’, these systems provide and create images of low and high risk communities to the law enforcement agencies (Gundhus, 2006). In the US, partner agencies can obtain information not only about ‘criminal’ matters, but also of the racial configuration of a community, demographic trends, as well as income and educational levels of the people. Crime mapping thus transforms the
The development of cyberspace has caused the community from a concrete, local entity into an abstract simulation (Aas, 2007). The interactivity provided by cyberspace is a further step in actively involving citizens in the governance of crime. Cyber-communities can have a substantial influence on local group by mobilizing ideas, opinions, capital, and linkages, as is illustrated by penal populism, football supporters etc. The online and offline realms are therefore not mutually exclusive. ‘People who choose to enter online social spaces do not leave their offline world behind when they do so, but rather begin a process of weaving online communications and activities into their existing offline lives’ (Kendall, 2002: 16). To quote Arjun Appadurai: ‘These virtual neighborhoods seem on the face of it to represent just that absence of face-to-face links, spatial contiguity, and multiplex social interaction that the idea of a neighbourhood seems centrally to imply. Yet we must not be too quick to oppose highly spatialized neighborhoods to these virtual neighborhoods of international electronic communication. The relationship between these two forms of neighborhood is considerably more complex’ (Appadurai, 1996: 195).

Conclusion

Cyberspace is not only a space of freedom from physical constrictions and state intervention but has increasingly emerged as a necessary medium through which contemporary social, economic, and political mobilizations occur. Online communication has become ‘an important site for the contestation of group values. Indeed, it is through this very contestation that new forms of collectivity are imagined and performed’ (Valier, 2004:93). The issues related to cyberspace, cybercrime and the governance of it provide insights to some of the most fundamental changes of the globalizing era such as the questions of disembedding of social relations, risk, social construction of crime, deterritorialization of crime, issues of surveillance, and plural policing. To quote Aas (2007: 169), “life on the screen may not be so different and far removed from the ‘real’ world as its proponents and critics sometimes seem to suggest.”

The ‘global’ spread of cybercrimes is constituted by specific, ‘local’ acts of deviance and crime. A good example, apart from the ones mentioned throughout the paper, would be that of piracy. We know Torrent is ‘illegal’ in most, if not all, countries. The act of downloading a movie illegally is a highly ‘local’ act, and can be considered a crime or offense in one country or region and may not be in another. However, this ‘local’ act is part of a wider ‘global’ network of Torrent users (who mainly consist of those who upload the videos called ‘seeders’, those who download it, and those who provide the platform for it). This ‘global-local’ or ‘glocal’ nexus is mediated by the Internet. Although governing cybercrimes has been quite difficult because of its nebulous nature, inter alia, national governments have been relatively successful in their attempts to mitigate, if not eliminate, this phenomenon. And this has been possible precisely because this ‘offense’ involves a ‘local’ dimension too.

The ‘local’ part of it is best illustrated by an individual user’s IP address which can be tracked by the authorities when they wish to penalize him/her. While remaining part of the ‘global’ network, each user still retains this local element in him/her. Therefore, the ‘global’ should not be seen as some kind of overarching phenomenon which is above and beyond our lives. To quote Ericson et al. (2000), “The global only exists to the extent that it is being created through ongoing social life.” What cyber governance requires is a ‘global’ effort towards tackling it, an effective coordination among all countries, be it with respect to intelligence sharing or technology transfer. Although Interpol has made great advances in this regard in its collaborative ventures with national law enforcement agencies, much more needs to be done. This is easier said than done. Different countries have different legal stances on particular acts and this becomes complicated when we seek to analyze them in the context of cybercrime which is a relatively new phenomenon. Nevertheless, there’s no denying the importance of the issue and the action it calls for.
An important limitation of this essay is that it does not problematize concepts like ‘cybercrime’, which is a loaded and often contested term, piracy being an obvious example. Crime as a category of study is itself far from being straightforward. However, we have to take certain categories and definitions for granted, owing to time and space constraints. The expectation is that this does not inhibit the insights that can be generated on the interplay of global and local forces in the arena of cyberspace.

References
Mentor as Tormentor:
A Case of Sexual Harassment at a Media company

Shweta Jha *

Abstract
This case study is based on a real incident of sexual assault of a young journalist by high profile Editor-in-Chief during an event organized by him at Goa (India) in November 2013. The victim suffered at the hands of her super boss twice in the hotel lift. The victim reported the matter to her immediate boss after about ten days of the event. As the case involved high profile perpetrator, there was huge public outcry and media coverage of the incident. The police took suo motu cognizance of the matter and registered a case as it amounted to sexual assault and rape. The matter is sub-judice and currently the perpetrator is on bail. The victim has resigned from the organization. The case has been reconstructed based on information available in public domain. Purpose of this case study is stimulating gender sensitivity and need for effective mechanism for minimizing incidence of violence against women at workplace.

Keywords: Sexual Harassment, Sexual Assault, Media Company, India

About the Media Company
Two seasoned journalists Tarun Tejpal and Aniruddha Bahal launched Tehelka as web-based investigative journalism portal in the year 2000. It was set to rock the country and the world with its unique journalistic escapades based on string operations –hitherto unheard of practice in Indian media space. Soon after its inception, Tehelka turned into a household name by exposing cricket match-fixing that repositioned several cricket stars from being demi-gods to despicable devils. The following year, Tehelka turned the tables upside down by exposing indulgence of corrupt practices among political heavyweights including some ministers and presidents and senior functionaries of political parties. It resulted in resignation of several ministers and party office-bearers. But the government swung into action to probe the sources that funded the sting operation involving huge transactions in cash. Due to so called state ‘repression’ (judicial investigations/tax-related raids, etc.), most of the 120 the employees left with only three of them staying put and by 2003 the website closed down due to mass exodus of employees and looming debts (Harding, 2003; Phalnikar, 2008). Co-founder Aniruddha Bahal also left to start another web-portal Cobra Post.

Tehelka was relaunched as a tabloid in 2004 as a reader-financed venture when 200 conscientious citizens provided Rs. 1,00,000 each as seed-money in the form of life-time subscriptions (Phalnikar, 2008). Thus the idea behind Tehelka received another lease of life. The team Tehelka expanded with like-minded journalists who wanted to pursue truth and uncover the dirty faces of those who held power, position and money. Readers whole-heartedly supported this move as evident from great rush for pre-publication subscriptions. This tabloid positioned itself as ‘People’s Paper’ promoting “free, fair and fearless” journalism. In 2007, Tehelka was launched as a weekly magazine in order to

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tap revenue from advertisements as website and tabloid were not hotspots for the marketers then. People patronized the magazine just as they had supported the website and the tabloid. Same year, Hindi edition of *Tehelka* magazine and website were launched.

By 2008, Tarun became the largest shareholder of *Tehelka* through his company Agni Media Private Limited now known as Anant Media Private Limited. However, in due course of time, Royal Building & Infrastructure Private Limited owned by K D Singh bought two-third shares in Anant Media, thus having controlling stake (Thakurta, 2014). Meanwhile, in Tarun Tejpal, his sister Neena and colleague Shoma Chaudhary launched Thinkworks Private Limited and started annual THiNK Fest in 2011 touted as *Tehelka* event. It was during third edition THiNK Fest in 2013 that all hell broke when illustrious founder of *Tehelka* lost his sense and allegedly indulged in sexual assault on a junior female colleague. Revelations of sexual overtures of Tarun rocked *Tehelka* as an institution which had astounded the nation and the world for last so many years with sensational sting operations uncovering the corrupt and the powerful. In the aftermath of recent controversies involving Tarun Tejpal, K D Singh owned Royal Building & Infrastructure Private Limited is planning to exit from Anant Media Private Limited which publishes *Tehelka* week after week despite all odds (Thakurta, 2014).

**Profile of the Perpetrator**

Tarun Tejpal (born 15 March 1963) is an acclaimed novelist, seasoned journalist and perceptive publisher. He is well known for being maverick and clamorous. As his father was in India Army, he spent his childhood in several parts of the country. He graduated in Economics from Panjab University, Chandigarh.

Tarun began his journalistic career in early 1980s with Indian Express. Soon he moved to Delhi to work for India 2000 (now defunct). In 1984, he joined India Today. After having worked with the leading weekly magazine for a decade, he joined Financial Express I 1994. Later, he helped establish ‘Outlook’ a rival of India Today. He left Outlook in 2000 to start his own dream venture ‘*Tehelka*’. His other notable venture was a publishing house India Ink which published award-winning ‘God of Small Things’ by Arundhati Roy.

Business Week named Tarun as amongst the 50 leaders at the forefront of change in Asia in 2001. The Guardian included his name among the Indian elite ‘as Pioneer of a brand of sting journalism which has transformed Indian media’ in 2006. In 2010, he received Award for Excellence in Journalism from International Press Institute. After having earned a great recognition, Tarun fell to disgrace by giving in to lust when he tried to sexually assault a junior female colleague during THiNK—an event organized by his company in Goa in November 2013.

**Profile of the Victim**

Not much is known about the victim. Indian law anyway does not allow revealing identity of the victim in case of rape/sexual assault. However, from the media reports in public domain, it appears that the victim was a young journalist who was deeply interested in issues of gender-related violence. She happened to be connected with the perpetrator who was her father’s friend—thus kind of a father figure who offered her a job in *Tehelka*. Besides, she was an intimate friend of perpetrator’s elder daughter. Hence, both the victim and the perpetrator knew each other and shared a professional relations as well as social connectedness.

**Narrative of Woes**

In India, generally cases of sexual harassment or sexual assault generally go unreported especially if the perpetrators are rich and powerful. Social stigmatization, traumatizing legal procedures, the hostile attitude of public officials, discouragement from families and friends who want to protect the
victim from the toll that fighting a case may impose on her, are some of the often compelling factors that impose silence around the crime (Karat, 2013). Hence, the young woman journalist in the Tehelka case showed exemplary courage in reporting the crime to the second-in-command, the Managing Editor, Shoma Chaudhury (Karat, 2013).

First person account of sexual assault based on excerpts of email sent by the victim to Shoma Chaudhary on 17 November 2013 (reported by IBN Live on 28 November 2013) is as under:

7 November 2013: “On the night of 7th November 2013, the opening night of Tehelka’s Think festival, I had discharged my duties for the day as the chaperone for Mr Robert De Niro. As we made our way out of the elevator of Block 7 at the Grand Hyatt, Mr Tejpal held my arm and pulled me back into the lift. He said - "Let's go wake up Bob" (Mr De Niro) and I asked him why he wanted to do that. I then realized that Mr Tejpal was simply pressing buttons on the lift’s panel to make the elevator stay in circuit, preventing it from stopping anywhere, and for the doors to open.”

“At this point, he began to kiss me - from the first moment of his doing so, I asked him to stop, citing several reasons, including my friendship to XXX, my closeness to his family, the fact that he had known me since I was a child, the fact that I worked for Tehelka and for Shoma Chaudhury - who is my managing editor and mentor. It was like talking to a deaf person. Mr Tejpal lifted my dress up, went down on his knees and pulled my underwear down. He attempted to perform oral sex on me as I continued to struggle and hysterically asked him to stop. At that moment he began to try and penetrate me with his fingers, I became scared and pushed him hard and asked him to stop the lift. He would not listen. The lift stopped on the ground floor as Mr Tejpal’s hands were on me and could not press the button for yet another floor to keep it in circuit. As soon as the doors opened, I picked up my underwear and began walking out of the elevator rapidly - he was still following me, asking me what the matter was.”

8 November 2013: “As I was walking into the Grand Club at Block 7, Mr Tejpal was coming out of the lounge. He pointed at me asking me to stop. I was already worried that I was late and that Mr De Niro had asked for me. Mr Tejpal came to me and said "Come up with me, we have to get something from Bob’s room". I was frightened that this would lead to a repeat of the previous night and so I said, "What does he need? I'll go get it." I was scared of getting into the lift with him again, and more terrified that he was going to try and take me into a room this time. By this time he was holding me by the wrist and had taken me into the lift (which is barely a few steps away from the lobby of block 7 where he had asked me to wait).

When the doors closed, he started to try and kiss me again. I said "Tarun, please, no, just stop," he pulled away, smiled, patted my cheek and said "Why? Ok. I'll stop." I said again "This just isn't right. XXX is my best friend. I had lunch with XXXX today."

“He smiled again and just for a moment I thought I had appealed to his better sense. I turned away from him, desperately waiting for the door to open (there are only three floors in Block 7 (G, 1 and 2), we were between floors). Within seconds of my turning around, he started to lift up my dress. He lifted it all the way up and said "You're unbelievable". The door opened on the second floor, on Mr De Niro's floor - and he said again - "The universe is telling us something" to which I said "I'm taking the stairs" and started to walk out. He pulled me back in, sensing that I was on the verge of hysteria - by this point, he was totally comfortable physically manhandling me, but sensing my sheer panic, he did not touch me until the lift reached the ground floor. Right as the doors were about to open, he patted my behind once more.”
The victim tried to prick the conscience of Shoma in the following words: “As a reporter for Tehelka who writes on violence against women, I suddenly find myself in the horrific situation of discovering what it is like to be on the receiving end of this violence from a powerful man I once deeply admired and respected. I truly hope that the idea of Tehelka is still intact - and that you will conduct an inquiry into this matter at the earliest.”

Interestingly, Tarun tried to first to trivialize the whole incident and then justify his misdeeds in a series of SMSs and e-mails to the victim and Shoma and to other colleagues at Tehelka. In the process, he also admitted to having molested the victim. While the media was abuzz on Tehelka case and Shoma had already announced formation of formal ‘internal complaints committee’ to look into the matter, the victim resigned from her position through an emotionally charged e-mail to Shoma. On the other hand, vene Tarun decided to dissociate himself from official position at Tehelka as so called ‘penance’.

All the e-mails of Tarun, Shoma and the victim are in public domain and any discerning person can easily reconstruct the whole incident see through the perverted mind of the perpetrator who is so fascinated about moral high ground –he is more concerned about his loss (both personal i.e. getting exposed to the family members and public (reputation of being morally superior while others are just corrupt and can be exposed through sponsored sting operations) rather than the psychological and emotional trauma suffered by the victim.

Public outcry over the incident as evident from constant television coverage stimulated the Goa police to take suo motu cognizance of the case and register first information report (FIR) based on information available in public domain. In the entire episode, role of Shoma was dubious –right from trying to douse the fire by downplaying the whole incident, suggesting that internal enquiry in the matter would suffice and finally constituting an internal complaints committee as per the existing law for the purpose. In no way she supported or encouraged the victim to approach the police which is required in cases where sexual harassment exceeds the limit and qualifies as molestation or rape by a male colleague.

Soon after the FIR was loadge, Tarun got arrested and police began interrogation with him and his accomplice Shoma. At the same time, the victim was also called in to record her statement. On 17 February 2014, Tarun was charged by Goa police with rape, sexual harassment and outraging modesty of a woman journalist in a lift of a five-star hotel here in November 2013 (Hindu Business Line, 17 February 2014). He was booked under sections 354, 354-A (sexual harassment), 341 and 342 (wrongful restrain), 376 (rape), 376 (2) (f) and 376 (2) (k) (takes advantage of his official position and commits rape on a woman in his custody) of the Indian Penal Code and if proven guilty, he can be sentenced for more than seven years of imprisonment (Hindu Business Line, 17 February 2014). After having spent quite some time in the jail, Tarun is currently out on bail while judicial process trial is still on (Seevai & Sugden, 2014).

Critique of the Incident

Tehelka is not merely a run on the mill news portal or a magazine. It has assumed status akin to an institution which always endeavours to protect the vulnerable sections of society including women by exposing the powerful and the rich. Hence, followers of Tehelka were shocked when the news of its Editor-in-Chief Tarun’s sexual misadventures broke out. People were further saddened when second in command at Tehelka tried to cover up the incident by first accepting the sham apology by Tarun and then constituting Internal Complaints Committee to look into the complaint by a junior female colleague as afterthought.
Interestingly, *Tehelka*, perceived as champion of women’s cause, did not have internal complaints committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 till the news of sexual assault on a staffer surfaced. This obviously shows the double standards of *Tehelka*. Besides, it was a clear case of sexual assault and as such the matter must have been reported to police instead of indulging in backdoor tactics of handling the whole issue through internal enquiry presumably to avoid any legal action.

Karat (2013) rightly observes: ‘In cases such as *Tehelka*, it is essential for the organisation and management to advise the victim to file a case with the police and to provide all legal help, which would better help her make an informed choice. In fact, the employer herself under the Vishaka judgment had a duty to report the offence to the police. Men in positions of power, who use that position to exploit women employees for sexual gratification, cannot be allowed to get away with it’. Unfortunately, *Tehelka* failed on this front miserably.

Most of the cases of sexual harassment go unreported as the victims are afraid of loss of job, income insecurity, and retaliatory measures if the perpetrator has more discretionary powers. There are instances where the victims have been further persecuted by the organization by way of termination on flimsy grounds. In the present case as well, the victim resigned from *Tehelka* as it would have been almost impossible for her to continue working in the organization after the whole incident became known to the whole world, much to the disgrace of its illustrious founder who himself was at the centre of storm. Thus the victim not only faced emotional and physical agony but also lost her means of livelihood.

**Moot Points**

*Tehelka* case has raised several difficult questions for corporate houses as well as business leaders and managers. There has been a number of cases of sexual harassment at workplace involving highly respected and powerful people which not only damage their reputation and devastate the victims but also let down the companies they represent. Hence, it is worthwhile to reflect on the following moot points in order to prevent exploitation of women and avoid the risk of damaging the fortunes of large as well as small firms.

**Did Tehelka handle the case in right earnest?**

Agarwal and Bag (2014) observed that *Tehelka* failed to handle the case in a smart manner which could have at least minimized the damage to its reputation. Response of the *Tehelka* which actually backfired may be summarized as under (Agarwal & Bag, 2014):

- Non-establishment of a suitable procedure to handle sexual harassment complaints (even after the complaint had arisen)
- The Managing Editor’s downplaying of sexual harassment allegations (instead of commencement of investigations)
- Internal communication to employees which reflected insensitivity, rather than organizational concern towards serious issues such as sexual harassment at workplace
- Opinion of the *Tehelka* management, that this is an internal issue and refusal to an express demand to set up a complaints committee
- Tejpal temporarily going underground, which indicated acceptance of guilt at some level
- Inadequate organizational response to a sexual harassment complaint which further undermined the faith in organizational willingness to handle such instances.

**How companies can prevent cases of sexual harassment/sexual assault?**

First and foremost, all the companies must constitute internal complaints committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The law itself is a preventive mechanism rather than being punitive measure. It provides for regular
training of not only the members of the internal complaints committee but also that of the staff at all levels. Unfortunately, large numbers of companies and other organizations have not set up internal complaints committees even after two years of enactment of the law on the matter. It is high time that the government adopts a tough posture over non-compliance of the sexual harassment law in the country.

It is important that the corporate houses raise awareness about sexual harassment at regular intervals. Awareness about sexual harassment and sensitivity towards female colleagues may be developed through training programs where attendance of all the employees should be mandatory. If the employees are exposed to such training sessions, male employees/managers are likely to behave in civilized manner while interacting with their female colleagues. Further, training sessions on sexual harassment may also raise awareness about rights of female employees in case such unfortunate incident occurs. Female employees will be empowered enough to speak up and report the matter to appropriate authority i.e. internal complaints committee.

References


Lessons from Performance Appraisal: Case of MDP Participants-Instructor

Stuti Saxena*

Abstract
Two of the important components of a 360 performance appraisal mechanism in organizations are rating by self and rating by the followers. It is also conceded that followers are rated by the leader annually. And, the reverse also holds true with some modifications here and there. In the present case study, the feedback is ascertained after a period of 10 weeks. Since both the parties are involved in the very critical procedure of performance appraisal, what kind of evaluation dynamics evolves there? The case study seeks to look at the twin sides of the picture where the followers (in this case, the MDP participants) rate the leader (in this case, instructor) by giving their feedback on the latter's performance, given that the latter has graded the former based on their overall performance. Usually, it remains unclear if there are concomitant parallels in the two-party rating system. For instance, the minority of followers who rank an instructor as low performer may not coincide with their low performance on the course. Alternatively, the majority of followers who rank an instructor high may not coincide with their high performance on the course. Thus, there is a need for the involvement of more stakeholders as far as the appraisal process is concerned. Further, Alicia should have used the Kirkpatrick’s framework of ascertaining training evaluation beforehand to avoid the catastrophic results.

Subject Area: Performance Management, Human Resource Management

Student Level: Graduates, Undergraduates

Keywords: Performance Appraisal, MDP, Feedback, Performance Analysis

What bothered Alicia?
Sooner or later, the truth stands revealed. Nothing, but the truth! Alicia got to know that some of her MDP participants had given her adverse feedback in the ‘Faculty Feedback Response Sheet’. Alicia was working as an Associate Professor in the Department of Management, Apple Business School, which is located somewhere in mid-west India. It was March and she was anticipating her annual performance evaluation anytime. One of the sub-components of evaluation was the feedback from the MDP participants. She had taught the MDP participants in a course on Consumer Behavior. The course lasted for ten weeks in all. Each of these MDP participants would be receiving a Certificate on Consumer Behavior by the Business School. The Certificate programme is a full-time programme wherein the participants are required to stay on the campus. Overall, the participants were highly satisfied with the comfortable stay as they were allowed to come with their families too. The MDP participants are funded by their organization and all the costs pertaining to their travel and accommodation are covered by their organization only. She was aghast to learn that some of the participants had not given a good feedback on the course. However, they were the bright MDP

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participants who had been excelled in their tutorials and tests. Her feedback forms were processed after the MDP for the course came to an end. Grades were already finalized and were to be released in about a week’s time (See Exhibit 2).

Alicia was happy with the performance of the MDP participants. But, why did the students’ underrate her pedagogy despite her putting the best foot forward all this while. As an instructor, she motivated the participants a lot and threw ample opportunities to excel in this course. She had been spending time after lectures for clarifying any doubts which might have remained unsorted in the classroom. She would bring in instances from their daily life as to how Consumer Behavior was impacting their lives. Further, she would make it a point to involve those participants in the class who preferred sitting quiet or were non-participative during classroom discussions. However, some of the participants never came prepared to class or were absconding during some of the important lectures. They would not participate in class discussions, remain unpunctual in their timings, and, underperformed in their tests. Despite that they were very much pleased with the course content and overall learning from the course. She was also aware that the ‘Best MDP Instructor Award’ was to be given away on the basis of the feedback received from the participants. Therefore, the feedback was very important. It was precisely on the basis of their feedback responses that the award was to be conferred. At the same time, there were some of the excellent performers who had rated the course on the lower side. Alicia was wondering how this anomaly emerged, in the first instance. She decides to talk to the Director about the issue and give alternative suggestions as far as instructor’s feedback was concerned.

Who is Alicia?
Alicia completed her PhD from Indian Institute of Technology, Delhi, in 2007. She was a student of Applied Psychology and her areas of interest were Neuromarketing and Consumer Behavior. Being a bright student, she got funding for her doctorate throughout the period of thesis-writing. She joined Apple Business School in 2007 itself as an Assistant Professor in the Department of Marketing Sciences. She was teaching the BBA and MBA students in their second and third semesters respectively. Further, she had conducted a number of MDP (Management Development Programmes) for several clients like ONGC, INFOSYS, TATA STEEL, etc. Since Apple Business School laid a lot of emphasis on research, it insisted on providing the wherewithal to its Professors for pursuing research-related work. Professors were absolved from all administrative duties apart from grading the students and the MDP participants. Alicia was very passionate about teaching and she had been graded very high all these years. In fact, she was awarded the ‘Best MDP Instructor Award’ thrice by the Director given the outstanding feedback by the MDP participants (See Exhibit 1).

If one peeps into her chamber, one would find the entire wall patched with greeting-cards from her undergraduate students. She was a favorite among her students all this while. And, on Teacher’s Day, invariably, her room would be filled with bouquets from students-this day was her busiest in the entire calendar year!

MDP on Consumer Behaviour
Alicia had finished teaching the MBA students. Now, she undertook teaching the MDP participants for ten weeks. The participants profile comprised of the marketing professionals employed in the PARLE headquarters at Delhi. She was teaching them a course on Consumer Behavior. Alicia was assisted by a course assistant who was responsible for handling the administrative duties apart from attending the sessions and making note of the participants’ participation. The course assistant was also responsible for handling the mundane queries of the participants and collection of participants’ reports. Participants were free to approach the course assistant for any help. For any clarifications and doubts related to the course or the session content, Alicia invited unsolicited appointments. There were 46 participants in the course.
Classes were scheduled twice or thrice a week in the pre-noon or post-noon slots. Each session lasted for 3 hours. Overall, there were 20 sessions allotted for the course. There were 4 sessions where external guests from reputed organizations were invited to deliver lectures. In two of the sessions, Vice-Presidents of two organizations were invited. And, in the other two, Presidents from reputed marketing research firms were invited for giving the talks. Unless there was a guest presentation, the session plan for the lecture was more or less uniform (See Exhibit 5).

Participants were expected to read the essential and recommended readings prescribed in their reading material. Reading material was prepared by Prof. Alicia herself where the cases and relevant research papers were included. Reading material was distributed to the participants prior to the commencement of the course. It was delivered free of cost.

Course evaluation
Evaluation of the course followed a rigorous process. Alicia wanted all the participants to actively involve themselves in the class discussions. Each of the participants was required to make a report on a theme of his/her choice; the theme should be picked up from the course itself. Presentations of the report were to be made in class such that 3 participants were able to summarize the key results of their report. Apart from individual presentations, group presentations were also held every alternate session. For the group presentations, participants had been divided into eight groups (See Exhibit 2).

Since the MDP batch had participants cutting across region, caste and class lines, groups were so made such that diversity was ensured in them without any parochial inclinations. The third component of the evaluation was that of class participation. Alicia ensured that instead of a monologue, the session ensured a dialogue between the teacher and the taught. Active discussions were encouraged among the participants. Alicia’s course assistant would keep a note of the participants’ participation, as mentioned earlier. Two assessment tests were scheduled during the entire span of the course covering the important concepts of the course. Tests were conducted after the session was over and were administered by the administrative department of the school. Further, one comprehensive examination was conducted towards the close of the semester which was of 40 marks. Overall, the course was evaluated on 100 marks, and, grading was done by Alicia herself. Grades were demarcated as A, B, C and D (See Exhibit 4).

Alicia had structured the grading with wide scope for participants to fit in the top three grades. None of the students landed in the D grade. However, overall assessment remained hinged on the total marks obtained in the course out of 100.

Feedback Form Evaluation
All 46 participants participated in the feedback evaluation for their Professor. Apple School of Director followed this procedure of evaluation of all the Professors in all the MDP courses. Though not the final word, these feedback forms constituted one of the several other dimensions on which a Professor’s annual appraisal was based. However, for being awarded the ‘Best MDP Instructor Award’ on every Foundation Day of the school, the feedback forms were the sole parameter on which the award was given.

The feedback forms were distributed to the participants after their last session for the course was over. Questions pertained to the overall learning from the course, pedagogy adopted by the instructor, and, rating of the Professor. Since Alicia had taught the MDP course on consumer behavior, participants were required to indicate their assessment of the course on a Likert-scale where the degree of appreciation and satisfaction with the course was judged. Also, utility of the
course vis-à-vis the cases, individual and group presentations was estimated. Participants were required to write their name on the feedback forms. This was done in keeping with the school’s point of view that a particular participant’s needs may vary across a specific course; therefore, the participant may need additional attention for the subsequent courses. And, feedback forms were assessed and shared with the specific Professor to understand his/her strengths and weaknesses vis-à-vis the course and pedagogy (See Exhibit 4).

**Why did some of the excellent performers rate the course in low terms?**

While Alicia was waiting outside the Director’s office to call on him, a fellow colleague passed by and initiated conversation immediately looking at Alicia. Undoubtedly, Alicia was worried about the feedback given to her by the participants. She had always stretched more than what was required to teach and inspire the MDP participants. Hitherto, she had always been rated very high by the participants. However, this time she was taken aback. While most of the participants had judged the course on the higher side, some of the participants had underrated the course and this resulted in 3’s, 4’s and 5’s on the feedback assessment forms. Surprisingly, some of these participants were those who had excelled in the tests and examinations and were regular in classes. She was wondering how to confront the Director who had always been full of praises for her efforts and witnessed her receiving the ‘Best MDP Instructor Award’ thrice. This was the first time when a section of the MDP participants had underrated the course. While she was contemplating over the entire issue, her colleague expressed with joy that she would be receiving, for the first time, the ‘Best MDP Instructor Award’ this year. Alicia was wondering why did some of the best performers underrate the course whereas the underperformers rated her in favorable terms.

Alicia was building up the rationale for the feedback forms. She reasoned that feedback forms should not carry the participants’ names. Anonymity should be ensured when the participants are filling in these forms. All sessions should be video-recorded to ensure that class participation is recorded and gauged. Feedback forms should not become the sole criterion for awarding the ‘Best MDP Instructor Award’. Hitherto, any teacher scoring a 1 or 2 or 3 on the Likert scale automatically became ineligible for receiving the award. This, she thought, was needed to be done away with completely. Further, feedback forms need to be redesigned such that reasons should be given for rating a course high or low for every parameter. Also, more stakeholders should be involved in rating the course. Alicia wondered that since the same course on Consumer Behavior was also taught in undergraduate classes; therefore, the students’ feedback from these undergraduate classes should also be included while rating a course. Alicia was also wondering if the feedback form be redesigned such that reverse-worded questions may be included apart from the straight-forward questions to truly ascertain the responses’ veracity and guileless assessment. Instead of a Likert scale, descriptive-type questions should be included. There should be a separate section on the participants’ self-assessment of the course and their strengths and weak-points in the topics covered in the course. This would clearly show the grey areas where they find themselves wanting and the brighter spots where they are able to comprehend easily. Alicia decided to take up the matter with the Director and get it sorted out.
EXHIBIT 1: Overall evaluation of Alicia in the previous 7 MDPs on Consumer Behavior

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<th>MDP Session</th>
<th>Alicia’s scores (Scaled to 100)</th>
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<tr>
<td>December, 2012-March, 2013</td>
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<td>April, 2013-June, 2013</td>
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<td>June, 2014-October, 2014</td>
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EXHIBIT 2: Participants, Groups, Marks, Grade
Session: Consumer Behavior
Course: MDP-Consumer Behavior
Total sessions: 20
Instructor: Prof. Alicia

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<th>Group No.</th>
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<th>Project presentations (10)</th>
<th>Group presentation (10)</th>
<th>Class participation (10)</th>
<th>Test 1 (10)</th>
<th>Test 2 (10)</th>
<th>Final Exam (40)</th>
<th>Marks (100)</th>
<th>Grade</th>
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### EXHIBIT 3: Grading scheme

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### EXHIBIT 4: FEEDBACK RESULTS

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<th>Parameter</th>
<th>Assessment by the student</th>
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<td>5= Most satisfied</td>
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<td>Did the course help in understanding marketing strategy &amp; market development?</td>
<td>1</td>
</tr>
<tr>
<td>Did the course help in understanding business strategies based on customer and market insights?</td>
<td>1</td>
</tr>
<tr>
<td>Did the course help in understanding how to sense customers?</td>
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</tr>
<tr>
<td>Overall assessment of the course</td>
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<tr>
<td>Were the case discussions helpful in understanding the subject?</td>
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EXHIBIT 5: SESSION PLAN FOR THE THREE HOUR SESSION

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<th>Time</th>
<th>Activity</th>
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<td>5 minutes</td>
<td>Outlining the session</td>
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<tr>
<td>25 minutes</td>
<td>Individual/Group presentation</td>
</tr>
<tr>
<td>15 minutes</td>
<td>Discussion on the presentation</td>
</tr>
<tr>
<td>25 minutes</td>
<td>Case study discussion</td>
</tr>
<tr>
<td>90 minutes</td>
<td>Prof. Alicia’s presentation</td>
</tr>
<tr>
<td>15 minutes</td>
<td>Discussion on Prof. Alicia’s presentation</td>
</tr>
<tr>
<td>5 minutes</td>
<td>Summing up for the Session</td>
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Teaching Note
Performance appraisal is one of the key functions of an organization’s human resource department. Appraisal of the employees assumes significance for the employee as well as the organization in keeping with the fact that human capital is the plank on which an organization sustains itself. In educational institutions, for instance, assessment of the teachers’ performance is gauged using the feedback forms which are given to the taught and the latter are required to assess the overall impact of the teacher vis-à-vis the learning derived from the course. While they are subjective in themselves, their evaluative component enhances given the fact that they are taken into consideration by the management when they are appraising the teacher concerned. The present case was quite challenging in itself leaving us with the dilemma whether the 360 degree performance appraisal holds good in cases when the two of the parties are required to evaluate the other. Further, when the case is viewed from the lens of Kirkpatrick’s four stages of training evaluation, some critical aspects begin to surface.

Donald Kirkpatrick had proposed a training evaluation model (1994) which is being used since 1995. The emphasis of this model is upon measuring four kinds of outcomes which result from an effective training program. These four steps of evaluation are reaction, learning, behavior and results. In the first stage, the aim of the trainer is to gauge the participants’ immediate reactions to the training program. Such an exercise should ascertain the participants’ perception regarding the overall program as well as its components and the presentation of the program. Linking this level to the case study, perhaps Alicia could have ascertained the overall satisfaction of the participants quite early during the program. In the second stage, the participants’ learning needs to be gauged for the effectiveness and improvisation in the training delivery. Thus, Alicia should have ensured that the participants have a positive outlook towards the Consumer Behavior course. She could have ascertained if students are feeling motivated during her lectures. And, if there are some grey areas, she could have handled them from the beginning itself. Given that Alicia might have framed a set of learning objectives per lecture, she could have gauged whether the participants are actually able to learn properly. Further, she could have known the areas which are complex to make the participants learn. Probably, some concepts are more difficult than the rest and require special mentoring. The third stage of training evaluation relates to the measurement of participants’ attitudes towards the training program. Alicia could have employed a short questionnaire with open-ended and close-ended questions to ensure that the participants are receptive to her lectures. She could have asked them about the strengths and improvement areas to ensure a much better response by the end of the program. Thus, Alicia could have benefitted from knowing the level of engagement of the participants. Apart from this, Alicia could have gauged whether actual transfer of knowledge will take place in the participants’ workplace by explaining the significance and applicability of the prospective on-the-job behaviors. Thus, Alicia could measure the change in the behavior of the participants before and after the program completion. In the last leg of training evaluation, the results of the training program could be ascertained in terms of improved work quality and higher productivity of the participants in their organization. Further, this stage ascertains the degree of improvement in human relations. For instance, it may be ascertained if as a result of participants’ behavioral changes, have the relationship between their supervisors and subordinates improved. Finally, it may be ascertained if the individuals are motivated enough with lesser complaints and greater job satisfaction.

The setting of the case was in Apple Business School, located somewhere in mid-west India. The chief protagonist of the case study was Alicia who teaches the MDP participants (apart from the undergraduate students) for their consumer behavior course. The course is completed and she was worried about her evaluation given the fact that some of her participants had underrated the course. All through this while, she had been rated among the top performers and her MDP participants had rated her in high terms many times as a consequence of which she had won the
‘Best MDP Instructor Award’ for a good number of years. However, this year’s evaluation had been a surprise for her. She had never expected that those very participants who had received an A grade would give her average or below average ratings in feedback response forms. She was wondering if she could sort out the matter with the Director for rectifying the lacuna in the entire system of teacher feedback responses. It may be concluded from the case that let subjectivity be involved in the participants’ judgment; however, this should not constitute the sole criteria for judging an instructor’s performance. Open-ended questions should be included; more appraisers should be involved in the process; let critical decisions be not made on the basis of such feedback assessment; and, the testing of reliability and validity of the questionnaires should be done before administration.

Learning objectives
There are four key objectives of the case study:
a. To learn the fundamentals of performance appraisal and management system.
b. To learn the two components of 360 degree feedback mechanism in performance appraisal and management.
c. To underscore the significance of feedback forms and the subjectivity involved therein.
d. To draw conclusions regarding the advantages and disadvantages of the two components of the 360 degree feedback mechanism.

Utility of the case study
The case study is apt for courses veering around human resource management, organizational behavior and performance management at the undergraduate and graduate levels.

Background of the case study
Alicia is an Associate Professor at Apple School of Management where she teaches two courses: Neuromarketing and Consumer Behavior. For the present, she teaches the BBA and MBA students in their second and third semesters respectively. Apart from this, she conducts MDP courses on Consumer Behavior on a regular basis. She holds a doctorate degree from the Indian Institute of Technology, Delhi. She has been associated with the business school since 2007. She had finished teaching the MBA students as well as the grading of the students. And, she had also finished taking classes for the MDP participants. It was her appraisal time as well. And, among other components of appraisal, feedback responses from the MDP participants constituted one of the most critical components in overall assessment. Participants of the MDP programme had rated her well barring some of them who rated her as average or below average. Alicia was surprised because this was the first time when she had been rated as average or below average by the MDP participants. Hitherto, she had been winning the ‘Best MDP Instructor Award’ many times. And, she had never been rated low by her undergraduate students. However, her surprise with the feedback responses from the MDP participants’ batch was quite understandable. Some of the best performers in the class had underrated her course. Alicia sought to have a word with the Director regarding this issue. In fact, she desired anonymity in the feedback forms. Secondly, subjectivity should be introduced in the feedback forms where the participants should provide reasons as to why they would prefer to underrate a particular course. After all, courses for the MDP were specially designed with lot of effort.

Case study questions
This is a short case-study and students are advised to read the case study thoroughly before coming to the class. Questions may be raised in the class like:
a. Biasness is evident in the assessment and evaluation of the teacher by the students (See Exhibit 4). In an organizational context, what are the common parameters on which a leader may be assessed by his followers, peers and supervisors?

**Indicative Answer**

While one does appreciate the utility of a 360 or a 540 degree feedback mechanism, there are some common threads which may be useful for assessing the robustness of assessment by each of the stakeholders. Some of these areas could relate to the working style of the leader. Remember, it is not individual who needs to be assessed; it is the performance which needs to be evaluated. This would be contingent upon the kind of relationship which the other stakeholders share with the leader, of course. Let the objectivity be done away with in feedback forms. It may be retained to a certain extent only. Open-ended questions should be included in the feedback forms. Sometimes, it is the staff at the bottom tier which provides information regarding the leader’s true behavior. Reverse-meaning questions should be included in the questionnaires. This would ensure that true assessment is obtained in the end. Also, reasons should be cited as to why the respondent rates the leader that way.

b. In an organizational context, how should recalcitrant followers be tackled when the leader’s assessment is at stake?

**Indicative Answer**

There is no evidence of organizational politics in the case study. However, a brief about the same deserves mention here. Longenecker, Sims and Gioia (1987) refer to politics of appraisal as the “deliberate attempts by individuals to enhance or protect their self-interests when conflicting courses of action are possible.” For instance, both sides might wish to influence the other. However, this may be prevented by including other appraisers in the overall evaluation process. Thus, there are possibilities wherein the leader and followers may not be well-tuned with each other. As many stakeholders as possible should be included in the process of assessment to avoid objectivity. For instance, Mohrman Jr., Resnick-West and Lawler III (1989) have given the list of possible appraisers which may include supervisor or manager, higher-level manager, appraise, peer, subordinate, client or customer, and, an independent trained observer. Let not the very crucial decisions (for instance, conferring an award or giving out some doles) be hinged upon raters’ appraisal. Performance appraisal should be regarded not as one time activity. It should be conducted on a periodic basis. However, continuous and constant monitoring as well as assessment should be conducted regularly. Daily and weekly reports spelling out the work done for the day and the entire week should be entered in a separate portal (office intranet, for instance) meant for such purpose. The latter should be cross-verified by the leader, followers and the other stakeholders on a timely basis. This repository of self-assessment may be validated against the feedback forms later when the annual appraisal is round the corner.

c. Analyze the Exhibit 2 vis-à-vis Exhibit 4 in terms of the linkage between participants’ performance and overall assessment of Alicia.

**Indicative Answer**

Although the feedback responses have been given in a collective form, it is clear that whereas participants have performed quite well in terms of their grades, they have not given high preference to the overall teaching and learning effectiveness as far as Alicia is concerned. Probably, participants have remained unappreciative of the pedagogical style of Alicia but liked the subject. It is also probable that students have been unappreciative of the course curriculum and found it easy to tackle. It is also possible that they had come for the MDP programme with a different mindset than
what they faced in reality. This exercise may be conducted through statistical software like SPSS, STATA for a better grip of the software application.

**Conclusion**

First off, I would strongly recommend the following references for the teacher before scheduling the session on performance appraisal and reward mechanism:


“Performance management is communication: a manager and an employee arrive together at an understanding of what work is to be accomplished, how it will be accomplished, how work is progressing towards desired results, and finally after effort is expended to accomplish the work, whether the performance has achieved the agreed-upon plan… performance management is an umbrella term that includes performance planning, performance review and performance appraisal.” (Plachy, 1987, as cited in Thorpe & Holloway, 2008: p. 72).

What are the organizational uses of performance appraisal? Murphy and Clevaland (1995) list the following uses:

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between-person distinctions</td>
<td>Using appraisal for salary administration, individual recognition, identifying targets for layoffs.</td>
</tr>
<tr>
<td>Within-person distinctions</td>
<td>Using appraisal to identify training needs, make placement and transfer decisions, provide performance feedback.</td>
</tr>
<tr>
<td>Systems maintenance</td>
<td>Using appraisal to evaluate personnel systems, identify organizational development needs.</td>
</tr>
<tr>
<td>Documentation</td>
<td>Using appraisal to justify personnel actions, to validate selection and assessment systems.</td>
</tr>
</tbody>
</table>

Vis-à-vis the case study, the feedback forms received from the participants were analyzed for giving away the ‘Best MDP Instructor Award’ and to judge the overall performance of Alicia. Some of the pitfalls in doing the same had been mentioned in the case study itself. Drawing a parallel with the modern corporate organizations, it might be gauged that basing crucial decisions on performance appraisal by the stakeholders may not be a good idea. The questionnaires should be tested for their reliability and validity before administration. This would do away with the concomitant biasness in evaluation and assessment procedures. An important principle of performance-based evaluation lies in asking the right questions (Guerra-Lopez, 2008). The case study posits that right questions may be framed such that exactitude is ascertained and responses are collected from both ends of the spectrum. Disguised questions with suitable wording should be framed such that adequate
responses may be gauged. Assessor should not be able to gauge the true purpose of asking such questions.

**Organizing discussion (Assumes 90 minute session)**

<table>
<thead>
<tr>
<th>Time slot (minutes)</th>
<th>Indicative discussion pointers</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 minutes</td>
<td>Discuss the concept of performance management.</td>
</tr>
<tr>
<td>20 minutes</td>
<td>Discuss the significance of 360 degree feedback mechanism in organizations.</td>
</tr>
<tr>
<td>10 minutes</td>
<td>Discuss the ways how mutual feedback may serve as a double-edged sword in organizations.</td>
</tr>
<tr>
<td>30 minutes</td>
<td>Discussion on the interpretation of exhibits (1-5).</td>
</tr>
<tr>
<td>15 minutes</td>
<td>SPSS/STATA application to Exhibits with analysis thereof.</td>
</tr>
<tr>
<td>5 minutes</td>
<td>Conclusion with directives for the next session.</td>
</tr>
</tbody>
</table>