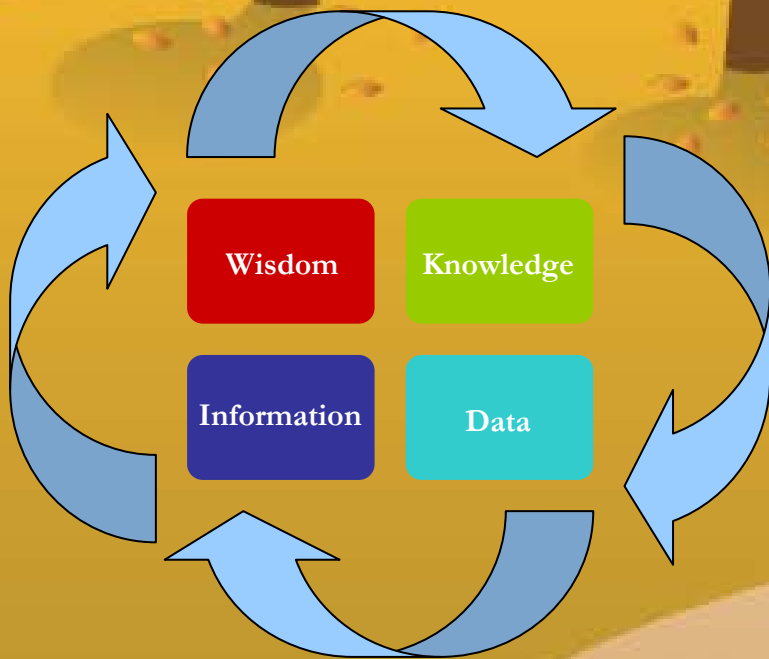


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## **EDITORIAL**

### **ROOTS OF MORAL PHILOSOPHY**

The first principle of morality as we understand it today goes back thousands of years into the realms of religion and culture. In recent times, John Stuart Mill (1806 – 1873) has provided an exposition through his concept of utilitarianism. The principle provides us with a criterion for distinguishing right and wrong. The underlying concept is utility, which holds that “actions are right in proportion as they tend to promote happiness; wrong as they tend to produce the reverse of happiness. By happiness is intended pleasure and the absence of pain; by unhappiness pain and the deprivation of pleasure.”

The principle of utility has a long history dating back to the 1730s. The earliest supporters of the principle were the religious utilitarians represented by John Brown, Soune Jengins and most famously, William Paley. The religious utilitarians looked to the Christian God to address a basic problem – how to harmonize the interests of individuals, who are motivated by their own happiness, with the interests of society as a whole. Once we understand that what we must do is what God wills (because of God’s power of eternal sanction) and God wills the happiness of his creatures, morality and our own self-interest will be seen to overlap. God guarantees that an individual’s self-interest lies in virtue, in furthering the happiness of others.

Mill’s version of utilitarianism, which may be called Secular Utilitarianism, was inspired by the works of Jeremy Bentham. It is important to note that Bentham’s interest in utility did not arise from concern about ethical theory as much as from concern about legislative and legal reform. Mill’s defense of the principle of utility extends the boundaries of Bentham’s arguments. First, Mill distinguishes between the intuitionist and inductive schools of morality, and also suggests the limits to what we can expect from proof of the first principles of morality. He argues that questions of ultimate ends are not amenable to direct proof. All that can be done is to present considerations “capable of determining the intellect either to give or withhold its assent to the doctrine; and this is equivalent to proof.” Second, Mill corrects misconceptions about the principle of utility. Countering the Epicurean view, Mill proffers a distinction between higher and lower pleasures, with higher pleasures including mental, aesthetic, and moral pleasures. When we are evaluating whether or not an action is good by evaluating the happiness that we can expect to be produced by it, Mill argues that higher pleasures should be taken to be in kind (rather than by degree) preferable to lower pleasures. The other misconception is the relationship between the happiness of the individual and that of society. Mill argues that the large majority of actions intend the good of individuals (including ourselves) rather than the good of the world. Yet the world’s good is made up of the good of individuals that constitute it. Our attention to the public well-being usually needs to extend only so far as is required to know that we are not violating the rights of others. Third, Mill defends the possibility of a strong utilitarian conscience (i.e., a strong feeling of obligation to the general happiness) by showing how such a feeling can develop out of the natural drive we have to be in unity with fellow creatures – a desire that enables us

to care for what happens to them and to perceive our own interests as linked with theirs. It is a sign of moral progress when the happiness of others, including the happiness of those we don't know, becomes important to us. Finally utilitarianism accounts for justice. Justice is something we are keen to defend. Mill begins by marking off morality (the realm of duties) from expediency and worthiness by arguing that duties are those things that we think people ought to be punished for not fulfilling it. He then suggests that justice is demarcated from other areas of morality because it includes those duties to which others have correlative rights.

Critics of utilitarianism have placed special emphasis on its inability to provide a satisfactory account of rights. The intuition that something is wrong if your rights can be violated for the sake of the general good, provoked the great challenge to utilitarian concepts of justice, leveled with special force by twentieth century thinkers like John Rawls.

### **Moral Theory and Principles:**

Most of us are familiar with a "common sense morality" based on norms such as "be fair", "do your best", "keep your promises" and "treat others as you would like to be treated." There are also values that are generally held to be "good": honesty, charity, courage, integrity, love, knowledge, freedom and happiness. Common sense principles of morality may be insufficient when considering complex situations. Philosophers have used these ideals to develop moral theories to help guide behavior and have postulated ethical standards and principles based on them.

Some of the prominent moral theories are:

- Divine Command Theory
- Natural Rights Theory and
- Utilitarianism

Divine Command theory holds that morality should be based on God's commands. The underpinnings of the theory can be found in all the major religions of the world. The Natural Rights theory holds that all individuals have natural rights to life, liberty and property, which should be limited only by the need not to violate the rights of others. Utilitarianism, as noted earlier, holds that morality should be guided by the "greatest good for the greatest number" meaning that utility or happiness for all should be maximized. There are other theories too but none has gained universal acceptance.

The failure of any predominant theory to emerge is due to the difficulty to rely on one theory in all situations. A better alternative to a one-theory-fits-all approach may be to attempt to specify a comprehensive set of basic principles that may universally be regarded as having general moral value. A basic set of eight principles has been suggested by Resnik:

- Nonmaleficence: Do not harm yourself or other people
- Beneficence: Help yourself and other people
- Autonomy: Allow rational individuals to make free and informed choices

- Justice: Treat people fairly; treat equals equally, unequals unequally
- Utility: Maximize the ratio of benefits to harms for all people
- Fidelity: Keep your promises and agreements
- Honesty: Do not lie, defraud, deceive or mislead
- Privacy: Respect personal privacy and confidentiality

Although the meaning of some of the terms may be debated, it is possible to postulate a reasonably comprehensive list of principles that may form a useful guide to a general moral system. The list incorporates many principles that are common to all cultures. It may accord in part with certain religiously inspired principles but does not rely on them. The principles are not absolute rules but guidelines to be used in conjunction with each other. There may be conflicts between them. When faced with an ethical dilemma, it is suggested that after gathering information and exploring different options, a balanced decision could be made by evaluating the options in relation to the principles. This process is known as “moral reasoning” leading to a state of “reflective equilibrium”, or balanced judgment.

The advantage of using such a set of principles is that they are easier to understand, teach, and learn than moral theories. The simplicity of the framework is illustrated by the encapsulation of a range of principles in just eight words. They can also be regarded as universal because they stand the “golden rule” test. The golden rule test is similar to Immanuel Kant’s idea that moral principles should be ones that everyone could consistently adopt. Would you like others to behave towards you with nonmaleficence, beneficence, fidelity and honesty, allowing you autonomy, justice and privacy? Of course because no one wants to be harmed, neglected, betrayed, lied to, suppressed, cheated or invaded. Thus, it is reasonable to accept them as universal objective principles. This does not imply that the interpretation and application of them may not remain partly subjective.

The eight principles have a broad scope and incorporate in part some of the earlier moral theories such as natural rights (autonomy) and utilitarianism (utility). The concept of utility as a moral principle is broad. It may include anything useful or beneficial to human welfare. While the notion of economics being associated with morality may be disconcerting to some people, much of economic theory is also devoted to the maximization of utility, paying due regard to autonomy as exercised in market choice. The implication is that the moral reasoning approach may apply between individuals, between an individual and society, and also in defining the obligation of society towards individuals. The inclusion of autonomy and utility as principles enables the set of principles to be applicable to the moral process of individuals, groups, organizations or government. Thus it comprises a set with potentially universal applicability.

The notion of autonomy, of individual human rights, is most famously defined in the Universal Declaration of Human Rights. The exercise of these rights and freedoms may be limited only “for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in democratic society.” The implication is that there is to be a balance

between individual rights and public welfare, i.e. between autonomy and utility and also that morality is an element of this process.

An advantage of this approach is that it does not attempt the impossible task of defining absolute rules applicable in all situations. It merely defines a decision making process based on certain moral principles. It does however have practical benefits in application. While morally deviant behavior, willful or inadvertent, will always occur, the principles provide a useful reference for its evaluation. Bad behavior may involve denial or neglect of a principle, or inappropriate emphasis on one principle. Most people seek to adopt a moral position in some way, but may fail in this process because they are unaware or have overlooked or disregarded issues and principles that are relevant and necessary.

### **Religion and Morality**

Many moral decisions involve an implicit balance of judgment between competing objectives. A fundamental flaw in the application of religious morality is that it cannot be universal, as different religions define different laws of morality. Another problem is a difficulty that is apparent in Article 18 of the Universal Declaration which defines freedom “of thought, conscience, and religion.” There is an inherent contradiction here because religions may serve to limit freedom of thought and conscience. Freedom of religion implies the freedom of religious morality. However, this cannot be universal thus contradicting the universality of the declaration.

In relation to moral justice, people should be treated equally. However, some religions clearly violate this principle because they do not treat women equally. In relation to utility, it is evident, despite their charitable features, that religions in general have not always been beneficial to human welfare. Apart from motivating countless wars, social strife and acts of violence, it may be argued that religions in the past centuries held back the development of science and technology and hence economic welfare and prosperity. Religions may thus also be held to be in violation of the principles of utility, nonmaleficence and beneficence. However it is in relation to personal autonomy and honesty that religious ideology has the most serious apparent problems.

The very basis of the survival of religions is their denial of freedom of thought. In contrast to “freethinkers”, religious believers are effectively denied this autonomy or induced to surrender it. Children are indoctrinated. Doubt is discouraged by threats of eternal damnation. Thought is constrained according to what is deemed permissible in sacred books. Religions have further problems when evaluated in reference to the most important universal principle of honesty. An essential ingredient of most religions is claims regarding the existence of supernatural beings and events. These claims are beliefs based on faith rather than knowledge, that is, they lack an essential element of epistemological validity – proof. When people expounding the doctrines of religions refer to these claims as “truth”, it is difficult to understand how they are not guilty of at best intellectual dishonesty. Individual believers of course cannot be blamed for stating what they genuinely believe to be true. However those in positions of religious authority bear this responsibility.

## **A Humanist Alternative**

The most unfortunate consequence of the current predominance of the religious world view is that it causes a massive diversion away from universal values that, if respected, would have real benefit to humanity. While proclaiming morality in absolute terms, the various religions in effect give rise to the moral relativism that they claim to oppose. While each religion may mistakenly assume its own moral code to be universal, tolerance requires respect for the moral codes of others, the result of which is a malaise of religious moral relativism. This, combined with the divisiveness of religious ideologies and the “chosen people” mentality, may be seen as contributing to a range of dire world problems such as endemic poverty, trade and income inequality, terrorism and unilateralism.

Most believers are captivated by their religious ideologies because they have been taught, and they believe, that there is no better alternative. They believe, or wish to believe, that their compliance with the requirements of their religion is the only course open to them. It could be of great service if an authoritative statement of universal moral values could be offered as an alternative. Such a statement would implicitly generally coincide with a statement of humanist moral values or with a statement of humanist moral decision making procedures. One of the motivations that humanist organizations have had in providing the existing statements of humanist values has presumably been a hope or an intention that such statements could be universally accepted. A task of attempting to express a statement of a universal moral code is something that may only be accomplished from a humanist perspective.

The set of eight moral principles outlined earlier can be a good starting point. The potential of these principles in providing a comprehensive description of all aspects of moral problems, and their use in a moral reasoning process, has perhaps not yet been realized. Within the constraint implied by possible contradictions between principles, each principle may be regarded as one that everyone could consistently adopt. In that sense, they may be described as universal principles. By reference to common examples, it may be shown that the principles are implicitly already in operation throughout the range of human activity, from personal issues to international relations. It may then be suggested that the field of application for the use of the method has universal scope. Thus it would appear that the current set of principles may be useful in proposing a general statement of universal ethical values.

If a formal statement of these principles and their method of use could be devised, what shape would it take and what would it define? The intention would be to provide a universal statement of guidelines for moral decision making. If these guidelines are an expression of a universal method of moral practice, then by implication, all individuals should consider it an obligation to act in accordance with the guidelines. Thus what may be described by such a statement may be described as universal obligations. While most people are accustomed to the idea of universal rights, they are perhaps less reluctant to accept the idea of universal obligations. Rights are free whereas obligations imply costs. But one person’s right is another’s obligation – they are two sides of the same coin. If a universal ethical method is to be contemplated, the concept of universal obligations is a necessary corollary. It is reasonable

then, that a statement of universal values should be expressed in terms of a statement of obligations.

Regarding universal rights, we are familiar with the concept of the declaration of such rights. Similarly, a statement of universal obligations could be expressed in the form of a declaration; however that would presuppose the existence and agreement of a body with authority and inclination to make such a declaration. For the present, any attempt to formalize universal moral obligations may at best take the form of a statement. What may this statement hope to achieve? It could be said that the provision of a formal statement fulfills a need. It would be helpful if the non-religious could point to a reference that indicates they require no religion to practice their morality. It would provide a demonstration to the religious that their beliefs not only do not provide a universal standard of morality but are inconsistent with one. In terms of the style of the document there is perhaps no better example that may be followed than that of the Universal Declaration of Human Rights. Accordingly, a draft of a Universal Declaration of Moral Obligations has been prepared. The primary purpose of this is to demonstrate the feasibility of creating such a document. The existence of such a document issues a challenge to detractors to state what they regard as faults and inadequacies of the document. While it is possible that the document may fall short of the ideal, nevertheless it provides a valuable reference as to what may be aspired.

Religions assume a prominent but unwarranted role in the perception of most societies as being arbiters and custodians of morality. It is hoped that by providing a concrete, viable and visible guide to a humanistic moral process, an alternative may be provided to the established moral authority assumed by organized religions. This presumption of authority by religion in moral matters does not serve the best interests of humanity.

### **Universal Statement of Moral Obligations**

(The style of this draft is based on that of the Universal Declaration of Human Rights - see notes)

#### **Preamble**

*Whereas* the welfare of the people of the world is dependent on the most desirable moral behavior of all individuals and organizations

*Whereas* disagreement between peoples may arise due to different views on the nature of forms of behavior that are considered to be morally desirable

*Whereas* it is desirable that the peoples of the world should have a common basis for the determination and identification of behaviors that are considered morally desirable

*Whereas* there are certain principles that may universally be presumed, in general, to describe behavior that may be regarded as morally desirable

*Whereas* such principles may be regarded as universal because every individual may be universally presumed to desire to be treated in accordance with such principles

*Whereas* a set of such principles may be described as follows:

<i>Nonmaleficence</i>	Do not harm yourself or other people
<i>Beneficence</i>	Help yourself and other people
<i>Autonomy</i>	Allow rational individuals to make free and informed choices
<i>Justice</i>	Treat people fairly: treat equals equally, unequals unequally
<i>Utility</i>	Maximize the ratio of benefits to harms for all people
<i>Fidelity</i>	Keep your promises and agreements
<i>Honesty</i>	Do not lie, defraud, deceive or mislead
<i>Privacy</i>	Respect personal privacy and confidentiality

*Whereas* a knowledge of these principles and the method of their application is desirable in avoiding behavior in contravention of these principles

*Whereas* a process of moral reasoning should be employed as a guide to behavior that best implements a balance of these principles

*Whereas* in this process all the available relevant information should be sought and utilized

*Whereas* a common observance of these principles is of the greatest importance for the full realization of this pledge

### **It is therefore here stated**

This Universal Statement of Moral Obligations as a common guide to behavior for all peoples in all nations, to the end that every individual and every organ of society, keeping this Statement constantly in mind, shall strive by teaching and education to promote respect for these Obligations, national and international, to secure their universal and effective recognition and observance.

### **Article 1**

All human beings are obliged with the responsibility to act in accordance with a balanced consideration of all moral principles, seeking to fulfill each of the principles to the maximum degree warranted by circumstances, in a spirit of brotherhood

### **Article 2**

Everyone is obliged to act reasonably in accordance with the moral obligations set forth in this Statement without exception of any kind with respect to race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

### **Article 3**

The administration of justice requires an obligation to obey the law. Laws should not violate any reasoned and balanced interpretation of moral obligations formulated in accordance with this Statement. If any law is reasonably considered to pose such a violation, it is the duty of everyone to seek to change that law in accordance with the lawful means provided. Only in

exceptional circumstances, determined by clear and unequivocal imperatives implied by conformity with these obligations, should any law be disobeyed.

#### **Article 4**

The moral obligations and practices implied by belief in any particular religion should not be considered to precede, override or surpass a balanced interpretation of the eight moral principles set forth in this Statement.

#### **Article 5**

Where contradictions occur in the simultaneous fulfillment of different moral principles, such that one or more of the principles is violated, it must be reasonably demonstrated that exceptional circumstances prevail, necessitating the violation of that principle or principles in favor of other principles.

#### **Article 6**

All relevant information necessary for the conduct of moral decision making in accordance with this Statement should be provided and not unnecessarily withheld from those who would benefit from such information.

#### **Article 7**

It is an obligation of those in positions of power and authority over others not to exploit their power and authority for personal gain, nor use it in favor of any particular religion, in violation of the intentions of this Statement.

#### **Article 8**

Parents have an obligation to their children to educate their children the principles or moral behavior and reasoning set out in this Statement and to provide by their own conformity with these principles an example that their children may follow.

#### **Article 9**

The obligations of beneficence, nonmaleficence and justice set forth in this Statement, imply a duty to our children and to future generations, to respect nature and the environment.

#### **Article 10**

An individual's autonomy regarding choice of attire should be exercised with regard to the situation in which the attire is to be worn and in accordance with the principles set forth in this Statement.

#### **Article 11**

Acts of a sexual nature should be conducted in private between consenting adults in accordance with the principles and articles set forth in this Statement.

## **Article 12**

It is an obligation of all people and authorities to respect and honor the individual human rights as set out in the United Nations Universal Declaration of Human Rights. In relation to the freedom of thought, conscience and religion therein declared, the universal moral principles here declared, in particular those relating to autonomy, justice and honesty, evaluated in the light of all scientifically verifiable information, shall prevail over any right implied by the freedom of religion.

### Explanatory notes

*The preamble and proclamation are derived in similarity to the Universal Declaration of Human Rights. Articles 1 and 2 are based on UDHR 1 and 2. Article 3 is intended to correspond with legal considerations specified in UDHR 6-11. Article 4 implies priority over religiously derived morality. Articles 5 and 6 relate to method of implementation of the eight moral principles. Article 7 is directed against corruption and the interference of religion in politics. Article 8 is directed against religious indoctrination. Article 9 expands the notion of "people" referred to in the preamble to include future people. Article 10 is meant to suggest that the principles of autonomy and privacy, for example, and respect for the utility of others, should be exercised when deciding to wear, for example, a bikini or a burka in a bank. Article 11 is intended to suggest that sex should be conducted with regard to fidelity, honesty and privacy, and should be limited to adults. Article 12 links obligations to rights of the UDHR and clarifies the contradiction in UDHR 18.*

### **Editor's Picks:**

1. Mathew E. May; Elegance By Design: The Art of Less; MIT Sloan Management Review; July 27, 2009.
2. Niall Ferguson; The Descent of Finance; Harvard Business School Video.

## ALARM TO B-SCHOOLS FROM FOREIGN UNIVERSITIES AND FOREIGN STUDENTS

*Prof. Aparna Sethi*

The Indian economy experienced major policy changes in the early 1990s. The new economic reforms popularly known as Liberalization, Privatization, and Globalization (LPG model) aimed at making the Indian economy as one of the fastest growing economies and globally competitive. Though the new policies helped Indian organizations to compete globally, the move spelt trouble for many. Many small business enterprises had to close down or were acquired by larger players.

India is experiencing the consequences of the global meltdown not only on the international front but also on the domestic front. Foreign companies eye India with cautious optimism. In each and every field foreign companies want to fix their foot. But sometimes India becomes a dumping ground for foreign organizations.

In India there are a few areas where foreign organizations are not permitted to function and education is one of them. In the realm of academics, higher education is given importance as it emphasizes on specialization. Through higher education, B-schools provide a strong footing for individuals to bag coveted managerial positions in reputed organizations and realize their dreams. But now Indian management schools have to face new problems from the government and the corporates as well.

At present, foreign universities are not permitted to function in India. A recently

published article says: “The new Minister of Human Resource Development, Kapil Sibal, has promised to open India’s doors to foreign universities and to promote private investment in higher education”.

Academic experts sense foreign universities’ intentions and the consequences:

- Foreign universities will be coming with the intention of quick profit making.
- Most of the institutes who have applied for operation in India are not universities.
- Some of them are at the bottom level on standards of education in their home countries.
- To avoid the costs of faculty and staff relocation, foreign universities will end up recruiting Indian teaching and non-teaching staff and as a result, students will have an international degree but not an international outlook or experience.

After examining the above consequences, academic experts say: “Simply to throw the academic doors open would be a serious mistake. India, like other developing countries, needs a clear and transparent policy and regulatory framework”. They argue that the people making the required reforms should be the Indian academicians, who are familiar

with the Indian educational system (*The Hindu-Tuesday, Jun 02, 2009*).

Earlier, students were inclined to study abroad. But now the trend is changing. According to recent findings, there is a 15% dip in terms of students preparing for GMAT and GRE, pre-requisite exams for admissions to most of the foreign universities (*The Economic Times – Wednesday, Jun 17, 2009*). Students are looking at the challenges and costs involved in studying abroad and are opting for domestic universities instead. If the government passes this proposal, Indian universities will face the same consequences as the vernacular medium schools did after the entry of convent schools.

Then there is also the issue of placements. This year, B-school heavyweights like IIMs have also faced difficulties in placing students. Compromises on remuneration have been made. We can only envisage the employment scenario in tier-II B-schools. In MBA education, internship projects are considered to be a probable doorway for final placements. In the same regard the recent article: “Students head to India for experience as West slows down” (*The Economic Times-Wednesday, Jun 17, 2009*) is very nerve-wracking. Organizations are recruiting foreign students for internship projects and getting

internships for Indian students is one of the major challenges Indian B-schools are facing.

It’s a golden opportunity for foreign students and Indian corporates. Foreign students look for opportunities to work in India. Firstly, because of the global slow down, and secondly, they may have to work in India in the future, as many foreign organizations are planning to operate in India. This will help them to broaden their network and understand the Indian market. Indian companies are also keen on learning about foreign cultures and understand their way of working, which will help them to succeed at the international level. This study reveals that this is a result of global downturn, but if the same trend continues, the destiny of aspiring Indian managers may be in danger.

In the short run, inviting foreign universities and appointing foreign students might look attractive, but in the long run, globalization in academia needs a more objective and serious debate.

### **References**

The Hindu - Tuesday, Jun 02, 2009

The Economic Times - Wednesday, Jun 17, 2009

## 18<sup>TH</sup> MAY 2009: THE OTHER SIDE OF THE “GOLDEN MONDAY”

*Nishant Kumar (PGP-08PG175), Finance B*

This was a historical day in the history of the Indian stock market, when for the first time market reached upper circuit and the trading was halted for the entire day. Many things have been said about how and why it happened along with the benefits of a stable government and signs of recovery in Indian market. Thanks to the entertainment (read news) channels, for two straight days, people were being told about nuances of circuits in the stock market. But, I am not here to elaborate on those glorious facts. I only want to show you the other face of that historical day from the eyes of a small investor.

Just before the election results were to be announced, every brokerage firm was advising its clients to trade cautiously as a correction (a fall) was expected. Be it Share khan, Anagram Capital, India Bulls, Angel Broking or any other firm. As a consequence, there was a widespread perception that stock market was going to fall as no party was going to get a clear majority. Exit polls lost their credibility after the fiasco of last year polls.

Thus, different set of investors reacted to this situation in different ways:

- Those who were extremely Bullish bought futures and calls.
- Some people used Straddle & Strangle strategies (in Options) to be safe on both sides.
- Some simply remained cautious and waited with their long positions.

Those who were Bearish:

- Some disposed off their long positions and started waiting for the correction to buy.
- Some hedged their positions by purchasing Puts or Futures.
- Some only bought Puts and had short positions.

Now, let's take a closer look at the dark side of those circuit breakers.

**Case 1:** I bought 1 Put option of Nifty with a strike price of 3500 at Rs 92 on 15<sup>th</sup> May 2009 in order to encash the opportunity. On Monday, trading was halted for the whole day after two trading sessions of 30 seconds each. The value of that Put came down to Rs 7, but didn't have the chance to sell it. On 25<sup>th</sup> May, i.e., the expiry of the Future & Options market, its value was Rs 0.90, an erosion of 99% of the original value and people were forced to see their money vanishing in thin air.

The MTM loss was written on the accounts of everyone who had a short position and they were helpless. They didn't have a choice even to cover their positions.

**Case 2:** Similarly, those who had a Call option saw it going in-the-money, but were unable to sell. The NSE F&O segment had a turnover of only Rs 2,599.35 crore as against Rs 45,000-65,000 crore on a normal trading day.

**Case 3:** The volumes traded in the cash market was just Rs 195 crore (BSE Rs 125 crore and NSE Rs 170 crore). Sensex rose up to 17.34%. This is compared to an average of Rs 5,100-odd crore on BSE and Rs 15,000 crore on NSE. Only 202 stocks on NSE and 842 stocks on BSE were traded. Sensex is a composite index of 30 stocks in BSE and Nifty, composite index of 50 stocks on NSE based on their market capitalization. So, if people are trading only on those stocks which have higher weightage in index, it won't reflect the true sentiments of the market. Also if the circuit rule says to stop trading at 10% rise from the average closing values of the last quarters' value, then why did some stocks (small cap and mid cap) rise only 5% while others surged more than 20%. Shouldn't the rule put a circuit on all the stocks at the same level? What's the use of those movements if no one can actually trade them?

**Case 4:** Since no Futures & Options were traded on that day, I strongly felt that it might have given rise to awkward hedging positions as well as arbitrage opportunities. One such case was of Nifty Futures SGX in Singapore Exchange. Technical analysts were in quandary over what to recommend to their clients.

**Case 5:** But the most important issue was that the circuit breaker was not triggered for both Sensex and Nifty when it breached 10% upper limit, but instead, the market was halted at 14.4% rise for Nifty and 14.70% for Sensex. People from SEBI said that when orders were placed at much higher levels immediately after markets were open, it took the system time to adjust and by that time, the indices went up much higher than the prescribed 10% limit. It happened with both the exchanges because there were no sellers. So, they denied any possibility of calculation errors.

Now this was all that I felt on that "Golden Monday" being a small investor. I burned my hands severely that day and was scratching my head over the ways to cover that loss which hasn't been covered yet. I feel that rally was overrated as a cue for recovery of Indian market because the market is still trying to find its fundamentals and that is pretty evident from the fluctuations in the past couple of days.

## HOW RELEVANT IS BUSINESS RESEARCH TODAY?

*Lakshmi B K*

Nearly 200 years have passed since the Prussian educational reformer and linguist, Wilhelm von Humboldt founded the Humboldt University of Berlin, whose model has influenced other European and Western universities. His concept of establishing a system of higher education which would be conducive to an environment where research and teaching could happen simultaneously was revolutionary at the time. The focus of his concept was to develop the world by interacting with it as individuals. The freedom of research, the close relationship between research and teaching, the integration of science and scholarship, and the pre-eminence of scholarship over specialized professional training are some of the underlying principles of the Humboldtian university tradition.

This university model has much relevance even today. In many modern universities, teaching and research are given equal importance and a professor has to be an excellent researcher apart from being an excellent teacher to be recognized as a member of the academic community. Substantial funding of research projects in universities is also given importance by the respective governments as a university's stakeholders are not just students and teachers but also the society at large.

In this context, an important question arises: How relevant is business research today? It is a belief that the key role of any research undertaken is to advance knowledge. But is it the knowledge of the

researcher or the knowledge of the collective mass that the universities hope to advance? It has been criticized that much business school research is impractical and at times redundant. Business practitioners argue that sometimes researchers get paid to state the obvious, and their studies do not really have any implications in the real world. Some of the most crucial issues like the subprime mortgage crisis, high-profile bankruptcies, and pressing environmental tribulations like global warming etcetera still remain as issues which have been primarily looked at from a theoretical perspective. Emphasis is on academic rigor rather than on empirical impact of the research.

Another phenomenon which has now become a facade is publishing research work in international journals. How many managers read these journals and how many actually understand the business terminologies used in them is anybody's guess. The only purpose they seem to be serving now is satisfying promotional requirements and creating mindless arguments and discussions within the academic community. How often do we come across ground – breaking research? How often has Humboldt's concept of "developing" the world through individual research been materialized? The answer is: not very often, not in the way that we want it to, and not nearly to the extent that we want it to.

In this regard, AACSB International, a global business school accrediting body,

has recommended that business schools be required to demonstrate the impact of their faculties' research on real world problems and not just be restricted to achieve papers in "top" journals. And universities should come up with a favorable system/curriculum that will allow researchers to do research and teach at the same time without imposing unnecessary stress on them. So, how will academicians react to this? Will they feel like their freedom to do research would be taken away if "research-with-an-impact" is made mandatory, or will they warm up to the idea of working more closely with business practitioners in doing quality

research that would have the potential to change the world for the better?

**References:**

Lydia Hartwig, "Is Humboldt still relevant today? Notes on the relationship between research and teaching from a German perspective" (a pdf of the Conference paper), [http://portal-live.solent.ac.uk/university/rtconference/2007/resources/lydia\\_hartwig.pdf](http://portal-live.solent.ac.uk/university/rtconference/2007/resources/lydia_hartwig.pdf)

Stephen Watson, AACSB International, FIBE 2009: Impact of Research

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*Your most unhappy customers are your greatest source of learning.  
-Bill Gates*

## A CASE STUDY ON AMAZON.COM AND AKAMAI

### The Situation

When Amazon.com was planning to celebrate its tenth year in business, the online retailer had one more reason to celebrate—the sixth book of the hugely popular Harry Potter series was being released the same week. In typical fashion, Amazon.com set out to find innovative ways to share the joy of these two huge events with its customers. Building on its successful track record of using exclusive content to create unique and entertaining customer experiences to support major announcements and product releases, Amazon's team conjured up three very special event programs and exclusive, online video content presented on Amazon.com played a key role in each:

- Amazon's first-ever Harry Potter Kids Review Panel, for which, Harry Potter fans under the age of 18 submitted "audition" videos to Amazon.com explaining why they should be selected as Amazon's Harry Potter experts.
- A special delivery program, in which celebrities like Anna Kournikova and Harrison Ford delivering Amazon orders to surprised customers, captured in short videos viewable on the Amazon.com Web site.
- 10th Anniversary Concert featuring performances by Bob Dylan and Norah Jones viewable live on the Amazon.com welcome page and for 24 hours following the event.

### The Solution

It was critically important to Amazon that these experiences were flawless for their millions of active customers. So the company had to make one more important decision related to its big events: choosing a content delivery network to deliver and stream the video entertainment to customers. "Our 10th Anniversary event was a high-profile customer experience for us and we wanted more than a content delivery network, we wanted a team that's just as passionate as we are about delivering the best possible customer experience," said Chris Bruzzo, Amazon's Director of Strategic Communications, Content and Initiatives. Contracting bandwidth from multiple vendors was an option for Amazon.com, but the company decided, instead, to count on one reliable vendor for its streaming delivery needs. By offloading special event traffic to Nine Systems<sup>1</sup>—Amazon.com was able to deliver an optimal, hiccup-free media experience to customers. This was confirmed by over 50 testers from Amazon who pre-tested the quality of video streams, delivered by Nine Systems for the company's 10th Anniversary Concert, and gave each one a stellar rating.

But if Amazon.com's initial selection of Nine Systems was for its ability to deliver and scale high-profile live and on demand events, it was Nine Systems' flexible, service-based approach that really made the relationship work. "We reviewed our

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<sup>1</sup> *Nine Systems is an Akamai Company*

options and chose Nine Systems for their ability to deliver a solution that can scale to meet expected customer demand, but also because of their extensive customer service,” said Bruzzo. With Nine Systems, Amazon.com got peace of mind to focus on work they needed to do for three blockbuster events—while Nine Systems did exactly what they were tasked to do; in this case, delivering an optimal end-user experience while syncing up and supporting multiple intricate productions almost simultaneously.

To the load, each rapid-fire event had a unique set of technology and production requirements Nine Systems had to deliver with almost split-second timing:

For the Harry Potter Kids Review Panel, Nine Systems developed the video upload tool parents used to register and upload a video essay from their children explaining why they considered themselves to be Harry Potter experts. The video upload tool managed content submissions, parental notification and COPRA compliance.

For Amazon’s wildly successful Special Deliveries program, Nine Systems encoded and published video clips of celebrities delivering packages to surprised Amazon customers twice a day for 10 days leading up to the company’s tenth anniversary. Amazon documented the celebrity deliveries and edited the footage in editing facilities near the delivery location before digitally delivering the video clips to Nine Systems. Working around-the-clock, Nine Systems staff then encoded and published the clips to the Amazon site for viewing by 5 a.m. EST the following day. Working with Amazon engineers, Nine Systems developed a

dynamic XML-driven Flash player for streaming clips via progressive download. For Amazon’s 10th Anniversary Concert, Nine Systems encoded, uploaded and streamed footage of the event from Seattle’s acoustically-renowned Benaroya Hall so fans could listen and view video of the three-hour production live from the Amazon welcome page (www.amazon.com) and for the following 24 hours. Nine Systems provided Amazon.com with a player that incorporated client-side bandwidth detection, media player selection and customized, embedded player applications.

### **The Result**

Bruzzo highlighted the Harry Potter Kids Review Panel as an example of how Nine Systems rose to the challenge and provided a highly customized solution that met their unique requirements. “We laid out the challenge and Nine Systems came back to us with a tool that made it easy for parents to upload their kids’ Harry Potter videos. They’ve been a great partner. We came to trust Nine Systems as an integral part of our program team,” said Bruzzo. Nine Systems’ ability to deliver creative technology solutions on very short turn around was critical to the success of Amazon’s programs. For all of these special projects, Nine Systems helped Amazon.com select appropriate technologies (such as Windows Media™, Real Media™, and Flash™) and enabled an optimal experience for end users through:

- Automatic bandwidth detection
- Links to external players
- Full-screen video and embedded players within the Amazon.com site

- Live broadcasting backed by redundant live encoders (so if one encoder failed, it automatically rolled over to the back-up encoder)

Additionally, Nine Systems' Reports tool gave Amazon.com access to comprehensive trends and performance reports for all three events.

Amazon.com was pleased with Nine Systems' ability to handle many different and taxing high-profile project requirements—truly making media work.

The results were downright Amazonian: Harry Potter Kids Review Panel members conducted media interviews with NBC Dateline, CNN, USA Today, and U.S. News & World Report, among others. Customers worldwide were able to view the live Anniversary Concert with one-of-a-kind performances by Bob Dylan and Norah Jones and celebrities making surprise special deliveries to Amazon customers—spiking Web site traffic during the promotion period and making their tenth anniversary very special indeed.

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#### **About Amazon.com**

Amazon.com, Inc., (NASDAQ: AMZN), a Fortune 500 company based in Seattle, opened on the World Wide Web in July 1995 and today offers Earth's Biggest Selection. Amazon.com seeks to be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online, and endeavors to offer its customers the lowest possible prices. Amazon.com and other sellers offer millions of unique new, refurbished and used items in categories such as beauty, health and personal care, jewelry and watches, gourmet food, sports and outdoors, apparel and accessories, books, music, DVDs, electronics and office, toys and baby, and home and garden. For more information, visit [www.amazon.com](http://www.amazon.com).

#### **About Akamai**

Akamai® is the leading global service provider for accelerating content and business processes online. Thousands of organizations have formed trusted relationships with Akamai, improving their revenue and reducing costs by maximizing the performance of their online businesses. Leveraging the Akamai Edge Network, these organizations gain business advantage today, and have the foundation for the emerging Internet solutions of tomorrow. Akamai is "The Trusted Choice for Online Business." For more information, visit [www.akamai.com](http://www.akamai.com).

## KEY INDICATORS

### WORLD'S HAPPIEST COUNTRIES

RANK	COUNTRY	POPULATION (in million)	LIFE EXPECTANCY (in years)	GDP PER CAPITA (in dollars)
1	DENMARK	5.5	77.8	34,600
2	SWITZERLAND	7.5	80.5	32,300
3	AUSTRIA	8.2	79.0	32,700
4	ICELAND	0.3	80.0	35,600
5	BAHAMAS	0.3	65.6	20,200
6	FINLAND	5.2	78.5	30,900
7	SWEDEN	9.0	80.5	29,800
8	BHUTAN	2.3	55.0	1,400
9	BRUNEI	0.4	75.0	23,600
10	CANADA	33.0	80.0	34,000

Source: BusinessWeek

### MOST AND LEAST LIVABLE COUNTRIES BY HUMAN DEVELOPMENT INDEX

RANK	MOST LIVABLE COUNTRY	LEAST LIVABLE COUNTRY
1	NORWAY	NIGER
2	ICELAND	SIERRA LEONE
3	AUSTRALIA	MALI
4	IRELAND	BURKINA FASO
5	SWEDEN	GUINEA – BISSAU
6	CANADA	CENTRAL AFRICAN REPUBLIC
7	JAPAN	CHAD
8	USA	ETHIOPIA
9	SWITZERLAND	BURUNDI
10	NETHERLANDS	MOZAMBIQUE

Source: United Nations

### MOST EXPENSIVE CITIES IN THE WORLD (2008)

RANK	CITY	INDEX (NEW YORK = 100)
1	LONDON	120.2
2	OSLO	112.3
3	DUBLIN	105.2
4	COPENHAGEN	102.6
5	NEW YORK	100.0
6	ZURICH	97.7
7	GENEVA	96.0
8	TOKYO	94.4
9	HELSINKI	92.8
10	PARIS	92.8
11	LUXEMBOURG	91.9
12	STOCKHOLM	90.8
13	VIENNA	88.3
14	AMSTERDAM	86.2
15	MUNICH	84.9
56	MUMBAI	49.6
68	DELHI	41.4

Source: ECA International

### WORLD'S TOP CITIES OFFERING THE BEST QUALITY OF LIFE

RANK	CITY
1	Vienna, Austria
2	Zurich, Switzerland
3	Geneva, Switzerland
4	Vancouver, Canada
5	Auckland, New Zealand
6	Dusseldorf, Germany
7	Munich, Germany
8	Frankfurt, Germany

Source: Mercer Consulting

**WORLD'S TOP CITIES OFFERING THE BEST QUALITY OF LIFE (Continued)**

<b>RANK</b>	<b>CITY</b>
9	Bern, Switzerland
10	Sydney, Australia
11	Copenhagen, Denmark
12	Wellington, New Zealand
13	Amsterdam, Netherlands
26	Singapore, Singapore
38	London, UK
49	New York City, USA
50	Seattle, USA

Source: Mercer Consulting

**GLOBAL INDICATORS: OUTPUT, PRICES AND JOBS**  
**% CHANGE ON YEAR AGO**

	<b>GDP (2009)</b>	<b>INDUSTRIAL PRODUCTION (LATEST)</b>	<b>CONSUMER PRICES</b>		<b>UNEMPLOYMENT RATE %</b>
			<b>LATEST</b>	<b>YEAR AGO</b>	
USA	-2.7	-13.6	-1.4	+5.0	9.5
JAPAN	-6.1	-29.5	-1.1	+1.3	5.2
CHINA	+7.2	+10.7	-1.7	+7.1	9.0
BRITAIN	-3.7	-11.9	+1.8	+3.8	7.6
EURO AREA	-4.4	-17.0	-0.1	+4.0	9.5
RUSSIA	-5.0	-12.1	+11.9	+15.2	8.3
INDIA	+5.5	+2.7	+8.6	+7.8	6.8
BRAZIL	-1.2	-11.3	+4.8	+6.1	8.8

Source: The Economist

### FOREIGN RESERVES \$ BILLION

CHINA	2131.6
INDIA	253.7
RUSSIA	396.0
TAIWAN	317.6
BRAZIL	200.5
THAILAND	115.4
SINGAPORE	231.7
HONG KONG	207.0
SOUTH KOREA	231.7

Source: Central Banks; IMF; Thomson; Reuters

### HOUSE PRICES (PRICE-TO-RENT RATIO: LONGTERM AVERAGE = 100)

1	SPAIN	175
2	CANADA	160
3	AUSTRALIA	155
4	FRANCE	150
5	SWEDEN	150
6	BRITAIN	140
7	USA	120
8	SWITZERLAND	85
9	GERMANY	60
10	JAPAN	60

Source: OECD

**GOVERNMENT DEBT OF SELECT COUNTRIES (AS % OF GDP)**

1	JAPAN	200
2	ITALY	110
3	USA	75
4	GERMANY	75
5	FRANCE	75
6	BRAZIL	75
7	BRITAIN	50
8	CHINA	20
9	RUSSIA	10
10	RICH G20	90
11	DEVELOPING G20	40

Source: IMF

# HUMOR@WORK

## APPLE VERSUS MICROSOFT

Three Microsoft engineers and three Apple employees are traveling by train to a computer conference. At the station, the three Microsoft engineers each buy tickets and watch as the three Apple employees buy only a single ticket.

"How are three people going to travel on a single ticket?" asks a Microsoft engineer.

"Watch and you'll see," answers an Apple employee.

They all board the train. The Microsoft engineers take their respective seats, but all three Apple employees cram into a restroom and close the door behind them. Shortly after the train has departed, the conductor comes around collecting tickets. He knocks on the restroom door and says, "Ticket, please."

The door opens just a crack and a single arm emerges with a ticket in hand. The conductor takes the ticket and moves on.

The Microsoft engineers saw this and agreed it was quite a clever idea. So after the conference, the Microsoft engineers decide to do the same on the return trip and save some money.

When they get to the station, they buy a single ticket for the return trip. To their astonishment, the Apple employees don't buy any ticket, at all.

"How are you going to travel without a ticket?" asks one perplexed Microsoft engineer.

"Watch and you'll see," answers an Apple employee.

When they board the train the three Microsoft engineers cram into a restroom and the three Apple employees cram into another one nearby. The train departs.

Shortly afterward, one of the Apple employees leaves his restroom and walks over to the restroom where the Microsoft engineers are hiding. He knocks on the door and says, "Ticket, please..."

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