Chapter 7

Capability Development of Customers: A Globally Viable Business Strategy for the Coming Age

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ABSTRACT

This paper identifies the application of capability concept (Sen, 2000) as a globally viable business strategy for the coming age which can be used to expand markets into all levels of the social stratum. ‘Capability’ development is proposed as a way to propel business and expand markets to all levels of the social stratum. The article describes how Information and Communication Technology will create the buying power at the bottom of the pyramid and convert this stratum into a market as well as achieve social development. The paper examines these recommendations through an exploration of their application to the business strategies of two microfinance firms in India.

INTRODUCTION

Peoples all over the world have high hopes that new technologies will lead to healthier lives, greater social freedoms, increased knowledge and more productive livelihoods (Human Development Report, 2001, Making New Technologies Work for Human Development)

In the last two decade the world economic scenario has changed because of the information and communication technology. The World Development Report 2000-2001 states “the global forces of integration, communication and technological advance have proceeded apace, bringing significant advances to some. Since, the 1980s the paradigm of social and economic development has
shifted from industrialization to information. The industrial revolution of the 18th century mobilized people in factories and cities, but the information technology revolution of today is pulling people into cyberspace. Even further, we are moving on from IT to ICTs and from IT to IS (Heeks, 2001). The digital revolution has already produced remarkable advances in information collection, speed and volume of information transmission, modes of reception and access. Further, the innovations in software and hardware technology and architecture standards have come up to provide tools to develop integrable, scalable and robust solutions (Gupta et al., 2003). New information systems products and services are emerging in such fields as health care, education, public policy, entertainment, human resource administration, manufacturing, operations, financial administration and transportation. “From now on, what is important is each individual’s quality of digital life.

An apt slogan is 4A’s for everyone-supporting individuals Anywhere, Anytime, with Any device and Any solution. As usability of Information rises with the development of IT, technology conversion- where more than two technologies are used to develop yet a new technology- will determine future progress. There is a need to focus on integrating IT with other technologies leading to next generation of new technologies” (Lee, 2003).

Dr. A.P.J. Abdul Kalam, in his keynote address to the International Conference on e-Governance at IIT Delhi on December 18th 2003, suggested a highly integrative role of e-Governance and the usage of Information and communication Technology for the countries like India, simultaneously emphasizing on the need for the monitoring of the implementation process and system as well (http://www.iitd.ac.in/iceg/). e-Governance on one hand is perceived to reap the benefits of seamless connectivity and innumerable advantages on the part of beneficiaries and generate awareness and bring an information base to strengthen the rural poor, socially as well as economically. This is evident through the success of selected case studies of IT projects being implemented in rural areas of India (Xavier & Pillai, 2003).

Moreover, the usage of ICTs yields benefits due to the acceptance by users and other stakeholders as a mutual understanding for collective action (Habermas 1984), which will develop and the prospects of sustainability of this process will rise, subsequently leading the situation towards ‘Network Readiness’ (Heeks, 2001). Here, comes in the situation where same infrastructure not only can be utilized for an integrative usage by linking all the government networks, but also by networking all the other private and NGO services and organizations (Xavier & Pillai, 2003; Prahalad, 2002) for seamless connectivity (Abdul Kalam) for overall poverty alleviation (Mani, 2003) and subsequently for looking this population i.e. rural poor people as a prospective market (Prahalad, 2002) which, will lead not only towards entrepreneurship development, but also will yield in the form of bigger buying power of this part of the population.

But they have bypassed others”. The increasing usage of the technology may give the upliftment of peoples life’s and better opportunity for their sustainable development refers to the “capability” (Sen, 2000) development of the customer through the effective usage of information and communication technology led business opportunity development. By referring to the example called e-Choupal which is implemented by ITC (Indian Tobacco Company) by providing business opportunity to the rural masses, this paper is proposing for the usage of “Information and Communication Technology” led business opportunity development as the main criterion on the impact of developing market.

Thus, the paper approaches with a proposition that if the impact of ICTs on reducing inequality of market transaction supporting the socio-economic development. We actually may come to see the exact picture of the extent to which the ICT led