



## A FRAMEWORK TO STUDY ORGANIZATIONAL TRUST AND SUPPORT FOR INNOVATION WITH REFERENCE TO PERFORMANCE OF DAIRY SECTOR IN RANCHI (INDIA)



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### ABSTRACT

*There is an upward trend of market forces (of demand and supply) of the dairy sector. While health consciousness of people has been reflected in a surge in demand for dairy products, educated unemployment and uncertainties in agricultural harvests have been a cause for taking up dairy farming as an occupation that leading to escalation of supply of dairy products. Since the demand for dairy products is exponentially increasing and Jharkhand organized dairy sector is at its infancy, to meet the increasing demand and have an edge over competitors (both organized and unorganized) Jharkhand Dairy must keep on innovating and to ensure support from all fronts, it must develop organizational trust. Trust and support for innovation is an eminent factor for success of any organization and especially in the dairy industry where it has to be not only between employees-employers but also dairy farmers and dairy management and customers. As dairy industry is contributing to the major social economic development, research on it would contribute not only to the specific industry but to the society at large. Keeping this in the backdrop, a framework has been designed to study Organizational Trust and Support for Innovation with Reference to Performance of Dairy Sector in Ranchi (India). The framework for organizational trust leading to support for innovation will help the organization go for hassle-free innovations in future.*

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### Contribution/ Originality

This study contributes to the existing literature related to Organization's performance owing to Innovation and support of stakeholders for the same. It also unfolds, how support for Innovation is a function of Organizational Trust. In fact, the framework developed will help the Dairy Sector to improve the Performance.

### 1. INTRODUCTION

In today's dynamic set up, any organization of any sector of the economy feels the necessity of change for coping with the pace of society and or to better off its own performance. Mere change may not suffice to maintain the tempo to be on track. In fact, strategic changes through innovations are inevitable for the purpose. Since innovations are now become an indispensable part and parcel of organizational culture, without the support for such innovations from all fronts, either innovations won't be there or won't fetch the desired outcome. Thus support for innovations from all

fronts, particularly employees and other direct stakeholders of any organization plays a vital role to achieve success through innovation.

As it has been experienced by all the organizations, any innovation sounds good as its conception stage but finds criticisms at its implementation level. It is because of the fact that it becomes awkward when we keep on changing our day-to-day routine job and every time struggle to get adapted to a changed set up. Thus resistance to any change through innovation is genuine but with resistance, innovation cannot work. Then the question is 'what is the motivation to support any innovation?' Answer to this question is 'Organizational Trust'. "Trust is the lubrication that makes it possible for organizations to work". – Warren Benis. Organizational trust is both an interpersonal and a collective phenomenon. Trust can be expressed at three levels of the organization: individual, group and system level. By organizational trust we mean, trust of employees and other direct stakeholders of the organization, and society on the organization and the vice-versa. Thinking for Innovations or going for the same needs trust of organization on the employees, other direct stakeholders and the society. But implementation of innovations leading to organizational success needs the trust of the employees, other direct stakeholders and the society on the said organization.

Thus, if one thinks of innovation, it must ensure the support for such innovation and for ensuring support, there must be two-way trust.

Agriculture, along with animal husbandry, is the lifeline of Indian economy. India is the largest and one of the most economical milk producers in the world (estimated production of 105 million tons). It is the most important sector of the Indian economy particularly in poverty alleviation and employment generation. This sector contributes close to one-fourth of India's National income and a total work force engaged in agriculture is about 60 per cent. This sector was unorganized earlier but now it is getting organized and highly competitive. In this competitive time, with new producers entering the market the dairy industry needs to keep innovating in products, products ingredients, and leadership style to facilitate better relationship for enhancing adaptability for changes. It means trust needs to be developed in this eminent sector.

Jharkhand is a newly formed (in November 2000) state of India, which was a part of Bihar state formerly. Considering the natural set up of the state, animal husbandry has been found to preferred occupation by a good junk of population of the state. Earlier milk and related products' needs of the state were satisfied by Sudha dairy (of erstwhile and present Bihar). Even today Sudha is also capturing market of Jharkhand but with the formation of the Jharkhand State Cooperative Milk Producers' Federation Limited (JMF) registered under the Jharkhand Cooperative Societies Act 1935 in June 2013, with an aim to promote dairying and make the state self-sufficient in Milk, Sudha is no more solitary reaper. Considering the role of National Dairy Development Board (NDDB) in providing financial and technical support to producer-owned, professionally managed institutions for dairy development in the country, Department of Animal Husbandry & Fishery (AH&F), Government of Jharkhand requested NDDB to take over the management of the newly formed Jharkhand State Cooperative Milk Producers' Federation Ltd. (JMF) and work towards dairy development in the State. NDDB and Department of AH AH&F, GOJ signed an MOU on 1st March 2014 to manage the newly formed Federation for a period of five years. According to the MOU, the entire control of cooperative dairy operations in the State including the newly formed Federation and its constituent Units/ Unions would rest with NDDB. In addition, to build and strengthen brand 'Medha', in the initial years a hybrid brand "Mother Dairy Medha" shall be used till such time as "Medha" brand is well established.

Earlier SUDHA didn't use cattle resources from state. Jharkhand has vast scope for tapping its own milk producing cattle and organizing the dairy farmers benefiting the society economically as well socially. Keeping this in backdrop, organized dairy sector of Jharkhand has been picked up for the Study.

### 1.1. Scope of the Study

The proposed research is basically on support for innovations backed by organizational trust in organized dairy sector of Ranchi (India).

Although Medha is the organized dairy firm of Ranchi, in market, it faces competition from other organized firms like Sudha, Mother Dairy, Milky Moo and unorganized milk (and related products') producers. Thus the scope of the research will basically hover around Medha, however, for analytical framework related to innovations, above mentioned competitors may be considered.

### 1.2. Objective of the Study

The objectives of the projected research are;

- To assess the level of trust Jharkhand Dairy has on its employees, farmers in loop and end-consumers.
- To assess the level of trust the employees, farmers in loop and end-consumers of Jharkhand Dairy have on Jharkhand Dairy.
- To figure out the Innovations took place in recent past in dairy sector in India and Jharkhand in Particular.
- To find out whether organizational trust has direct bearing with support for innovations in Jharkhand Dairy.
- To design a framework for organizational trust leading to support for innovation in dairy sector

### 1.3. Hypotheses

H0 (1): Jharkhand Dairy does not have high level (to be defined on the basis of nature of data) of trust on its employees, farmers in loop and end-consumers.

H0 (2): Jharkhand Dairy employees, farmers in loop and end-consumers do not have high level (to be defined on the basis of nature of data) of trust on Jharkhand Dairy.

H0 (3): Organizational trust does not have direct bearing with support for innovations in Jharkhand Dairy.

## 2. LITERATURE REVIEW

Literature Reviewed (Title of the paper, article, etc. along with the source, i.e., the name of the Journal, Magazine, Book, etc.)	Literature Type (Research Paper, Review Paper, Chapter of a Book, etc.)	Authors	Publishing Year	Gist of Points Gained	Gaps	Linkage to your own Research
“The Interrelatedness of Innovation Competences, Operational Effectiveness and Organizational Processes”, Review Of Management, Innovation & Creativity, Volume-5, Issue -14, 2012, pp – 35-49	Research paper	Mario and Ricardo (2012)	2012	-Trust play important role in enhancing the adaptability towards innovation. -Power balance results in innovation competences -Innovation competences lead to operational effectiveness Participation in decision making	Possible change in leadership as innovation progress. Training, developing skills for adapting to changes effectively.	Trust is playing vital role for better adaptability and innovation , increasing operational effectiveness Power structures influence for supporting innovation
“Dairy Processing Industry in India” Can Indian Dairy Cooperatives Survive in the New Economic Order? , October, 2007, pp -139 - 187	Chapter of a book	Goswami (2007)	2007	Dairy industry play vital role in socio economic development. Dairy sector was unorganized earlier but getting organized gradually. The demand for dairy products has been growing exponentially.	It lacked study on role of trust on performance. Innovation aspect.	My study on organised dairy sector and the article shows journey from unorganised to organised. Its products demand are rising so has great future ahead.
“The Perception of Changes in an Agricultural Cooperative Due an Strategic Alliance: the Case of Swine Raisers Cooperative from Encantado-RS and Tetra Pak” International Food and Agribusiness Management Review ,Volume -5, Issue-4 ,2003	Research paper	da Silva (2003)	2003	Mergers & acquisitions took place to cope up with changes. Cultural and environmental changes Rural property, industry, final consumer,need to be studied. Tetra pack was innovated for demand for new characteristic in products	Impact on and acceptance of employees towards changes, Technological changes	Relationship between employee and employer
“Organizational Constraints on Innovation and Intrapreneurship: Insights from Public Sector” VIKALPA , VOLUME - 31 Issue - 1, JANUARY - MARCH ,2006	Research paper	Mathew et al. (2006)	2006	Focus on innovation success achievement assessment. India context innovation related achievements are not clearly linked with career growth Lack of support from immediate supervisors Procedural delays Poor handling of change management Absence of failure analysis systems Lack of plot testing	It deals with obstacles in path of innovation but lack emphasis on how with greater trust and support for innovation leads to better organizational performance.	The paper helps providing criteria for supporting innovation .
“Effect of Psychological Contract Violation on Organizational Commitment, Trust and Turnover Intention in Private and Public Sector Indian Organizations” Vision ,Volume – 15, Issue – 3, 2011, pp – 209-217	Article	Shahnawaz and Goswami (2011)	2011	Violation of psychological contract effect on employees in both private and public sector has been assessed. In this study the employees were in public sector were more affected than breach of contract than private sector.	Trust being eminent in employees performance and linked to their commitment affected organizational commitment.	Trust importance and linkage to its organizational and individual performance, commitment.

### 3. PROBLEM STATEMENT / RESEARCH GAP

- Innovation is must for any organization to be in competition and success of innovation depends on support for innovation by the direct stakeholders.
- An organization goes for an innovation if it has trust on its important stakeholders.
- Despite inconvenience, the stakeholders support any innovation provided they do have trust on the organization.
- Since Jharkhand's dairy firm is not matured but faces stiff competition in the market from both (alien) organized and unorganized firms, to be in the competition and excel, innovations are must.
- But going for innovations without ensuring the support for the same may be counter-productive. Thus, before going for innovations, organizational trust, which ensures support for innovation, must be developed.

While researches are there separately on organizational trust and support for innovation, linking organizational trust with support for innovation has not drawn the attention of the researchers much. Moreover, Jharkhand's organized dairy sector, which is in its infancy, has failed by far to invite researchers either to assess organizational trust or support for innovation. Thus, linking organizational trust with support for innovation in the context of Jharkhand's organized dairy sector has not been thought of by the existing researches.

### 4. METHODOLOGY PROPOSED (DATA TO BE COLLECTED)

The research will be empirical one based on both primary and secondary data.

Secondary data will be used to find out the organizational structure of the Jharkhand Dairy, Innovations that took place in Jharkhand Dairy and result of such innovations. For the purpose, Official Website of Jharkhand Dairy, GoJ gazettes and Notifications related to dairy sector, research papers, etc. will be referred.

For assessing the organizational trust, primary data will be collected from the decision makers, employees and farmers in loop through structured questionnaire and established instruments, if any. Simple Random Sampling method will be followed and Sample units will comprise of;

Decision Makers (Managerial Level): 20

Employees: 50

Farmers: 100

End-Consumers: 200

For designing a framework for organizational trust leading to support for innovation, both primary data and relevant literatures will be taken into account.

Statistical tools to be used are;

- ANOVA for testing the Hypotheses
- Correlation and Regression to develop linkage between Organizational Trust and Support for Innovation
- Conjoint Analysis for designing a Framework (may be used after seeing the nature of data)

### 5. RELEVANCE OF PROJECTED FINDINGS

The projected findings may help all the stakeholders, organization and the society in the following ways;

- It may help the organization to know the extent of trust the stakeholders do have on it and if the level falls short of the desired level, may be, it will work upon developing trust.
- Since the organization can come to know the level of support of the stakeholders for innovation, if it takes appropriate steps, no innovation will fail.
- If innovation does not fail, it will make the organization profitable and the benefit of the profitability will also be reaped by the stakeholders (employees, farmers and consumers) and the society at large.

- The framework for organizational trust leading to support for innovation will help the organization go for hassle-free innovations in future.

## 6. CONCLUDING NOTE

Studying human resource, as such, has been proved to be a tough task as mapping human behaviour through mere interview may not reflect the real state of mind of the respondents. If it is to study the behaviour of somebody relating to something for which s/he is having no or negligible knowledge, the task will definitely be exceedingly tougher and challenging to accomplish. Since our study is related to trust and support for innovation, which are really tough to make the respondents understand, tracing appropriate data will be challenging. However, all sorts of precautions will be taken and along with interview method, participatory and non-participatory observation methods are to be used to study the same in an optimum possible effective manner.

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