Chapter 7
ICT Mediated Value Chain for Managing Weavers' Livelihoods:
A Case of Jaipur Rugs Company

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EXECUTIVE SUMMARY

Value chain practices focus on market orientation of products and services. Products and services highly rely on processes included in the supply chain in order to contribute to the value chain. Globalization, competition, and high cost of production influence the value chain imperatives. Thus, organizations involved in the value chain are challenged with creation of innovative designs and establishing lean production scenarios. This challenge is more serious in the cases of Small and Medium Enterprises (SMEs). The rugs industry in India is one example of such market behavior, and various SMEs are involved in this sector. Besides, the sector demands market orientation and customer retention for which continuous innovative practices are essential. Information and Communication Technologies (ICTs) have played a crucial role in supporting these SMEs in India in rolling out innovative designs through customer engagements in the entire production life cycle. There are also efforts to use ICT as a tool to innovate processes, products, and services to harness better returns on investment and to sustain business. In this case, Jaipur Rugs Company (JRC) strives to manage innovation cycles to ensure development oriented value chain for the weavers and ICT applications have been intrinsic to realize these efforts.

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INTRODUCTION

A successful organization depends on value creations which is determined by the value created for its stakeholders. These stakeholders including suppliers, employees, stockholders and customers contribute effectively in creating such value. This value creation strategy keeps the stakeholders motivated to remain in the business and continue to add value in the organization. Continuation of a "value chain" thus remains priority (Porter, 1985) for the organization. However, continuity in business in particular and organizational objectives in general face numerous challenges. These challenges are multi dimensional including people, process, technology, assets and other resources. In order to sustain the cohesive relationships among stakeholders while adding value in the process, there is a need to find innovative ways to reengineer the approach to mitigate these challenges. This change management approach needs careful consideration for creating "competitive advantages" in the organization (Porter, 1991). Contemporary value chain analyses recognize the vulnerability, unpredictability, global interdependability and interconnected markets as influencers of competitive advantage (Hedman and Thomas, 2001). SMEs are no exception to such challenges especially in developing countries.

It is argued that systems efficiency, product quality, product differentiation, social and environmental standards and business environment are the important drivers which influence value chain developments in an organization (Herr and Muzira, 2009). These drivers are quite relevant in case of "Development oriented Value Chain" (DVC) management scenarios which draws inspirations primarily from the "Business oriented Value Chain" (BVC) management practices. In a BVC scenario some individuals and groups may not prosper despite making factor contributions for generating wealth through production of goods and services. However, the DVC strives to ensure that its major stakeholders constituted by needy people benefit through social entrepreneurship, SMEs (especially rural enterprises) and other sector organizations. DVC also deals with the challenges related to "distributive justice" in the entire value chain for all these important stakeholders (Griffith et al., (2006). Distributive justice environment ensures that individuals and groups, enterprises and similar entities establish a coherent relationship in the entire value chain. DVC therefore, needs to consider all the dimensions of BVC and add value to the stakeholders' investments and contributions on a sustainable basis with remunerative returns.

"No one knows his or her place in society; no one knows her or his class position or social status; no one knows what abilities or handicaps he or she will have; and no one knows her or his conception of the good or his or her psychological tendencies.

Social and economic qualities are to be arranged so that they are both reasonably expected to be to everyone's advantage and attached to positions and offices open to all…"

While the distribution of wealth and income need not be equal, it must be to everyone's advantage, and at the same time, positions of authority must be accessible to all."

Sources: (Rawls, 1971: p 454; Daniels, 2003:pp241-276)

As viewed by Rawls' theory of distributive justice (Daniles, 2003; Mandle,2009), addition of values to the stakeholders' investment is dependent on their degree of involvement in the organization and socio-economic equities of these stakeholders. Involvement of stakeholders is influenced by many factors including competency in appreciating the business values, economic status, entrepreneurial acumen, and livelihood opportunities, scope to collaborate and abilities to take risks a DVC model. However, it is argued a stakeholder may