

# Business

Up Close Jagdish Sheth, consumer psychology expert

# 'Everyone is going to be self-employed'

Emory professor says employment will be redefined.

By Devika Rao  
For the A.J.C.

A fellowship to the University of Pittsburgh's graduate school of business years ago changed the life of Jagdish Sheth, an expert in consumer psychology at the Goizueta Business School at Emory University, where he is chairman of marketing.

Sheth sits on the board of corporations such as Wipro and Cyro-Cell International. He advises companies such as AT&T, Citi and Lockheed Martin, as well as the U.S. Department of Transportation and Singapore Economic Development Board.

Sheth is currently working on an autobiography titled "The Making of A Scholar, Accidentally," slated to be published next year. He spoke to The Atlanta Journal-Constitution recently about his work and the expectations will employ 5 million people.

**Q. You came to the U.S. from India for an MBA at the University of Pittsburgh. How did you get interested in consumer psychology?**

**A:** [In India,] I learned a lot through my brother's jewelry-box business. I learned accounting and I learned how to sell to customers. But, I had no theory or idea about what motivates people to buy and not to buy. When I was in Pittsburgh, the be-

havioral psychology class just fascinated me about how people buy — it was more about the psychology of marketing.

Secondly, I fell in love with [psychologist] Abraham Maslow's theory of the "hierarchy of needs," but I took it from generalizing individuals to institutions — religion, education, political — and how these motivate people to buy.

**Q. You were planning to go back to get married?**

**A:** I grew up in Chennai [formerly called Madras], although I am from Gujarat [a region in West India]. I had started this association for Gujarati language [in Chennai], where I met my wife. The idea was to go back to Chennai after one year and I would help my brother grow the business, and [Madhuri] and I would get married — so I told her to wait for me. It turned out that I fell in love with psychology and then got motivated to get my Ph.D.

**Q. So the plans changed?**

**A:** The plans definitely changed. I asked her to come to Pittsburgh, and we would get married here. As a graduate student, I earned \$287 per month. In the 1960s, the spousal visa cost \$400. I needed money to bring her here. At the same time, my professor, John A. Howard, was speaking of an end-consumer study done by DuPont. The study found that 42 percent of housewives are going to the grocery store without shopping lists," which led Professor How-



## Meet Jagdish Sheth

Age: 72

Children: daughter Reshma Shah, and son Rajesh Sheth

Currently resides in: Atlanta

Education: Bachelor of Commerce, University of Madras, 1960; B.A., University of Pittsburgh, 1962; Ph.D., University of Pittsburgh, 1966.

Most influential person: Abraham Maslow, noted psychology professor.

Most influential book: "Megatrends: Ten New Directions Transforming Our Lives," by John Naisbitt.

Favorite thing about Atlanta: Southern hospitality.

Hometown: South Indian (Idli-Dosha).

If you could tell people one thing about India: It's a nation of talented entrepreneurs who survive on frugality and thrive in

ard to conclude that they are "impulsive buyers."

I am an Indian, and we never question our teachers, but something that day made me raise my hand and ask: Does that mean all illiterate societies are impulsive buyers? Just because you don't write things down does not mean you do not mentally plan. [Professor Howard] had never thought of that, which

meant his conclusion was wrong. [He] told me that I brought a cultural perspective that he did not have. I started to not only work with him, but he became my mentor.

**Q: You sit on the board of a lot of corporations. What do you hope to bring to these companies in that position?**

**A:** First, to give an external perspective on the business. Businesses get insulated in their own operations and sometimes they lose thought on the outside. Personally, I focus more on the strategy for the future of the company based on technology, policies, etc. Boards do not have a committee based on strategy so I have been advocating that; how do you prepare for the future? The third thing is that customers and employees are as important as the shareholders, who are not the only driving force of the board.

**Q: You dubbed the revolutionary Rule of Three. Can you elaborate on that?**

**A:** The Rule of Three is a theory of competition, and is based on 150 product industries. In the early stages of a product, everyone jumps in. You see it now with the smart phones, notebooks, etc. In the early days, we had over 225 automobile makers who made cars one-at-a-time in their garages. They had growth, but no efficiency. An industry is driven by growth and efficiency. Eventually, you get a shakeout and it becomes like shopping mall where

you have the three or four anchor stores with specialty stores in between.

**Q: Can you relate that to the current economy?**

**A:** We are going to see the Rule of Three one more time in the airline industry. After deregulation, airlines that had monopoly routes started to compete with each other. The shakeout resulted in United, American Airlines and Delta, the major players. The second round, we saw United and Continental merge, then Delta and Northwest, and now, Southwest and Air France. Also, we are seeing it in banking as it is becoming more national.

**Q: How do these airline industry changes impact Atlanta?**

**A:** Because of Hartsfield-Jackson International Airport. Being the largest and busiest airport, this will definitely have an impact by creating more jobs and the market will grow. It is growing because more and more people want to fly. It is no longer just a business commute, but now it is family, two spouses who live separately; lifestyles have changed.

**Q: What do you forecast for America and its economy?**

**A:** The economy is on a rebound, but it will be like the rebound in the 1980s. Corporations, at that time, computerized everything so they automated clerical work. Now, with the Internet, professions such as lawyers and accountants' jobs will be automated. So, there will

be jobs, but not the way we think.

**Q: How will it be different?**

**A:** I forecast that by 2020, we will have 5 million employees in a "Company" which I have dubbed Self Inc. Everyone is going to be self-employed ... people want to work on contracts or freelance, be their own boss. At the same time, companies are going to switch over from employees to contractors because the biggest expense becomes health care benefits. So, it is not that the jobs are going to be revitalized, but the work is going to be re-vitalized.

**Q. You say there will be "entrepreneurship by necessity." What do you mean?**

**A:** There is going to be entrepreneurship by necessity — the same way people, mostly the ethnic communities, went into operating convenience stores, dry cleaners because they needed to make money to survive. America has an enormous growth potential. We are exiting industries where we aren't globally competitive, such as television manufacturing.

America has a huge growth potential in two fields: biological sciences and nanotechnology. America has a survival instinct, and we foster entrepreneurship. It is a nation of ideas, and entrepreneurship is the best form of egalitarianism — better than democracy. Entrepreneurship does not discriminate by religion, gender, ethnic background. To me, that is the most powerful.