NATIONAL CONFERENCE

ACHIEVING BUSINESS EXCELLENCE THROUGH SUSTAINABILITY AND INNOVATION

Saturday, 5th January 2019

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NATIONAL CONFERENCE

ON

"ACHIEVING BUSINESS EXCELLENCE THROUGH SUSTAINABILITY AND INNOVATION"

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PREFACE

"If you want to run a company that is sustainable beyond your life time, then yes, you should go ahead and adopt business excellence". *-Kenny Yap, CEO, Qian Hu Corporation Ltd*

Business Excellence is about developing and strengthening the management systems and processes of an organization to improve performance and create value for stakeholders. It is about achieving excellence in everything that an organization does (including leadership, strategy, customer focus, information management, people and processes) and most importantly achieving superior business results.

Embedding principles of sustainability can strengthen the connection between corporate responsibility and competitiveness. Companies need to embed a sustainability mindset into their systems, people and processes as a part of their business strategy to become more competitive and remain relevant in the rapidly changing markets and industry structures. Many issues are directly attributed to business misconduct like natural resources depletion, industrial pollution, health impact of products on consumers, marginalized communities affected by industrial presence and discrimination at workplace.

For a business, this necessitates transformation to sustainable business, wherein success is measured not only in terms of its profits but also in terms of its performance in economic, social and environmental areas. The integration of the triple-bottom-line in mainstream business practices is often referred to as Corporate Sustainability.

The economic dimension of the sustainability challenge lies in enhancing profitability, increasing shareholder value and creating wealth whilst pursuing opportunities for growth. Such a focus will eventually transform into multifold business advantages for corporates resulting in Business Excellence.

Companies which implement innovations to improve their processes and differentiate their products and services get significantly ahead of their competitors in terms of market share, profitability, growth and net income. Innovation is essential for creating a competitive advantage and company's subsistence. At the same time, it can be an extremely risky activity that constantly requires enormous financial and human resources.

Managing innovation is one of the crucial drivers of attaining business excellence. It is imperative to solve the problems of today's society by developing creative solutions based on sustainable innovations. These innovations can be in the form of products, services or models addressing unmet needs more effectively. It is important for the leadership team to provide an environment for innovation, to discover how operational processes enable the achievement of innovative designs for products and services.

Corporates need to maintain a balance between their financial aspects, conservation of the environment, education, and use of technology for achieving business excellence. There is a clear need for further exploring the concepts of Sustainability and Innovation for achieving

Business Excellence, the two most important aspects which directly affects the society and environment.

We are highly grateful to **Prof. K.K. Aggarwal**, Ex-Vice Chancellor, GGSIPU, Delhi for gracing this conference as Chief Guest and enlightening us with his vast knowledge and expertise. We would like to express our sincere thanks to **Shri R.C. Jain**, Former Vice Chairman, Eicher Group for his benign presence at the conference as the Guest of Honor and sharing his enriching experiences with us. We would also like to thank **Sh. S.K. Sachdeva**, Chairman**,** Delhi Institute of Advanced Studies for being a source of inspiration for organizing this conference. We would like to extend our heart-felt thanks to **Dr. Suneel Maheshwari, Mr. Pawan Kumar Rustagi and Mr. Ashok Mehra** for gracing the conference as Session Chairperson(s) and to our Special Corporate Guests **Mr. Sharad Maheshwari, Mr. Sudipta Jash and Mr. Arun Pandit** for enlightening the participants.

We are also thankful to all the distinguished speakers who have participated in the conference and shared their knowledge regarding innovations and strategies adopted by the corporate for achieving business excellence and sustainability.

We would like to express gratitude to the faculty and the staff of Delhi Institute of Advanced Studies for their whole-hearted support towards the success of the conference.

Dr. S. N. Maheshwari
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MESSAGE FROM THE CHAIRMAN

Delhi Institute of Advanced Studies has been rendering quality professional education in the fields of Management and Information Technology. The Institute regularly conduct workshops, seminars and conferences both at National and International levels to enhance and update the academic, technical and professional skills of the corporate personnel, faculty, students and aspiring young professionals. The recent National Conference on "Achieving Business Excellence through Sustainability and Innovation" is another step in this direction.

The seeds sown today will indeed reap rewards of a better tomorrow. Significant material wealth got created over the last century, but this happened with a deferred cost to future generations in terms of deterioration of the natural resources and livable environment. Recently, there has been a beginning of a new awakening to build a more secure, sustainable and equitable future. More and more businesses are engaging in sustainable thought leadership and practices using innovation as its most important tool. By embedding the principles of sustainability, businesses can strengthen the connection between corporate responsibility and competitiveness resulting into achieving business excellence.

I am delighted to note that the Department of Management of the Institute is bringing out an e-issue of the proceedings of the national conference. The proceedings serve a dual purpose. This will enrich and excite the interested aspiring participants and other academicians and researchers who could not attend the Conference with the ideas and thoughts of various researchers. My congratulations to the organizers of the Conference for undertaking such a wonderful academic venture which is bound to provide great value addition to the existing literature on the subject.

Shri S.K. Sachdeva

MESSAGE FROM PROFESSOR EMERITUS AND ACADEMIC DIRECTOR

Business excellence today is the single most important factor that differentiates a globally respected organization from others who are just about surviving. The ingredients of business excellence include not just globalization but also benchmarking an organization against global standards both financial and ethical, strongly driven by innovation, performance and sustenance. It is about achieving excellence in everything that an organization does including leadership strategy, customer focus, management of information, people, processes and more importantly achieving superior business results. It is also a reflection of the organization's attitude and its vision.

The present rapidly integrating global economy, rapid technological changes and shifting consumer preferences are all together increasing competitive pressure on the firms. Sustainability and Innovation are now recognized crucial for firms to remain at the forefront. "Perform or Perish" is the new watch word for the Business Organizations. A leader demonstrates his leadership through performance. He prioritizes the bottom line so that the organization does not run amuck chasing the profitless growth. He has to be visionary so as to ensure that the organization remains in business for a long time. As a matter of fact, survival is not an issue, but sustainable growth is. However, it must be noted that a global market place increases the potential return from the creation of new products and processes. Consequently, today, the incentive for firms to invest in sustainability and innovation is much greater than when the focus was on smaller and largely domestic markets.

It will not be out of place to mention here that sustainability is now the latest "business excellence mantra" in the context of increased corporate social responsibility. Sustainability looks to protect our natural environment, human and ecological health, while driving innovation and not compromising in any way our life. In short, a sustainable organization is one that significantly creates greater value than the resources is uses. Sustainability thus aims at optimization of the use of both human and natural resources and hence is instrumental in achieving business excellence. Sustainability and innovation, both are now pre-requisites for achieving, maintaining, improving and upgrading business excellence. Business leaders must therefore have the passion to think of new ideas, new strategies and new plans to take their business to next higher level of efficiency and performance.

I am at this moment reminded of what one of our most successful and innovative industrialists Shri Dhirubhai Ambani once said "Think Big, Think Fast, Think Ahead. Ideas are no one's monopoly. Your ambitions have to be higher, your commitment deeper and your efforts greater. If you work with determination and with perfection success will follow. Pursue your goals in the, face of difficulties and convert adversities in to opportunities. Meeting the deadline is not good enough, beating the deadlines should be the expectation".

The message of Shri Dhirubhai Ambani is all the more relevant is the present immensely challenging competitive global economy. More and more business organizations are now realizing that they cannot retain their existence and sustain their and growth, without adopting a continuous sustainability-oriented innovative strategies. It may be noted that such strategies are less about developing mesmerizing technologies or products and more about creating smart business practices that package and deliver existing products and services to people from all income groups in the most cost efficient manner. To succeed in this endeavor, the firms may have to adopt a number of business excellence strategies or any combination thereof. Such strategies may include and relate to cost optimization, developing firm's core competence, effective utilization of human, physical and financial resources, adoption of new and advanced technologies, including digital innovation, artificial intelligence, business process re-engineering, strengthening accounting procedures and corporate governance, adopting world class manufacturing technologies, improving coordination with customers and suppliers through social media marketing and above all developing social consciousness towards environment management and ethical business practices.

At today's Conference, the learned speakers have dwelt on many of these issues in a very elaborate and comprehensive manner. I am happy to add that the discussion at the conference has been a great value addition to the learning and knowledge of all the participants.

Dr. S.N. Maheshwari

MESSAGE FROM THE DIRECTOR

I wish to express my pleasure and satisfaction that the Department of Management of the Institute has organized the National Conference on "Achieving Business Excellence through Sustainability & Innovation".

India has been emerging as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy, partnerships and leadership.

Further, India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM and is expected to have 100,000 startups by 2025, which will create employment for 3.25 million people and US$ 500 billion in value. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors.

Government initiatives like Make in India and Digital India launched by Shri. Narendra Modi, Hon'ble Prime Minister of India aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, increase demand, and hence spur development, in addition to benefiting investors. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and increases the digital literacy. The Skill India campaign launched in 2015 aims at skilling 500 million people by 2022, in particular the youth with an emphasis on employability and entrepreneur skills.

The market conditions, both national and international and the people factor play pertinent role for the success and progress of country. Corporate leaders opine that to succeed in this age one needs to innovate technologies, strategies and business models on a constant basis.

Organizations to achieve excellence have been focusing on building core competencies. They are also focusing on creating assets and skills that are hard to imitate to ensure that organizations can be made immune to competition. This process should be continuous if the organizations aim to reach at the top.

The organizations to sustain competition ought to have clearer goals and vision. They should be able to counter the disruptions in the market and at the same time create new needs if they want to push new products. People are an important component of every organization and today's managers must develop core competencies to survive and sail in the present day competitive world.

The Government of India has taken initiatives in various sectors and is constantly working towards meeting the global standards. Organizations need to re-innovate, revigorated and redefine themselves for excelling and surging ahead lest they lose out to competition. Hence it becomes imperative for budding managers to comprehend and act according to the situation for sustaining corporates. I am confident that the researchers and delegates will discuss and deliberate to stimulate the thought process of the participants, management students, researchers and the corporate personnel on varied strategies, initiatives for sustenance and innovation of the organizations.

I wish to congratulate the specific contributions of Dr. Shilki Bhatia, Ms. Charu Sarin, Ms. Neelu Walia and Dr. Kirti Khanna for bringing out the proceedings of the conference.

Dr. N. Malati

1.

SOCIAL CAPITAL AT WORK: A PROPOSED FRAMEWORK TO STUDY RELATIONAL CAPITAL AND INTERCULTURAL COHESIVENESS

DR. VIJITA S. AGGARWAL

Professor, USMS, GGSIPU

MS. ANAMIKA SANGWAN

Research Scholar, USMS, GGSIPU

ABSTRACT

Purpose- The purpose of this study is to trace the evolution of the concept of social capital and the analysis of social networks determining their role in *social exchange and cohesion*. Social capital as a construct has three parts- *cognitive, structural and relational.* This paper proposes research framework based on critical component of social capital i.e. relational capital and social exchange theory for intercultural cohesiveness in international joint ventures.

Methodology- The study uses a systematic and structural review of vast literature available on the topic, published in internationally peer reviewed journals. 100 most relevant articles with maximum contribution to the theory building and empirical testing have been identified for citation analysis. The citation count was tabulated through the use of databases of SC Imago Journal Ranking, google scholar, and research gate. Citation analysis has been done article wise, author wise and journal wise and then tabulated in descending order using Microsoft excel for analysing the past researches and latest trends.

Findings- The study concludes that JS Coleman (43950) is the most cited author in the area of social capital from all the reviewed research studies. R. Gulati have maximum no. of citation in the area of social capital in strategic alliance. Recent trends in this area are analysed. A research framework has been proposed after thorough literature review for future empirical research.

Originality- Numerous studies have been done on the concerned topic but this study integrates many of these studies to provide a comprehensive framework for empirical testing of impact of social capital on performance of international strategic alliances. This study is different in its approach as it did extensive literature review and citation analysis to study past researches, and recent trends for developing a list of various dimensions of variables of proposed research framework.

KEYWORDS

International Strategic Alliances, Social Capital, International Joint Ventures (IJVs).

INTRODUCTION

The concept of social capital has become popular in a range of social science disciplines. A increasing number of sociologists, and economists have referred to social capital to find answers to the questions being posed in their own fields. Social capital can be roughly understood as the goodwill that is produced by social relations and that can be mobilized to enable action (Adler & Kwon,2002). Social capital can be said as the sum of actual and potential resources rootedin the network of relationships controlled by an individual or social unit thus involves both the network and the assets that may be moved through that network (Bourdieu, 1986; Burt, 1992). The origin of social capital theory can be sketched back to sociology.The term "social capital" firstly appeared in community studies, highlighting the importance of the networks of strong personal relationships developed over time that provide the foundation for trust, cooperation, and collective action in such communities (Jacobs, 1965)i.e. networks of relationships create a valuable resource for social affairs conduct (Bourdieu, 1986). Afterwards, social capital has been used in the number of arenas ofsociology to examine numerous outcomes. For example, impact of social capital on gross domestic product and labour markets (Aldridge et al. 2002; R Costanza et al,2016), crime levels (Halpern 2001 ; David Weisburdet al,2015), development of human capital (Coleman, 1988; Loury, 1977, 1987), governmental efficiency (Kawachi et al. 1999; Putnam et al. 1993), educational accomplishment (Aldridge et al. 2002; Israel et al. 2001; S Vaughan,2015) and public health quality (Coulthard et al. 2001; Subramanian et al. 2003; B Palafox,2016). In organizational studies, too, the concept of social capital is gaining importance. For example, Social capital aids workers to find jobs, and creates a richer pool of workforce for firms, enables inter-unit resource exchange and product innovation, helps in building up intellectual capital and cross-functional team effectiveness, reduces turnover rates and organizational dissolution rates. It also facilitates entrepreneurship and the formation of start-up companies, helps in strengthening of the supplier relations, and facilitates inter-firm learning (Adler and Kwon,2002).

Social capital is an umbrella concept which entails three elements- the structural, the relational, and the cognitive dimensions of social capital (Nahapiet and Ghoshal, 1998). The cognitive dimension of social capital denotes to those resources providing shared representations, understandings, and systems of meaning among parties (Cicourel, 1973). Relationships developed with shared norms and values are likely to be stronger (Moran 2005, Burt 1992). Structural dimension of social capital refers to the overall pattern of connections between actors-that is, who you reach and how you reach them (Burt, 1992).Structural dimension comprises network components such as the presence or absence of links between parties, the procedure of a network (such as the hierarchy in an organization), and closeness of relationships, formal and/or informal network arrangement. The third dimension relational describes the kind of personal relationships people have developed with each other over a period of time (Granovetter, 1992) such as respect and friendship, that influence their behaviour through which people fulfil such social motives as sociability, approval, and prestige (Nahapiet and Ghoshal, 1998). Relational capital (also referred to as relational embeddedness) involves assets that are created through relationships and these assets can be used for achieving individual or collective goals (Granovetter, 1992; Nahapiet & Ghoshal, 1998). This dimension includes the features and qualities of individual relationships. Therefore, matters such as collaboration, trust, respect, and friendship are important. Social capital exists in the social networks, the construct of relational capital, is applied to an inter-organizational setting. Thus, relational capital is defined as a form of social capital that is embedded in a single business relationship and demonstrated by trust, open interaction, and a feeling of shared destiny (Chang &Gotcher, 2007; Kohtamäki et al, 2012). Relational capital as an intangible asset has in recent years captured more focused interest of organizations than that of physical and financial capital (Datta and De, 2017). Relational capital concept has been applied to buyer-seller relationships, marketing channels and business networks (Heesch & Styles, 2001; KZ Zhou et al, 2014) and international joint ventures (IJVs) (Kale,2000; Dhanraj et al, 2004; Thug and Quang, 2005; Park, 2011; Luo et al, 2016)

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METHODOLOGY

The study uses a systematic and structural review of vast literature available on the topic, published in internationally peer reviewed journals. 100 most relevant articles with maximum contribution to the theory building and empirical testing have been identified for citation analysis. The citation count was tabulated through the use of databases of SCImago Journal Ranking, Google scholar, and research gate. Citation analysis has been done article wise and then tabulated in descending order using Microsoft excel for analysing the past researches and latest trends.

TABLE 1: CITATION OF MOST RELEVENT ARTICLES

S.NO	PAPER REVIEWED	CITATION COUNT as on 25.09.2018	AUTHOR
SOCIAL CAPITAL			
1	Social capital in the creation of human capital(1988)	43999	JS Colmen
2	Social capital, intellectual capital, and the organizational advantage(2000)	18008	J Nahapiet, S Ghoshal
3	Social capital: Its origins and applications in modern sociology(1998)	15272	A Portes
4	Social capital: Prospects for a new concept(2002)	10280	PS Adler, SW Kwon
5	Alliances and networks(1998)	6727	R Gulati
6	Social capital and value creation: The role of intrafirm networks(1998)	6723	W Tsai, S Ghoshal
7	Building a network theory of social capital(2017)	5247	N Lin
8	social capital: implications for development theory, research and policy(2000)	4723	M Woolcock, D Narayan
9	The network structure of social capital(2000)	4531	RS Burt
10	Social capital, networks, and knowledge transfer(2005)	3599	AC Inkpen, EWK Tsang

RELATIONAL CAPITAL			
1	Learning and protection of proprietary assets in strategic alliances: Building relational capital(2000)	3667	P Kale, H Singh, H Perlmutter
2	Effective interfirm collaboration: how firms minimize transaction costs and maximize transaction value(1997)	2616	JEFFREY H. DYER
3	Redundant Governance Structures: An Analysis of Structural and Relational Embeddedness in the Steel and Semiconductor Industries(2000)	2360	Tim Rowley, Dean Behrens and David Krackhardt
4	Success Through Commitment and Trust: The Soft Side of Strategic Alliance Management(2000)	700	John B. Cullen Jean L. Johnson Tomoaki Sakano
5	Collective learning and relational capital in local innovation processes(2005)	643	R Capello, A Faggian
6	Creating supply chain relational capital: The impact of formal and informal socialization processes(2006)	428	Paul D. Cousins, Robert B. Handfield, Benn Lawson , Kenneth J. Petersen
7	An integrative taxonomy of intellectual capital: measuring the stock and flow of intellectual capital components in the firm(1999)	348	William H.A. Johnson
8	Supplier involvement in automotive component design: are there really large US Japan differences?(1996)	317	Jeffrey K. Liker , Rajan R. Kamath , S. Nazli Wasti , Mitsuo Nagamachi
9	Towards 'An Intellectual Capital-Based View of the Firm': Origins and Nature(2011)	256	Gregorio Martı´n-de-Castro Miriam Delgado-Verde Pedro Lo´pez-Sa´ez Jose´ E. Navas-Lo´pez
10	Effects of relational capital and commitment on venture capitalists' perception of portfolio company performance(2006)	196	D De Clercq, HJ Sapienza
11	Asset specificity roles in interfirm cooperation: Reducing opportunistic behavior or increasing cooperative behavior? (2009)	195	Steven S. Lui , Yin-yee Wong , Weiping Liu
RELATIONAL CAPITAL AND IJV LEARNING			

1	Managing Tacit and Explicit Knowledge Transfer in IJVs: The Role of Relational Embeddedness and the Impact on Performance(2004)	1059	Charles Dhanaraj, Marjorie A. Lyles, H. Kevin Steensma and Laszlo Tihanyi
2	Understanding the impact of relational capital and organizational learning on alliance outcomes	154	Chia-Ling (Eunice) Liu, Pervez N. Ghauri , Rudolf R. Sinkovics
3	Acquiring tacit and explicit marketing knowledge from foreign partners in IJVs(2007)	148	Le Nguyen Hau , Felicitas Evangelista
4	Knowledge transfer capacity of multinational enterprises and technology acquisition in international joint ventures(2011)	122	Byung Il Park
5	Relational capital, strategic alliances and learning: In-depth analysis of Chinese-Russian cases in Taiwan(2016)	6	Fang-Yi Lo, Anastasia Stepicheva, Tzu-Ju Ann Peng
RELATIONAL CAPITAL AND IJV PERFORMANCE			
1	The determinants of relational governance and performance: How to manage business relationships?(2003)	350	Danny Pimentel Claro, Geoffrey Hagelaar, Onno Omta2
2	Enhancing alliance performance: The effects of contractual-based versus relational-based governance(2006)	347	Y Lee, ST Cavusgil
3	Determining international strategic alliance performance: A multidimensional approach(2007)	214	Bo Bernhard Nielsen
4	Antecedents and consequences of international joint venture partnerships: A social exchange perspective(2008)	93	YC Kwon
5	Relational Capital and Performance of International Joint Ventures in Vietnam (2005)	60	Lai Xuan Thuy & Truong Quang
RELATIONAL CAPITAL AND GOAL CLARITY			
1	Developing Buyer-Seller Relationships (1987)	12332	F. Robert Dwyer, Paul H. Schurr and Sejo Oh
2	The Commitment-Trust Theory of Relationship Marketing (1994)	24684	Robert M. Morgan and Shelby D. Hunt

3	Factors Affecting the Effectiveness of Equity International Joint Ventures (EIJVs) in Hungary (1997)	64	Yoram Zeira, William Newburry and Orly Yeheskel
4	relational capital and individual exploration: Unravelling the influence of goal alignment and knowledge acquisition (2015)	12	TJM Mom, Pepjin van Neerijnen, Patrick Reinmoeller, Ernst Verwaal
RELATIONAL CAPITAL AND INFORMATION EXCHANGE			
1	An integrated model of Buyer-Seller Relationships (1995)	3150	David T. Wilson
2	Interdependencies, trust and information in relationships, alliances and networks (2001)	867	Cyril Tomkins
3	Looking inside the joint venture to help understand the link between inter-parent cooperation and performance (2001)	63	RJ Pearce
4	Interactive effects of information exchange, relationship capital and environmental uncertainty on international joint venture (IJV) performance: An emerging markets perspective (2018)	2	Francis Kwoka, Piyush Sharmab, Sanjaya Singh Gaurc, Akiko Uenod
RELATIONAL CAPITAL AND FLEXIBILITY			
1	Production, information costs and economic organisation (1972)	17783	AA Alchian and H Demsetz
2	International joint venture trust: An empirical examination (1997)	256	AC Inkpen and SC currall
3	Human resource flexibility and strong ties in entrepreneurial teams (2011)	53	Roxanne Zolin , Andreas Kuckertz , Teemu Kautonen
4	Organizational Process as Antecedent of Managerial Flexibility (2013)	27	Umesh Kumar Bamel, Santosh Rangnekar, Renu Rastogi, Suman Kumar
5	Flexible HR practices (2016)	2	UK Bamel and P Stokes

After the review of 100 articles on social and relational capital, the above table presents the most cited articles.

SOCIAL CAPITAL

JS Colmen (1988) Colmen introduced a concept, "social capital,"(relations among people) paralleling the concepts of financial capital, physical capital, and human capital. He showed the use of this capital through representing the effect of social capital in the family and in the community in helping the formation of human capital. In explaining the concept of social capital, three forms were identified: obligations and expectations, which is influenced by trustworthiness of the social environment, information-flow skill of the social structure, and norms accompanied by sanctions.

A Portes (1998); J Nahapiet, S Ghoshal (1998) Social capital helps in the creation of new intellectual capital and thus helps in achieving organisational advantage. Different dimensions of social capital i.e. structural, cognitive, and relational helps in the creation of intellectual capital. PS Adler, SW Kwon (2002) a common conceptual framework is being developed to identify the sources, benefits, risks, and contingencies of social capital.

Review of definitions of social capital by Bourdieu, Loury, and Coleman, among other authors. Positive as well as negative consequences of social capital is being studied to provide balanced picture. R Gulati (1998) Paper introduces the perspective of social network to the study of strategic alliances. It identifies five key issues for the study of alliances: (1) formation of alliances,(2) governance structure, (3) evolution of alliances, (4) performance of alliances, and (5) the performance concerns for firms entering alliances. For each of these issues, this paper sketches the new and important perceptions resulting from introducing a network perspective.

W Tsai, S Ghoshal (1998) Social interaction and trust, a indicator of the structural dimension and relational dimension of social capital, were significant for inter-unit resource exchange, and thus have a significant effect on product innovation

RELATIONAL CAPITAL

P Kale, H Singh, H Perlmutter (2000) when firms build relational capital, they are able to achieve both objectives simultaneously i.e. learn know-how and capabilities from their alliance partners and at the same time protect themselves from the opportunistic behaviour of their partner.

Tim Rowley, Dean Behrens and David Krackhardt (2000) both relational embeddedness—features of relationships—and structural embeddedness—features of the relational structure—impact firm behaviour and performance.

John B. Cullen Jean L. Johnson Tomoaki Sakano (2000) This article claims that the success of international strategic alliances not only depends on the hard side of alliance management (e.g., financial issues and other operational issues) but, also, on the soft side i.e. development and management of relationship capital in the alliance.

RELATIONAL CAPITAL AND GOAL CLARITY

F. Robert Dwyer, Paul H. Schurr and Sejo Oh (1994) most of the costs and benefits from buyer-seller relations i.e. exchange relations cannot be assessed on an a priori basis. We need to study how practically discrete transactions might progress into more strong associations supported by shared goals, planning, and commitment to the relations.

Yoram Zeira, William Newburry and Orly Yeheskel(1997) Many studies have found that firms of IJVs rarely have identical goals. When goals of IJV are incompatible, this can cause confusion and decrease effectiveness. Having a clear set of goals provides various benefits to any form of business venture. This can provide clear strategic mission and direction, IJV risk can be lessened. Hence, providing clearly stated goals to the IJV can be constructive, especially in high uncertainty avoidance cultures.

RELATIONAL CAPITAL AND INFORMATION EXCHANGE

David T. Wilson (1995) This research article says that initial stages in an IJV involves interaction information exchange. Through these interactions and information exchange, the partners become familiar and seek common ground on which to build a trusting relationship. All relationships do not need to be set up on close personal relationships, but the connection needs to reach a business friendship level.

Cyril Tomkins (2001) This paper examines essential concepts that relate to the needs for information. It considers the main thrust of the paper is to focus on the fact that all relationships depend to some extent on trust. The interaction between trust and information in personal relationships is discovered to serve as a model against which to consider whether the information needs of inter-organisational relationships are similar. Having observed information needs of business relationships in general, the study is developed to consider the needs of different forms of corporate alliances and then wider business networks.

RELATIONAL CAPITAL AND FLEXIBILTY

Roxanne Zolin, Andreas Kuckertz, Teemu Kautonen (2011) Human resource flexibility is important in entrepreneurial ventures to respond to the changing challenges of the new business. This research examines the impact of previously well-known people (strong ties) as entrepreneurial team members on the human resource flexibility of new ventures. This research focuses on the impact of new member addition on the flexibility of the business team by examining the concept of human resource flexibility. In core, this study suggests that an entrepreneurial team performs better if the team members are willing to amend their roles and also exit the entrepreneurial team if required

Umesh Kumar Bamel, Santosh Rangnekar, Renu Rastogi, Suman Kumar (2013) this article says that Managerial flexibility reveals the switching ability of human during reengineering and reorganisation. Managerial flexibility is a significant entrepreneurial endeavour and helps in alleviating the changing challenges of the growing business. Managerial flexibility also facilitates an organization to thrive competitiveness during instability.

RELATIONAL CAPITAL AND IJV LEARNING

Charles Dhanaraj, Marjorie A. Lyles, H. Kevin Steensma and Laszlo Tihanyi (2004) This paper examines the effect of social embeddedness i.e. building relational capital on the transmission of tacit and explicit knowledge in IJVs. We define relational capital in joint ventures based on the strength of the foreign parent-IJV ties, trust, and shared values. It also highlights the differences between knowledge transfer of tacit and explicit and also the relation between them. It highlights the roles of tie strength, trust, and shared values and systems play in the transfer of tacit knowledge, especially for mature IJVs.

Le Nguyen Hau, Felicitas Evangelista (2007) The increase in explicit know-how learned from partner will lead to the development of a “common language” and shared knowledge base within the specific working environment. This shared knowledge base helps lessen the knowledge gap between the knowledge transferor and receptor. Consequently, a wider range of problems can be shared among collaborative members thereby creating social closeness. building relational capital which is an antecedent of tacit knowledge sharing. With an enhanced level of explicit knowledge, the learner is now capable of learning tacit know-how more easily.

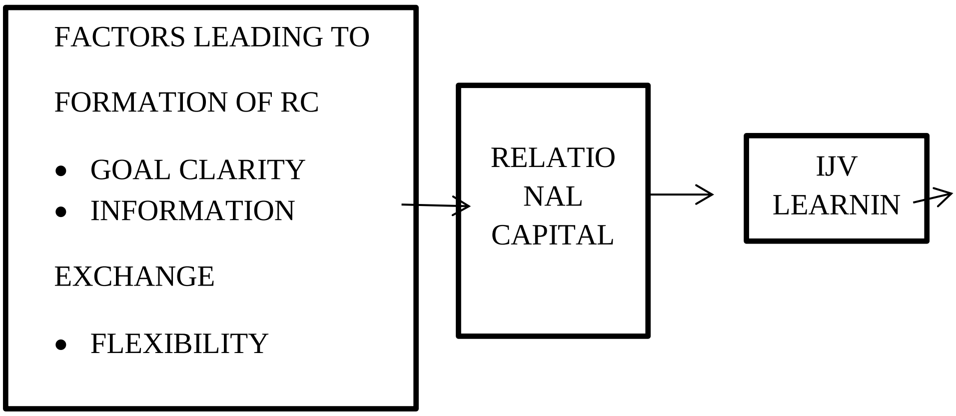
RELATIONAL CAPITAL AND IJV PERFORMANCE

Danny Pimentel Claro, Geoffrey Hagelaar, Onno Omta2 (2003) The economic exchange between IJVs is not made by anonymous actors acting in an opportunistic way but rather by IJVs and individuals within these organizations that trust each other. Trust allows organizations to perform better without the need for a difficult safeguard mechanism.

Y Lee, ST Cavusgil (2006) This study draws upon work in transaction cost economics and relational capital theory to examine the effect on alliance performance. The study suggests that relational-based governance as contrasting to contractual-based governance is more effective in strengthening the interfirm partnership, steadying the alliance, and enabling knowledge transfer between alliance partners.

MODEL ON RELATIONAL CAPITAL

After analysis of various articles on social capital and its important element i.e. relational capital we are able to draw a comprehensive framework combining various constructs which have been studied individually.



Whatever different goals and objectives, the partners must decide on how to integrate with each other in the IJV which helps in building joint interests and maintain harmony in the IJV (Dwyer, Schurr, & Oh, 1987; Morgan & Hunt, 1994). Clearly defined goals focus the members on the same vision and mission and provide the common measures against which tasks are closely monitored, thus help the venture members in achieving better task performance (Von Krogh et al, 1994). Thus, shared goals between partners increase mutual trust and commitment in contractual relationships in IJV and are

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significant in forming RC between the partners in IJV (Morgan & Hunt, 1994; Thuy & Quang, 2005, TJMMom et al, 2015).

As the IJV partners carry out activities, they face various uncertainties, for example similarities and differences in the goals of the JV partners, limited knowledge of one party about the resources controlled by the other, and the way resources of the JV partners can be combined to achieve a mission (Alchian &Demsetz, 1972). Due to these uncertainties, strict adherence to the wording of a legal contract is hardly possible (Thug & Quang, 2005). Therefore, in order to solve all potential conflicts and build mutual trust between parties, a flexible mechanism should be maintained (R Zolin et al,2011; UK Bamel,2013; UK Bamel& P Stokes,2016). Particularly in the case of IJVs, flexibility is required for smooth dealings with the partner’s having different organizational culture. Thus, flexibility helps in building mutual trust, friendship and trustworthy working environment between the IJV partners and leads to formation of RC in the IJV (Thuy & Quang, 2005; R Zolin et al, 2011; UK Bamel, 2013; UK bamel, 2016)

Information sharing in an alliance relationship enhance inter-firm collaborations because such actions indicate that the partners are transparent and there is no hidden agenda, which regarded as an indicator for building mutual trust between IJV partners (Chen et al., 2009).In the early stages of a relationship, commitments are usually less between the IJV and there will be little need for trust and information, but as the relationship matures, there will be a positive association between trust and information, for trust cannot increase without exchange of information between partners (Wilson, 1995; Thug and Quang, 2005). Thus, information exchange between IJV partners helps in building RC.

A large number of knowledge resources in the IJVs are tacit knowledge, which is non-verbal and deeply embedded in the organization (Zhang & Wang,2013). Close interaction between individual members of the concerned organizations acts as an effective mechanism to transfer or learn tacit know- how across the organizational (Von Hippel, 1988 and Marsden, 1990). In business relationships, trust and commitment can provide a strong link and help cross-border knowledge sharing which helps in building up of relational capital in IJVs (Mäkelä, 2007). Strong relational capital leads close interaction between alliance partners. It can thus facilitate exchange and transfer of information and know- how across the alliance (Kale et al, 2000).
IJV relationship provides the learning opportunities for building capabilities, which can be used for achieving competitive advantage (Lyles and Salk, 1996).

CONCLUSION

This study gives several new insights into important areas social capital, relational capital and IJV. This study is highly relevant to managers in IJVs. First, it shows that a good IJV performance depends on the development and advancement of relational capital among alliance partners. Every inter-organizational relationship is different and develops according to the conditions prevalent in that organisation. There cannot be a set way for development of inter-organizational relationship. Second, goal clarity, information exchange and flexibility between partners impact positively on inter-organizational relationship development. All these factors minimize unfriendly surprises, resolve disagreements, and builds trust. Thus, helps in building relational capital.

LIMITATION

This study is based on the number of citation count of a given articles and thus ignore the quality of work of a given article. Citation count may include herd effect and also citation has been criticized on the ground that authors game the system by accumulating citations by citing themselves. self-citations.

But this paper has tried to overcome this limitation citation count by critically analysing the most cited paper. As this paper provide a conceptual model but relationship between variables of the model have to be empirically tested.

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2.

THE INVESTMENT PLANNING FOR JOB BEGINNERS

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ABSTRACT

Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending on investors' strategic goals. The investors are anyone like the businessman, the individual who wants to invest their savings etc. Each investor will have their own conception of the social good they are trying to achieve. The investor might want to fund the invention of new solutions or they might simply want to improve the practices of existing businesses. There is no right or wrong impact class—what matters is identifying preferences and there should be a positive impact of investments. There is an abundance of resources for unemployed people to help them get benefits and find the next job, but there are not too many guides on how to invest impact fully while jobless or just after getting a job. Investment path for these people depends on various factors, including the person’s age, how much savings they have, resources of savings and many more.

Here, our Paper is confined only to the people of age group 20 to 30 or the people who are in a search of stable settlement and have some saving and wants to invest. Here in this paper, we analyze the questions one would ask when adding impact investments to an investment portfolio i.e why one should know impact investment or why and how one should adopt impact investment, what kind of changes one can create through impact investments and how one can assess their progress, when and how long one should invest.

KEYWORDS

Impact Investment, Developed Market, Positive Impact, Investment Portfolio

INTRODUCTION

Nothing is stronger than habits. The strong foundation of financial prosperity can be built on right financial habits. Financial habit of making a financial plan may have profound impact on the quality of financial decisions as it lays down the financial goals and its pathway clearly. The behaviour of investor impacts the decision-making process and its outcome. Investment decisions are very complicated as many investment options are available in market with different level of risk and returns, tax treatments, cost of transaction etc. A clear financial plan can provide clarity to many important aspects and expectations related to investments. A good financial plan would have several steps to following from assessing the current financial position, identification and setting the financial goals (long term, medium term and short term), the investment plan to achieve the set goals based on desired risk and return. The investment planning with a plan will be more result –oriented and suited to the needs of the individual. The plan will be customized based the financial goals and needs.

Virtually everyone makes investments. Investors today have some options to choose from to deposit their savings. Hence it becomes imperative to analyse investment process and investment management decision making in the substantially broader context (Peñaranda, 2016). Every investor has objectives, often not designed very prudently. When objectives are not clearly and consciously articulated, investors may land up making a decision which gives a suboptimal return. It is therefore wise to clarify investment objectives, to gain a clear understanding of what the portfolio is intended to accomplish.

Even if an investor is unable to define investment objectives and procedures in a written Investment Policy Statement, they enhance their chances of achieving a positive result if they adopt a rational and a prudent investment approach. An investor may have a short term or a long-term horizon; the short-term effectiveness examined through the event analysis of the abnormal return for the recommended stock around the financial announcement or due to market fluctuations whereas long-term investment horizon examined through the investment value from a passive portfolio management strategy (Tao, 2010). While investing, a systematic process is needed to reduce the risk, and eliminate to the extent possible, the detrimental effect that emotion, behaviour, and excessive fees and taxes have on overall investment performance while also specifying how investment opportunities and investment managers will be identified (Pfeiffer, 2016). The risk and returns available from each of different investment avenues differ.

The different avenues of investment areas are as follows:

i. Low-risk avenues: savings accounts, bank fixed deposits, CPF, government securities and so on.
ii. Moderate-risk avenues: mutual funds, unit trusts, ETF, life insurance, debentures, bonds.
iii. High-risk avenues: equity share market, commodity market, FOREX market.
iv. Traditional avenues: real estate (property), gold/silver.
v. Emerging avenues: virtual real estate, hedge funds/private equity investments, art and passion.

Investors choose an appropriate avenue depending on their specific need, risk preference and expected returns. Harry Markowitz (1952) in his paper "Portfolio Selection," (published in 1952 by the Journal of Finance) created the modern portfolio theory, which assumes that investors are rational and tend to create optimal portfolios that offer the maximum possible expected return for a given level of risk. There is, however, another theory that has also been accepted. It is the behavioural finance theory, which explains the understanding of the logical patterns of investors, including the psychological processes and the extent to which the decision-making process is influenced (Ricciardi and Simon, 2000). Ideally, behavioural finance explains the “what”, “why” and “how” of funding and investment.

INVESTMENT FOR BEGINNERS

While money doesn’t grow on trees, it can grow when you save and invest wisely. Knowing how to secure your financial well-being is one of the most important things you’ll ever need in life. You don’t have to be a genius to do it. You just need to know a few basics, form a plan, and be ready to stick to it. No matter how much or little money you have, the important thing is to educate yourself about your opportunities. In this Paper, we’ll cover the basics on saving and investing which is essential for the beginner to invest. No one can guarantee that you’ll make money from investments you make. But if you get the facts about saving and investing and follow through with an intelligent plan, you should be able to gain financial security over the years and enjoy the benefits of managing your money. So here we discuss what are the basic key to financial success.

Don’t Wait to Get Started “EVERYONE CAN DO IT! IT’S EASIER THAN YOU THINK”. No one is born knowing how to save or to invest. Every successful investor starts with the basics: FIRST STEP: MAKING A FINANCIAL PLAN AND DEFINING A GOAL (it may be short term and long term)

The first question you are going encounter with is “What is the first thing you want to save or invest for?”

It may be for anything like a home, a car, an education, a comfortable retirement, your children, medical or other emergencies, periods of unemployment, caring for parents, making profit etc

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Make your own list and then think about which goals are the most important to you. List your most important goals first. Decide how many years you have to meet each specific goal, because when you save or invest you'll need to find a savings or investment option that fits your time frame for meeting each goal. Many tools exist to help you put your financial plan together.

If you don't know where you are going, you may end up somewhere you don't want to be. To end up where you want to be, you'll need a roadmap, a financial plan. Like:

What do you want to save or invest for?	By when?
1.________	__________
2.________	__________
3._________	__________
4. _________	__________
And So on	__________

STEP: KNOW YOUR CURRENT FINANCIAL SITUATION

Sit down and take an honest look at your entire financial situation. You can never take a journey without knowing where you're starting from, and a journey to financial security is no different. You'll need to figure out on paper your current situation—what you own and what you owe. You'll be creating a "net worth statement." On one side of the page, list what you own. These are your "assets." And on the other side list what you owe other people, your "liabilities" or debts

Asset Current value	**Liabilities Current value**
Cash	Education loan
Savings	Bank loan
Investments	Other
Real estate	**And so on**
Personal property	
And so on	
TOTAL	**TOTAL**

Subtract your liabilities from your assets. If your assets are larger than your liabilities, you have a "positive" net worth. If your liabilities are greater than your assets, you have a "negative" net worth. You'll want to update your "net worth statement" time to time to keep track of how you are doing. Don't be discouraged if you have a negative net worth. If you follow a plan to get into a positive position, you're doing the right thing

KNOW YOUR INCOME AND EXPENSES

The next step is to keep track of your income and your expenses for every month. Write down what you and others in your family earn, and then your monthly expenses.

FINDING MONEY TO SAVE OR INVEST

If you are spending all your income, and never have money to save or invest, you'll need to look for ways to cut back on your expenses. When you watch where you spend your money, you will be surprised how small everyday expenses that you can do without add up over a year. So, always review your expenses.

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Small Savings Add Up to Big Money

Example How much does a cup of coffee cost you? If you buy a cup of coffee every day for 35 rupees (an awfully good price for a decent cup of coffee, nowadays), that adds up to 365days a year. If you saved that 12,775 for just one year, and put it into a savings account or investment that earns 5% a year, it would grow to 19,162 by the end of 1 years, and by the end of 30 years, it will be a huge amount. That's the power of "compounding." With compound interest, you earn interest on the money you save and on the interest that money earns. Over time, even a small amount saved can add up to big money. If you are willing to watch what you spend and look for little ways to save on a regular schedule, you can make money grow. You just did it with one cup of coffee. If a small cup of coffee can make such a huge difference, start looking at how you could make your money grow if you decided to spend less on other things and save those extra money you spend. If you buy on impulse, make a rule that you'll always wait 24 hours to buy anything. You may lose your desire to buy it after a day. And try emptying your pockets and wallet of spare change at the end of each day. You'll be surprised how quickly small changes can makes a difference.

THE DIFFERENCES BETWEEN SAVING AND INVESTING

SAVING

Saving Your "savings" are usually put into the safest places, or products, that allow you access to your money at any time. Savings products include savings accounts, checking accounts, and certificates of deposit. Some deposits in these products may be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. But there's a trade-off for security and ready availability. Your money is paid a low wage as it works for you. After paying off credit cards or other high interest debt, most smart investors put enough money in a savings product to cover an emergency, like sudden unemployment. Some make sure they have up to six months of their income in savings so that they know it will absolutely be there for them when they need it. But how "safe" is a savings account if you leave all of your money there for a long time, and the interest it earns doesn't keep up with inflation? What if you save a dollar when it can buy a loaf of bread. But years later when you withdraw that dollar plus the interest you earned on it, it can only buy half a loaf? This is why many people put some of their money in savings, but look to investing so they can earn more over long periods of time, say three years or longer.

INVESTING

When you "invest," you have a greater chance of losing your money than when you "save." The money you invest in securities, mutual funds, and other similar investments typically is not federally insured. You could lose your "principal"—the amount you've invested. But you also have the opportunity to earn more money. This involves risk.

All investments involve taking on risk. It's important that you go into any investment in stocks, bonds or mutual funds etc with a full understanding of market. It is often said that the greater the risk, the greater the potential reward in investing, but taking on unnecessary risk is often avoidable. Investors best protect themselves against risk by spreading their money among various investments, hoping that if one investment loses money, the other investments will more than make up for those losses. This strategy, called "diversification," can be summed up as, "Don't put all your eggs in one basket".

The basic question that you are going to encounter before making investment

WHAT ARE THE BEST INVESTMENT FOR ME?

The answer depends on when you will need the money, your goals, and if you will be able to sleep at night if you purchase a risky investment where you could lose your principal. For instance, if you are saving for retirement, and you have 35 years before you retire, you may want to consider riskier investment products, knowing that if you stick to only the "savings" products or to less risky investment products, your money will grow too slowly—or, given inflation and taxes, you may lose the purchasing power of your money. A frequent mistake people make is putting money they will not need for a very long time in investments that pay a low amount of interest. On the other hand, if you are saving for a short-term goal, five years or less, you don't want to choose risky investments, because when it's time to sell, you may have to take a loss. Since investments often move up and down in value rapidly, you want to make sure that you can wait and sell at the best possible time.

WHY IMPACT INVESTMENT?

Why one should be interested in impact investment?

There are so many answers of this question like:

<u>Social impact:</u> Those focused primarily on social impact may be motivated by heritage, family, faith or legacy considerations.

<u>Integration:</u> Some investors no longer want to wear two separate hats for investing and philanthropy and are drawn to impact investing to do both as complementary strategies

<u>Innovation:</u> Often focused on social entrepreneurs, impact investment driven by innovation look to new and adaptive technology and other promising driven by innovation look to new and adaptive technology and other promising ideas to make a difference.

<u>Sustainability</u>: Those pursuing impact place a priority on organizations and models that have the potential to be self-sustaining.

<u>Market-Based Approaches</u>: Many impact investors are attached to the power of market forces to create social good.

Analysis: Investors driven by analysis often emphasize data in order to bring an objective lens to address significant needs, optimizing potential impact or financial return.

What kind of changes you made if you opt impact investment?

<u>Specific challenges:</u> Most of the investors will drill down to further define their focus. For instance, someone interested in education might look closely at companies delivering innovative educational technology.

Some impact investor will concentrate their support on a specific type of community- including women, children, the elderly, youth, or refugee

<u>Innovative solutions:</u> Investor driven by innovation seek new technology and approaches that help existing model to solve social problems.

LITERATURE REVIEW

Veld-Merkoulova (2009) stated that a longer investment horizon leads to Gottlieb and Guiso (2015) from research conducted in Norway showed that people tend to enter the stock market early in life as they accumulate assets and invest a greater share of their wealth in stocks. As they approach retirement, they adjust their portfolio, reducing it gradually.

According to the findings of Sahi, Arora and Dhameja (2013), people tend to develop a strong liking for certain investments just because they are familiar with them. This makes them feel as if they have more knowledge or experience about such investment products and thus they gain a sense of comfort and security. However, Frijns, Koellen and Lehnert (2006) found no clear evidence of asset familiarity on investors' investment behaviour and portfolio choices.

Cohn, Lewellen, Lease and Schlarbaum (1975) attempted to investigate empirically the effect of wealth on the proportions of individual portfolios allocated to risky assets. They found a strong pattern of decreasing relative risk aversion; that is, as wealth increases, people tend to invest more in riskier assets.

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Nosic and Weber (2010) stated that risk-taking behaviour in an investment context is affected by individual risk attitudes, risk perceptions and return expectations. Behavioural biases, such as overconfidence and excessive optimism, significantly affect risk behaviour.

Praba (2011) conducted a study aiming to understand how the saving objectives of individuals relate to the investment avenue. It is observed that investors' major saving objectives are wealth maximisation, contingency management and children's welfare. Different factors, like age, gender, profession and annual income, also determine the investment objective of individuals. Jain and Mandot (2012) also studied the impact of demographic factors on the investment decision of investors in Rajasthan, concluding that various demographic factors, like age, marital status, gender, city, income level, market knowledge, occupation and qualifications, have a major impact on the investment decision of investors.

Income and wealth are regularly believed to have a positive relationship to risk tolerance. Many researchers have found this positive relationship to be significant (see Hallahan, Faff & McKenzie, 2004 a; Bernheim, Skinner & Weinberg, 2001; Grable, 2000; Grable & Lytton, 1998; Schooley & Warden, 1996; Shaw, 1996; and Riley & Chow, 1992). Roszkowski (1998) made note that what these results may be measuring is risk capacity. That is, a higher income or wealth level provides an individual greater capacity to incur risk. Also, it is important to distinguish between absolute and relative risk tolerance. Researchers generally believe that the absolute amount of income or wealth invested in risky assets is a positive function of income or wealth. There is less agreement, however, whether relative risk tolerance (the percentage of income or wealth invested in risky assets) is positively related to income or wealth. Cohn, Lewellen, Lease & Schlarbaum (1975) did find that relative risk tolerance also increases with income and wealth.

OBJECTIVES

1. To find out the investment objective of the job beginners people of age group 20-30 years
2. To know the investment avenues that this age group working people usually prefer.
3. To find out the risk bearing capacity of this age group working people while making investment decisions.

RESEARCH METHODOLOGY

DATA COLLECTION

The primary data for the study is collected through structured questionnaire containing questions related to the impact investment. The questionnaire consists of close-ended as well as open ended questions on the financial behaviour of individuals. The responses are gathered online. A total of 140 questionnaires were received and used for this analysis.

Secondary data which was collected from various books, Journals, websites, articles laid foundation for the study

QUESTIONNAIRE LINK: https://goo.gl/forms/xtbWuY22DTskoeJ13

Respondent were asked to complete eighteen questions in which sixteen questions are mandatory divided into three sections. Section one contains basic information of respondent like name, contact number, age of the respondent, employment status of respondent, Age at which respondent starts earning and the awareness of six stages of financial planning.

Section two contains the questions related to the investment objective.

Section three contains the questions related to the risk analysis to analysis he risk bearing capacity of respondent.

SAMPLING TECHNIQUE

Stratified and Convenience sampling technique has been used to collect the data.

LIMITATIONS

- Lack of response from respondent: As the method adopted was questionnaire hence face to face discussion is not possible.
- Time limitation: As researcher had stipulated time so the more information could not be collected
- It is purely based on the responses given by the respondents. Due to time and resource constrain, only a small sample size of 140 respondents has been considered.

ANALYSIS AND DISCUSSION

Analysis is done from the response of 140 respondents in Google form and the summary of all the responses are studied:

SECTION-1

AGE: Among 140 respondents 73.7% respondents are in between 20-23 and 35% are in between 24-27 age group and only 12% is in age group 28-30

TABLE 1: AGE DISTRIBUTION OF RESPONDENTS

Age groups	Frequency
20-23	103
24-27	25
28-30	12

EMPLOYMENT DETAILS: Among all 140 respondents 60.5% respondents are employed in private sector and only 34.2% respondents are self-employed 5.3% respondents are in government sector.

INVESTMENT DETAILS: Only 68.4% respondents from total have investment till date and most of the respondent i.e 64.7% has investment in any insurance(life insurance) policy and only 20% of respondent owned any financial asset.

SECTION 2

Analysis 1

TABLE 2: MAJOR GOAL FOR THE PORTFOLIO

major goal for your portfolio	Respondent (in %)
1. To ensure my portfolio remains secure.	10.8
2. To see my portfolio grow and to avoid fluctuating returns.	16.2
3. To balance growth and security, and to keep pace with inflation.	32.4
4.To provide growth potential, and to accept some fluctuation in returns.	5.4
5. To provide the sole objective of potential long-term growth.	35.4

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Interpretation: majority of respondents respond that their major goal for the portfolio is to get long term benefit.

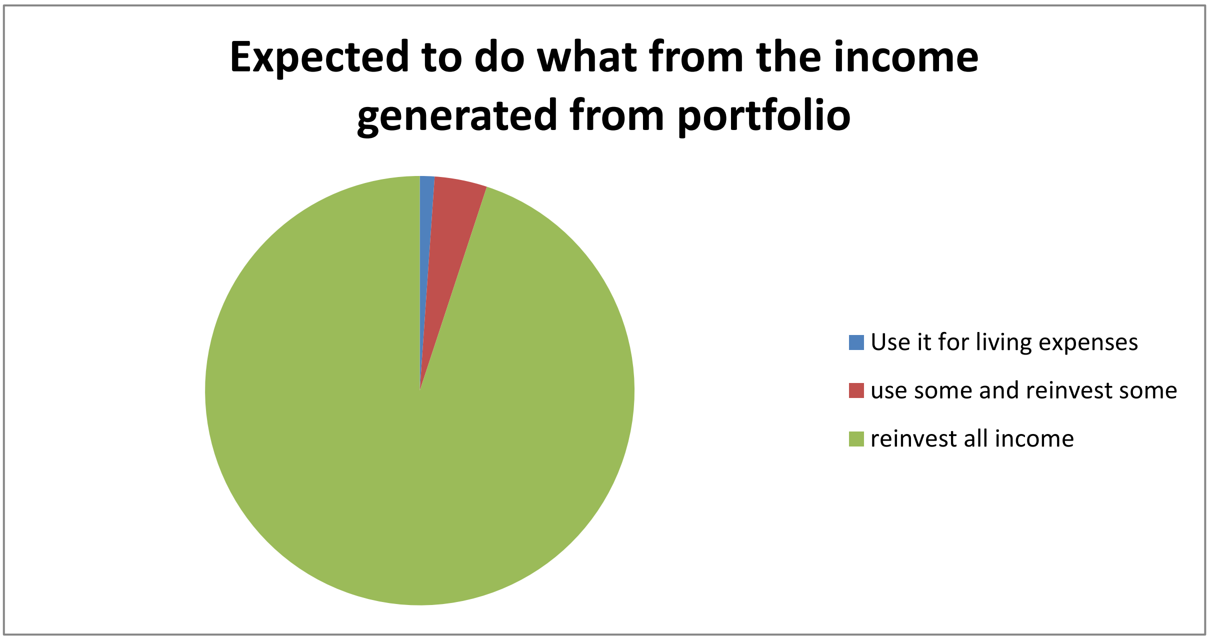
Analysis 2:

TABLE 3: TIME FRAME TO ACHIEVE YOUR FINANCIAL GOAL

Expected time to achieve your financial goal	Respondents (in %)
0-5 years	29.7
5-10 years	54.1
More than 10 years	16.2

Analysis 3:

FIG: 1



Interpretation: 65.8% respondent uses its some profit for living and some reinvest and other 18.4% respondent uses its profit for living expenses and remaining will reinvest all.

FINDINGS

- There are 78.4% respondents who think of some social cause or any other positive impact that beneficiary made after getting fund (from risk analysis section).
- Impact investment can catalyse additional capital flows into developing economies.
- The impact investment market offers diverse and viable opportunities for investors to advance social and environmental agendas through investments that also produce financial returns.
- Impact investment can strengthen social sector organisations and enterprises, by giving them access to the full range of financing options available to regular businesses.
- Impact investment can strengthen social sector organisations and enterprises, by giving them access to the full range of financing options available to regular businesses.

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CONCLUSION

The research study has deduced that financial planning of employed people of age group between 20-30 years has a significant association both with the choice of the investments and investment objectives of the investors. Some people may have a long-term objective, while others may save for short-term objectives, which will influence the type of investments that they choose and hence their portfolio returns. There is a huge number of respondents who keep the social cause in mind before investing or at the time of investment. Obviously, profit-making is one of the objectives of the investor but we cannot deny the fact that people of age group 20-30 years are showing concern for the social issue and try to make changes by making the profit. This much of concern for the society will definitely make a big change in the near future if every investor keeps this thing in mind before making any investment.

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3.

CORPORATE SOCIAL RESPONSIBILITY- ASSET OR LIABILITY

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ABSTRACT

During Magnetic Maharashtra Conclave held at Bandra Kurla Complex Mumbai in Feb 2018, despite presence of political bigwigs and global corporate honchos on the dais, maximum applause was garnered by Mr Ratan Tata when he came to address the gathering. That speaks of his connect with the people- the reason behind it was not his achievement in the field of Business but the number of philanthropic activities which he has been undertaking as Corporate Social Responsibility. While Tata group of Companies have established themselves as one of the most influential Business Groups of India, they have also been undertaking various CSR activities in an effort to ameliorate the condition of backward and downtrodden which has earned them more prominence and goodwill than any other business conglomerate of the country. In fact, CSR has become an important component of Business Strategy to earn goodwill and connect people with the particular brand. The most prominent example of establishing a brand through CSR activities is Patanjali Ayurveda. It started off as a Yoga class for masses to improve their fitness and cure their diseases. Later on, when Patanjali brand was launched, it received tremendous support and patronage, making it one of the most popular brands in the field of FMCG giving tough competition to all the established multinational brands.

Similarly, there are many examples around the world where companies have attained an edge over their competitors due to the goodwill generated through their CSR activities.

CSR activities which started off as an effort to give back to the society and inclusive development has slowly become an integral part of Business strategy. Companies are now taking up CSR activities keeping in mind the niche clientele to generate goodwill among the targeted groups.

Through this paper an effort has been made to study the CSR activities being undertaken by various companies and their effect on the growth of the company.

INTRODUCTION

Corporate Social Responsibility (CSR) started off as a thought of giving back to the society. Initially the idea was not very well taken by the business leaders and economists who believed that "The business of business is to do business." However, as the time progressed, slowly it was realised that CSR is not an act of philanthropy, it is an integral part of the business activity and helps to create the sustainable environment for the business and was integrated in the business models. The European Business Excellence Model which since its introduction in 1992 served as a powerful tool for integrating quality in organizations, introduced CSR for the first time in the model in 2002. From 2004 the European Foundation for Quality Management (EFQM) has been eager to promote the model as an effective tool for implementing CSR acts. The effect of these was that the discussion on CSR shifted from "Whether to How" indicating the change in approach of the business conglomerates towards CSR. In present days, CSR activity has been mandated by law and finds a prominent place on the websites of all the big companies. With time the companies also realised that CSR activities are important to create the goodwill and sustainable environment for the companies to function. The success of Grundfoss AG Denmark in integrating CSR in their Business model serves as an example for others and allays the fears and doubts of all those who perceived CSR activities only as an act of philanthropy. James Burke, the chairman of Johnson & Johnson, a well-known multinational company said - "I have long harboured the belief that the most successful corporations in this country, the ones that have delivered outstanding results over a long period of time, were driven by a simple moral imperative, namely serving the public in the broadest possible sense better than their counterparts."

Definition of CSR

A vide gamut of definitions of CSR are available according to the perception and sensitivity of the analyst. The World Business Council for Sustainable Development defines CSR as; 'Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

In the United States, CSR has been defined traditionally much more in terms of a philanthropic model. Companies make profits unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving.

The European model is much more focused on operating the core business in a socially responsible way, complemented by investment in communities for solid business case reasons. It is believed that this model is more sustainable because social responsibility becomes an integral part of the wealth creation process, which if managed properly should enhance the competitiveness of business and maximize the value of wealth creation to society; and when times get hard there is the incentive to practise CSR more and better—if it is a philanthropic exercise which is peripheral to the main business, it will always be the first thing to go when push comes to shove.

CSR still means different thing to different people depending on their sensitivity to the issue. To Dr Manmohan Singh, former Prime Minister of India, 'Corporate social responsibility is no philanthropy. It is not charity. It is an investment in our collective future'

The simplest and the most significant definition of CSR was given by Mahatma Gandhi who said: "Wealth created from society has to be ploughed back into society."

Thus, we can say that Corporate Social responsibility includes customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance.

CSR as sustainable business development strategy

CSR acts as a measure to create goodwill amongst the beneficiaries who may be employees or others. This goodwill goes a long way in creating a positive image about the company which leads to better sales due to the respect earned for its benevolent image. Internally it also leads to a better output from the employees and lower rate of attrition leading to better productivity.

A labour problem in NIKE lead to a fall in its sales which picked up once the problem was resolved and a positive image of NIKE got established amongst the customers. Positive sentiments created through CSR activities may also help in resolving other issues- A Chennai based automotive company which had setup a plant near Pune faced problems from Local strongmen, however the local beneficiaries of the groups CSR activities stood against these strongmen and forced them to retreat. Coca Cola has introduced Rain harvesting system in Maharashtra where its plant is located. While it leads to groundwater recharging which is used by company for its operations, it also helps to create goodwill as company provides water to the local people during summers.

Similarly, some IT companies provide IT education to local students who may serve the company later. While it creates employment to local youth, company also saves cost on training them.

Advantages of CSR

There are several advantages to corporations when they exhibit a sense of CSR and implement it. These advantages are the following:

1) *Improved financial performance*: A Harvard University study (www.risc.org.uk/read-ingroom/csr/csr_mainconcepts.pdf) has found that 'stakeholder balanced' companies showed four times the growth rate and eight times the employment generation when compared to companies that focused only on shareholders and profit maximization.
2) *Enhanced brand image and reputation*: Positive image of company regarding CSR activities would enhance the company's ability to attract capital.
3) *Increased sales and customer loyalty*: Customers have shown a preference to buy products based on value-based criteria such as 'sweatshop-free' and 'child labour-free' clothing, products with minimal environmental impact, and absence of genetically modified materials or ingredients.
4) *Increased ability to attract and retain employees*
5) *Reduced regulatory oversight*: In many cases, such companies are subject to fewer inspections and paperwork, and may be given preference or 'fast-track' treatment when applying for operating permits, licenses or other forms of government permission.
6) *Innovation and learning*: Corporate responsibility stimulates learning and innovation within organizations helping to identify new market opportunities, establish more efficient business processes and to maintain competitiveness.
7) *Risk management*: It is clear that companies addressing ethical, social and environmental responsibilities have rapidly growing access to capital that might not otherwise have been available.
8) *Reduced operating costs*: Companies can reduce waste disposal costs as well as gain additional income by selling recycled materials. Efforts like flexible scheduling and other such programmes increase productivity in the company by reducing absenteeism and attrition.

CSR activities of some Indian companies

In view of the increasing focus on the CSR activities, the Ministry of Corporate Affairs of Government of India has finalized the new Companies Bill that makes it mandatory for companies with a turnover of INR 1,000 crore or net profit of INR 5 crore or more to earmark 2 percent of their net profit for the preceding three years on Corporate Social Responsibility (CSR) activities. While deciding on the CSR spend, the government had decided against policing corporates on how they carry it out. If a company fails to meet the prescribed spending, however, it will have to explain the reasons for the shortfall to its shareholders.

Some CSR activities of prominent business groups are-

- AMM Foundation of the Murugappa group provides assistance to communities in education, medical care and research in rural development.
- Asian Paints funded a large-scale community development project to enable farmers to use local resources effectively.
- The AV Birla group is involved in social and economic development of communities. BHEL has contributed to the development of quality of life in rural areas, health care and family welfare, adult education, etc.
- Britannia Industries promote sports, especially tennis.
- Brooke Bond has been interested in animal welfare, providing veterinary services, and improvements in animal breeding.

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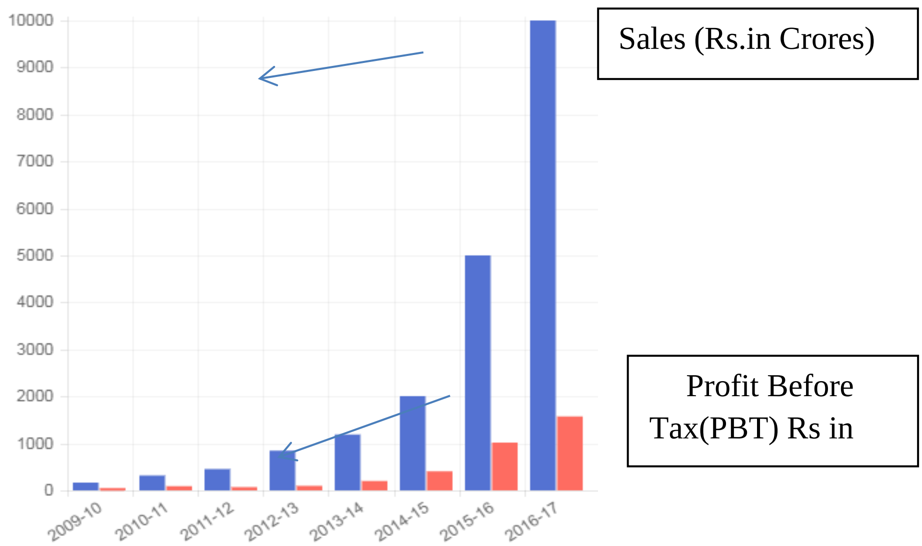
- Colgate Palmolive did pioneering work in the promotion of sports, dental health, and small industry development.
- Dr Reddy's Laboratories promotes education, livelihood and community development.
- Escorts Ltd has worked for farm mechanization, agricultural development, health care, etc.
- Ford India Ltd runs education and training programmes in local schools near the factory; has set up research chairs in two IITs in safety and environment; has introduced measures to eliminate, recycle or treat waste products; and has started several community welfare programmes.
- Gas Authority of India Ltd provides through its CSR initiatives environment protection and horticulture care, infrastructure development to villages, drinking water and sanitation, health care and medical facilities, educational aids and literacy enhancement.
- The Godrej group focuses on environment and conservation.
- Gujarat Ambuja Cement has been helping communities around its facilities.
- Hindustan Lever focuses on health, empowerment of women, and education of special children.
- ICICI Bank's focus areas are elementary education, and universal access to financial services.
- Infosys through its Infosys Foundation, provide assistance to social development, art and culture schools, libraries, higher education and research.
- 1TC Ltd is socially active in rural development especially in the areas of agriculture, culture, sports and pollution control.
- MRF Tyre industries promote sports activities, especially cricket.
- NTPC Ltd is actively involved in community development of villages, resettlement and rehabilitation, and enrichment of human rights and environment.
- Orchid Chemicals and Pharmaceuticals through its Trust promotes job-based education in villages, self-employment amongst women and health services to the needy, organizes capacity-building programmes and undertakes infrastructure development programmes in adopted villages.
- Pricol Industries is environmentally active in promoting afforestation, water harvesting and preservation of water bodies.
- Raymonds' focus area is combating malnutrition and rehabilitation of school children. SAIL contributes to the sectors of agriculture, industry, education, health care, dairy, poultry, fisheries and drinking water supply.
- Satyam Computers is involved in several social welfare programmes.
- Tata Steel has been a pioneer in discharging social responsibility and has made several contributions in areas such as community development, social welfare, tribal area development, agriculture and related activities, rural industrialization, etc.
- The Times of India group has set up a Relief Fund to organize relief and rehabilitation measures at times of calamities (floods, cyclones, fires, earthquakes drought, famine, etc.) to alleviate human sufferings, distress and losses, in any part of India.
- Thermaux has been focusing on education.
- Titan Industries has been training women and handicapped people in making ornaments. Several other Tata Group companies are training local communities in water harvesting, storage and recycling
- TVS Group companies through their Srinivasan Services Trust is passionately involved in rural/tribal development, primary and technical education.
- Wipro is engaged in spreading quality primary education throughout the Nation through its Azim Premji Foundation.

Rise of Patanjali Ayurved Limited

Baba Ramdev started off as a Yoga guru bringing yoga to the masses. He used to hold yoga shivirs in different cities of India where anybody can walk in and learn yoga which was also touted as a cure to many ailments. Over a period of time, he became a well-known face with a huge number of followers across the length and breadth of the country. After establishing himself as a Yoga guru, Baba Ramdev launched the Patanjali Ayurved Limited company in 2006. Due to his base of loyal followers and truly committed workforce, the company made a rapid rise in the FMCG market which already had a number of established multinational players.

Table- 1 Sales and PBT for Patanjali Ayurved Ltd (courtesy website of Patanjali ayurved ltd.)



Due to his loyal consumer base, Patanjali Ayurved faced no problem in establishing the dealer network and customers quickly shifted from earlier brands to the products of Patanjali Ayurved limited.

According to CLSA and HSBC, Patanjali is the fastest growing FMCG company in India. It is valued at ₹30 billion (US$420 million) and some predict revenues of Rs5,000 crore (US$700 million) for the fiscal 2015–16. Patanjali declared its annual turnover of the year 2016-17 to be estimated Rs10,216 crore (US$1.4 billion). Baba Ramdev has stated in his interview with CNN-News18 that profit from Patanjali Products goes to charity. They run ayurvedic hospitals, educational institutes, yoga centres etc.

Due to its meteoric rise, Patanjali model has become a case study for Business schools and is also discussed in Boardrooms.

Tata Group of Companies

The basic philosophy of the company may be summarised in following quotes-

―In a free enterprise, the community is not just another stakeholder in business but is in fact the very purpose of its existence." - Jamsetji Nusserwanji , Tata Founder, Tata Group.

"Corporate Social Responsibility should be in the DNA of every organization. Our processes should be aligned so as to benefit the society. If society prospers, so shall the organization..." - Manoj Chakravarti, G M - Corporate Affairs & Corporate Head - Social Responsibility, Titan Industries Limited in 2004.

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Approximately two third of the equity of the parent firm, Tata Sons Ltd., is held by philanthropic trusts endowed by Sir Dorabji Tata and Sir Ratan Tata, sons of Jamsetji Tata, the founder of today’s Tata empire in the 1860s. Through these trusts, Tata Sons Ltd. utilizes on average between 8 to 14 percent of its net profit every year for various social causes. Even when economic conditions were adverse, as in the late 1990s, the financial commitment of the group towards social activities kept on increasing, from Rs 670 million in 1997-98 to Rs 1.36 billion in 1999-2000. In the fiscal year 2004 Tata Steel alone spent Rs 45 crore on social services.

Tata is accredited to initiate various labour welfare laws. For example- the establishment of Welfare Department was introduced in 1917 and enforced by law in 1948; Maternity Benefit was introduced in 1928 and enforced by law in 1946. A pioneer in several areas, the Tata group has got the credit of pioneering India's steel industry, civil aviation and starting the country's first power plant. It had the world's largest integrated tea operation. It is world's sixth largest manufacturer of watches (Titan).

Tata companies work towards empowering people by helping them develop the skills they need to succeed in a global economy, which is now consolidated into a group CSR programme called Tata STRIVE. The group equips communities with information, technology and the capacity to achieve improved health, education and livelihood outcomes. It also works towards enabling other living things on the planet get their fair share of the resources.

FIGURE-1 CSR ACTIVITIES OF TATA GROUP

CONCLUSION

Corporate Social Responsibility thus over a period of time has become central to the Boardroom strategies and is no longer considered as a fringe activity. Companies have realised that a positive image of being a socially responsible company creates a positive sentiment amongst the customers and the investors. It also helps in retaining employees and lowering operational costs. Growth of Patanjali Ayurved Ltd highlights the importance of CSR activities in creating a loyal customer base and workforce which lead to manifold increase in the sales and profit of the company despite presence of established multinational players in the field of FMCG. Similarly, Tata group has earned an unmatched respect in the country due to its CSR activities. Employees of Tata group displayed exemplary loyalty and dedication towards their duty during the year 2006 terrorist attack on Taj Hotel in Mumbai when they helped in evacuating the tourists without caring for their own lives. Similarly, on International stage, examples of Grundfos AG and Nike display the relationship between the CSR activities/image

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and the turnover. These examples establish the positive linkage between the companies CSR activities, positive image and the turnover/profit of the company. Thus, CSR activities act as an Asset to the company and should form an integral part of the Business Strategy and long-term plan.

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4.

A STUDY OF CORPORATE SOCIAL RESPONSIBILITY (CSR) PRACTICES IN SELECT INDIAN COMPANIES WITH SPECIAL REFERENCE TO ENVIRONMENTAL ASPECTS

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ABSTRACT

Corporate social responsibility (CSR)primarily revolves around integration of self-governance into business planning of corporate houses. Not only does corporate self-governance allows companies to achieve their business goals, abide legal requirements and safeguard the investor's interest but also builds a positive image of the firm in the eyes of the public. Hence, it has become a matter of great importance for corporates worldwide to have a sound corporate governance system in place in order to safeguard shareholders along with strengthening and stabilizing the capital markets globally. Numerous social initiatives combine to form CSR activities focusing on socio-economic development of the nation, thus, aligning the social values with corporate objectives. Therefore, for a country in developing stage, like India, incorporating activities supporting sustainable development is essential to ensure the existence of social ethics and value. The presented paper aims to elaborate the conceptual understanding as well as challenges facing CSR and suggested measures to alleviate them. Also, the paper throws light

on the recent CSR practices of select Indian companies with special emphasis on its environmental aspects.

KEYWORDS

Corporate Social Responsibility, Environment, Indian Industries, CSR Challenges

INTRODUCTION

Corporate Social Responsibility has been long since prevailing in Indian history. CSR was earlier recognized as a means of charity or societal duty which originated as a concern for emerging environmental and societal issues. With an ancient history of philanthropy in Indian corporate culture, the practice of ensuring industrial welfare got in place thereafter late 1800s. Incidentally, a resemblance was found in philanthropy of Western and Indian businessman as both were largely influenced by religious believes. Corporates failed to spend their resources for CSR initiatives and hence, confined their financial aid to one time only. Also, the overall benefit of stakeholders was neglected, thus, degrading the efficiency and effectiveness of CSR practices. This philanthropic trend continued till 1990s. Over the last decade, however, CSR transitioned from a mere charitable obligation to a social responsibility for businesses. Corporate houses have exhibited their support for societal responsibility and Government’s aim of providing social welfare. World Business Council for Sustainable Development defined CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

LEGAL REQUIREMENTS OF CSR ACTIVITIES IN INDIA

As per the Companies Act 2013, companies earning profits with sizeable turnover of equal to or exceeding Rs 1,000 crore or having net worth equal to or exceeding Rs 500 crore, or earning net profit equal to or exceeding Rs 5 crore; would have to spend minimum of 2% of the average profit of last three years on CSR activities every year. Further, to encourage more disclosure and transparency, section 135 of the Companies Act 2013 makes it mandatory for the companies to incorporate social responsibilities into their process of strategic management. Therefore, numerous corporate houses are focusing on the Triple Bottom Line of Corporate Social Responsibility. The Triple Bottom Line includes: People, Planet and Profit which focuses on economic, social and ecological values. Businesses take from society and it is their duty to give back to the society. Consumers, now days, are aware and they not only judge a company by its product quality and service but also on the morals on which the organization operates. Hence, CSR have become a medium to ensure company’s growth and societal image. Therefore, it is imperative for the organizations to understand the dire need to study the concept of Corporate Social Responsibility and to undertake CSR activities sincerely.

While many companies have understood the value of CSR, some still remain ignorant of its importance. Companies have moral duty towards various stakeholders like investors, creditors, shareholders, etc. CSR practices have the ability to affect the social and financial profitability of the firms. Corporate houses need to realize that fulfilling their societal responsibilities will not only enhance their public image but also increases their financial profits. To bring out the impact of CSR practices and analyze their influence on the company’s profitability, operations and growth, is it important to study CSR activities in various sectors of Indian economy.

CHALLENGES FACING SUCCESSFUL IMPLEMENTATION OF CSR:

Even though CSR has earned its due importance, there are still various challenges before its effective implementation in Indian economy. Lack of data authenticity, proper conceptual clarity, untrained and under-developed staffing, incomplete information on CSR practices, reach, policies, initiatives, etcetera are only a few issues facing CSR in India. The following are the challenges before effective CSR implementation-

- There is a lack of clarity regarding CSR objectives and benefits among the companies, public and private alike. CSR is portrayed as more of a charity and hence firms find it difficult to commit to it in the long run.
- Largely, contribution and participation towards CSR initiatives are very limited from general public. The reason for this is lack of knowledge about CSR benefits and little communication between the stakeholders and firms undertaking CSR activities.
- Absence of proper agreement regarding CSR projects undertaken by companies, sometimes, lead to duplication of CSR practices. As a result, a spirit of competitiveness is enraged where collaboration is required. This restricts an organization's capability of impact assessment.
- Another problem is limitation of CSR scope that is caused by shortage of developed and trained personnel and organization that can carry out CSR activities effectively and efficiently. Thus, there is an urgent requirement to enhance the capabilities of such individuals and organizations.
- One of the major issues hampering the smooth CSR implementation is lack of transparency. Proper efforts are not exerted by many companies to disclose information like objectives, audit reports, impact assessment, and fund utilization. This gives rise to the trust issues among the stakeholders and company.
- To confirm the productive implementation of Corporate Social Responsibility, it is crucial to establish operational non-governmental firms in rural and out of reach areas. This will help in assessment and identification of societal needs and will also bring out CSR initiatives for the companies to be undertaken. Currently, there is serious dearth of such organizations.

LITERATURE REVIEW

Barin and Ansari (2017) brought out the prevailing CSR practices in select Indian companies. Special emphasis was given to incorporation of environmental aspects into CSR activities of the chosen corporates. Also, suggestions were drawn to establish a CSR framework that can be accepted worldwide. Reena Shyam (2016) analyzed CSR development and policies operating in India. It also elaborates upon CSR concept, challenges and measures to increase CSR initiatives. Enock & Basavaraji (2013) compared the CSR practices of ITC Company and Tata Company on various CSR areas and the respective reporting styles in their study. Bhupender & Joshiya (2012) presented the prevailing CSR concept, status and challenges as well as policies for CSR with respect to Indian society. Sharma and Kiran (2012) attempted to bring out the current status, progress and initiatives taken regarding construction and implementation of CSR policies by big Indian Corporate houses.Arvind Jain (2012) reviewed the existing literature and focused on highlighting the conceptual knowledge of concept of corporate social responsibility.Soheli Ghose (2012) highlighted the concept of corporate social responsibility with special emphasis on CSR globalization, legal requirements, and Reporting initiative in Indian context. For this purpose, particular cases of CSR practices and violation were examined.Hurratul Maleka Taj (2011) attempted to bring out the benefits and challenges for CSR as well as measures of sustainable development taken by Indian corporate houses. It also distinguishes their social and economic performance. Lokaranjan Guha (2011) examined the specific Indian companies having crossed the ISO standards (9000, 14000, 18000). Further, the study examined the role and structure of CSR ratings.Nidhi Khurana (2011) evaluates the implementation of CSR and effectiveness of CSR. The study holds specific significance over CSR strategies and required sustainable actions to be taken by corporate firms, which in turn would increase their profits.Sweta Singh (2010) examined numerous approaches and current CSR trends in different Indian companies. The study also brings out the CSR impacts and challenges faced in the Indian society.Gautam and Singh (2010) theoretically studied the concept of CSR and evaluated development and recent trends of Corporate Social Responsibility with Indian context. The study evaluated CSR practices of 500 companies and identified their authenticity against Global Reporting Initiative Standards. Dhond Arvind (2008) analyzed the extent to which corporate houses go beyond legal obligation with their CSR practices. Thus, the paper elaborated upon CSR activities of various Indian companies.

RESEARCH METHODOLOGY

Research Objective

The present study is an endeavour to investigate the current CSR practices as per the guidelines of GRI (Global Reporting Initiative) guidelines of some of the top companies of India while also pondering over the aspect of encompassing environmental needs into these CSR practices adopted over time.

Data Sources

The method used for data collection in the study is secondary sources. The study is based on extensive examination of the sustainability and corporate social responsibility (CSR) reports such as Global Reporting Initiative (GRI), Annual Reports Business Responsibility Reports (BRR), as well as publicly disclosed information online.

Sample Size

For the purpose of the study, 15 top companies of India according to the various rankings being assigned to them by Big 4’s such as KPMG and Deloitte have been taken and analyzed. The data relating to these companies has been collated from the published annual reports and sustainability reports of these companies. The data has been collected from the reports of following companies: -

S.NO.	SECTOR	NAME OF THE COMPANIES
1	CRUDE OIL & GAS REFINING	IOCL, ONGC, BHARAT PETROLEUM
2	INFORMATION TECHNOLOGY SERVICES	WIPRO, TCS, INFOSYS
3	ENERGY, POWER AND ELECTRICITY	NTPC, POWER GRID CORPORATION OF INDIA
4	BANKING AND FINANCIAL SERVICES	HDFC BANK, ICICI BANK
5	HEAVY ELECTRICALS AND ENGINEERING	BHEL, L&T Ltd.
6	MINING AND METALS	SAIL, COAL INDIA LTD.
7	CONSUMER DURABLES	ITC LTD

Period of Study

The study period ranges from 2016-17 to 2017-18.

Technique of the study

The data collected has further been analysed using content analysis and descriptive statistics.

Justification of selection of the sample

These selected companies are widely acknowledged to be the best in the various areas of their operations and having huge market share in the country. The reason for taking up these companies in the study is that these companies belong to different sectors such as crude oil & gas refining, information technology services, energy and power, automobile and allied services, banking and financial services, metal & mining, infrastructure, heavy electricals and engineering and consumer durables and as such act as a representative of different spectrum of economic activities undertaken in any economy. These companies would help us in giving a broad view of CSR practices adopted through a spectrum of sustainability activities undertaken by these companies. Also, these companies have been listed on BSE and NSE; have a huge turnover in their respective areas and have been awarded by the FICCI and Assocham for their CSR credentials.

DATA ANALYSIS AND INTERPRETATION

Table 1. Showing the CSR budget and actual expenditure for the year 2016-17 (in crores) and showing the percentage expenditure of CSR on environment

	Name of the Companies	CSR Budget (Actual Prescribed Allocation)	Actual Expenditure	Unspent Amount	% of Amount Spent (of actual allocated)	Amount spent on environment	% expenditure of CSR on environment
1	Steel Authority of India Limited	0	29.05	0	100	2	6.88
2	Coal India Ltd.	127.34	128.05	0	100	10.28	8.02
3	Bharat Heavy Electricals Ltd.	37.50	26.78	10.7	71.41	0.57	2.12
4	Larsen & Toubro (L&T) Ltd.	98.97	100.77	0	100	7.04	6.98
5	Infosys	287.42	289.44	0	100	83.91	28.99
6	Tata Consultancy Services	446	379.71	66.29	85.13	0.6	0.15
7	Wipro	176.40	186.30	0	100	56.70	30.43
8	HDFC Bank	304	305.42	0	100	1.01	0.33
9	ICICI BANK LTD.	182	200	0	100	0	0
10	NTPC	277.85	277.81	0.04	99.98	35.33	12.71

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11	Power Grid Corporation of India	135.58	147.27	0	100	5.8	3.93
12	ITC Limited	275.25	275.96	0	100	73.99	26.66
13	IOCL	212.67	213.99	0	100	68.26	31.89
14	Bharat Petroleum Corporation Ltd.	159.14	90.98	68.16	57.16	2.18	2.39
15	ONGC	535.66	525.90	9.76	98.17	22.46	4.46

(Source: Authors compilation from the annual reports of 2016-2017)

Table 2. Showing the CSR budget and actual expenditure for the year 2017-18 (in crores) and showing the percentage expenditure of CSR on environment

	Name of the Companies	CSR Budget (Actual Prescribed Allocation)	Actual Expenditure	Unspent Amount	% of Amount Spent (of actual allocated)	Amount spent on environment	% expenditure of CSR on environment
1	Steel Authority of India Limited	0	25.70	0	100	2.20	8.56
2	Coal India Ltd.	7.88	24.31	0	100	0.19	0.78
3	Bharat Heavy Electricals Ltd.	10.40	7.36	0	70.76	0.02	0.27
4	Larsen & Toubro (L&T) Ltd.	97.29	100.92	0	100	2.65	2.625
5	Infosys	310.25	312.60	0	100	207.58	66.30
6	Tata Consultancy Services	497	400	97	80.48	400	0.25
7	Wipro	183.30	186	0	100	50	26.88
8	HDFC Bank	365	374.54	0	100	0.73	0.19
9	ICICI BANK LTD.	170.20	170.30	0	100	0	0
10	NTPC	220.75	241.54	0	100	15.08	6.24
11	Power Grid Corporation of India	157.94	157.98	0	100	1.77	1.12
12	ITC Limited	290.47	290.98	0	100	68.52	23.54
13	IOCL	327.94	331.05	0	100	68.26	31.89

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14	Bharat Petroleum Corporation Ltd.	183.33	166.02	17.31	90.55	0.78	0.46
15	ONGC	487.04	503.42	0	100	22.46	4.46

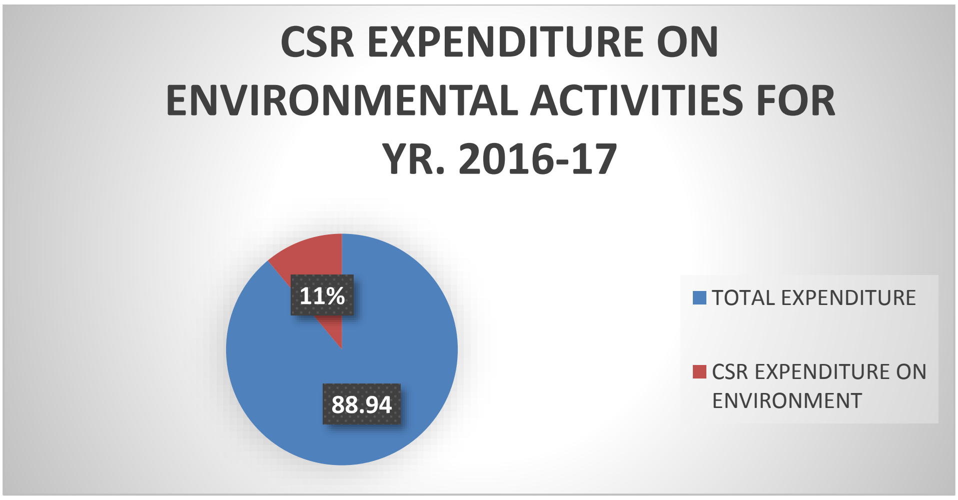
(Source: Authors compilation from the annual reports of 2017-2018)

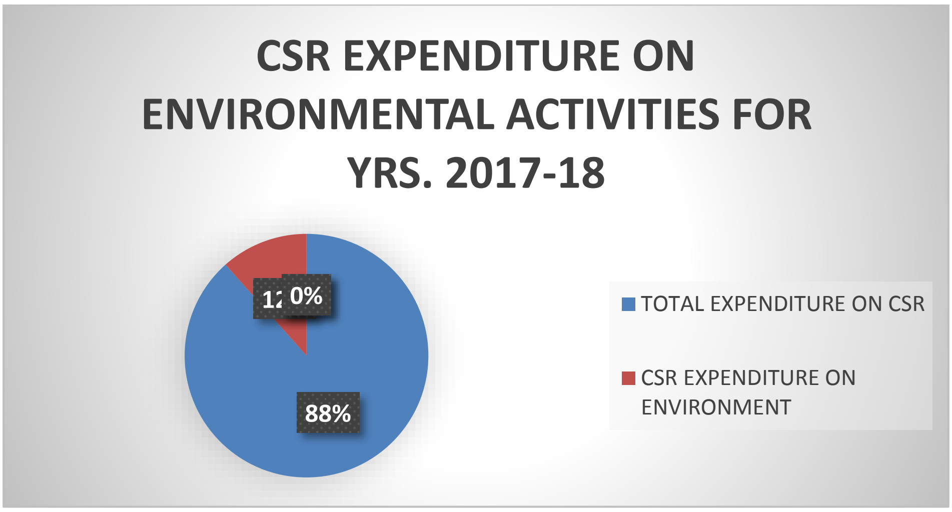
We have taken 2016-17 and 2017-18 as the period of study because the various regulations relating to CSR were introduced in the Companies Act 2013 and only became effective wef 1 April 2014, so it was imperative that the data should relate to the years following 2013 and we wanted to study CSR developments in the current years. As per section 135 of the Companies' Act 2013, companies with net worth of 500 crore or more, or a turnover of Rs.1000 Cr. or more, or profit of Rs.5 crore or more in a given fiscal year are required to spend at least 2% of its average net profit after tax for the immediately preceding three financial years on corporate social responsibility activities (as has been mentioned in the Schedule VII). The actual expenditure on CSR and sustainability-related activities and the actual CSR budget of the company is determined from the annual reports and sustainability reports of the selected companies and the expenditure spent on the environmental activities has been mentioned in the annexure to account wherein details of the sustainability activities have been described in detail as per section 135 of the Companies Act 2013.

ANALYSIS AND FINDINGS

The above-mentioned tables highlight the amount that the companies have been prescribed to spend in the CSR and sustainability activities and the amount actually spent by the companies during the financial year 2016-17 and 2017-2018. From that, the percentage of amount spent on CSR is also calculated. The table also highlights the total amount that has been spent on environmental and sustainable activities out of the total amount of CSR and the percentage of the stated expenditure on environmental activities.

- By studying the sustainability reports of the companies and analyzing the figures in the tables above we realize that although the top most companies are spending a considerable amount on csr activities which is more than the amount to be adhered to according to the legal requirements, still only a minuscule amount is being spent on environmental activities.
- Further, the companies are spending only 11.06% on environmental activities out of the total expenditure on CSR activities in year 2016-17 and 11.571% in the year 2017-18.
- Though ICICI Bank has been a major player undertaking CSR activities, it has not spent a single penny devoted to environmental sector.
- Wipro, IOCL and TCS have emerged out to be major players devoting a substantial share of their funds allocated for csr on environmental friendly sustainable activities. These companies have spent approximately 30% of their funding devoted to csr on environmental activities in the year 2016-2017 and while Infosys has spent 66.3%, Wipro 26.88% and IOCL close to 32% respectively on environmental activities in the year 2017-18.





- This implies that the percentage of funds being spent on environmental activities has increased although only marginally.
- It has been observed from the study of sustainability reports that there is a consensus among the industry experts that the companies are moving beyond just adhering to the compliance to focus on creating a long-term impact for the beneficiaries and different stakeholders.
- Those companies which have not been able to spend their entire amount stipulated for the csr in a given fiscal year have stated the reasons for the same, a common reason that emerged out was that some of their projects specifically concerned with the environmental sustainable activities are long term projects spanning over several years and there were often administrative delays that the companies faced in the adoption of such projects.

LIMITATIONS

• Time period taken is two years. Annual reports of 2016-17 and 2017-18 only have been used for the purpose of the study. The reason for taking the financial year 2014-15 was that companies act became effective on 1 April 2014.The study could have been more elaborate if the data would have been available for several past years.

• Only top companies from different sectors have been taken in the sample. The study can be made broad if the sample size can be increased and companies from other sectors except the ones taken in the study are also included.

• Since the present study takes into consideration only the environmental-sustainability aspect, other sectors have not taken into consideration in the present study.

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CONCLUSION

Over the years, several business houses in India have shown their increasing concern for social responsibility through their contribution to health, education, environment and rural development programmes. In today’s day and age, CSR has gone much beyond the traditional concept of philanthropy (i.e. charity and donations) to the areas of rural and community development, institution building wherein that the companies are moving beyond just adhering to the compliance to focus on creating a long-term impact for the beneficiaries and different stakeholders. It has been noticed by an extensive study of the sustainability reports that a large chunk of money devoted for the sustainability activities is being spent primarily either on education or rural development. Environmental activities as a prominent sustainable sector though has been prioritized by many companies in the current years but it has been observed that the spending on the sector have been rather insignificant. The legal stipulation of 2013 Companies’ Act of spending at least 2% of the average net profits after tax in the preceding three years on CSR activities has encouraged the companies to undertake sustainable activities and to disclose the same in the annual and sustainability reports of the companies. This helps in increasing the transparency as well as accuracy of the reports. Due to a large number of adversities by the companies in the past which have adversely affected the environment and due to pressure by the society and government, companies have begun to take environment as an important area into CSR.

The developing nations like India, are facing the problem of promoting economic development without adversely affecting the enjoyment of the natural resources by future generations (sustainable development).

The present paper studies the current CSR practices of top companies belonging to different sectors in India for the financial years 2016-17 and 2017-2018. The CSR budget and the actual expenditure on CSR on environmental activities has been determined from the annual and sustainability reports of the companies. The findings revealed that out of the total prescribed expenditure on CSR, companies have been spending approximately close to 11% of the total funds on environment related sustainable activities. Companies have been spending more on education, health care, promotion of sports and vocational training and skills while the spendings environmental sustainability have been rather insignificant in relation to the damage done by the companies to the environment in the form of spill overs, pollution waste and sewage discharge. It has also been observed by the researcher that although the companies disclose about CSR budget and their spending, as well as places where the amount is spent by the CSR committee and the members engaged in the CSR committee but there is no uniformity in their reports. So, the researchers strongly recommend that a common format should adopted by all the companies so that it ensures an ease of understanding while doing the comparison of CSR reports between different companies over a period of time. Also, a separate CSR department should be incorporated in the companies devoted to creating awareness about environmental and societal problems. Government should also motivate and encourage sustainable spending on environmental activities of CSR. Certain exemptions and tax benefits should be given to those companies which spends a significant amount on sustainable activities and its protection. The reserves of natural resources that are present in the ecology are rather limited in nature, so we must ensure their judicious and appropriate use so that our future generation can also take advantage of the same. For that, environmental aspects should be taken care of by the business, people as well as by the society.

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THE INFLUENCE OF CORPORATE GOVERNANCE IN NAVIGATING DIFFICULT ECONOMIC TIMES: EVIDENCE FROM INDIA

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ABSTRACT

Corporate Governance is considered as a key element while attaining economic performance and growth thereby enabling the firms to increase the investors’ trust. Further on, it enables to create the structures supporting determination, control and reach of corporate objectives and targets. It provides creation of suitable initiatives for the members of administrative bodies and the management. In accordance with the OECD principles (OECD Principles, 2004) it is assumed that the effectively functioning Corporate Governance system within the company and across the whole economy assists to create the confidence and trust necessary for existence of the market economy. The present paper focuses on analyzing the components and Principles of Corporate Governance besides focusing on its impact on various stakeholders. A very wide spectrum of sectors coming under the Corporate Governance also appears when trying to define this term concisely. Integrated with sustainability which is defined as corporate strategy, long-term corporate goals are followed along with effectiveness, performance and competitiveness by means of incorporating of economic, environmental and social aspects into corporate governance.

KEYWORDS

Corporate Governance, OECD, Sustainability

INTRODUCTION

The term governance refers to the act of managing an entity. What makes the governance of a company so special, as opposed to the governance of a mom-and-pop business, is the separation of ownership from management in the corporate structure. Public limited companies pool capital from thousands of shareholders to build and run a business. But these owners effectively play no active role in the day to day running of company, delegating all the ‘governance’ to a management team. Ensuring that the management team runs the company in the interests of its owners, instead of lining its own pockets, is what good corporate governance is all about.

LITERATURE REVIEW

Recent corporate governance literature has recommended that multi-theoretical perspectives is important to extend the limited explanation by agency theory when studying the effect of corporate governance mechanisms on firm performance in technology industries (He and Wang 2009; Boyd et al.,2011; Choi et al. 2012a). Specifically, Cui and Mak (2002) suggest that high-tech industry. Our review shows that resource-based view is gaining popularity in corporate governance literature.

Brown and Caylor (2004) determined that board composition was the most important driving factor among the core factors of Corporate Governance Quotient (CGQ). They also found positive correlation between industry-adjusted CGQ scores and financial performance measures - shareholder returns, profitability, and dividend pay-outs and yields. Van de Velde et al. (2005) analysed the linkage of corporate governance ratings and financial performance and found positive but not significant relationship between them. This observation is consistent with the findings of Gompers et al. (2003) who further found that firms with stronger governance structure and shareholder rights enjoy higher firm value, profits and sales growth. Governance Metrics International and Byun (2006) investigated the association between corporate governance ratings and financial performance, and found that companies rated in the top 10% of GMI's global database achieved a higher ROE, ROA and Return on Capital (ROC) than companies in bottom 10%. Selvaggi and Upton (2008) found that better governed firms yield higher risk-adjusted returns. They strongly emphasized that enhanced corporate governance is the cause of enhanced performance and not vice versa. Eisenhofer (2010) concluded that, "good corporate governance fosters long-term profitability and it does, in fact, pay.

Resource-based view posits that R&D spending is the main value driver of technology firms. Strategical management literature also shows that R&D spending positively affects the stock performance of manufacturing firms. In this regard, resource-based view becomes a competing theoretical framework for explaining corporate governance in technology industries. Till to date, several empirical studies have employed corporate strategy perspective and agency theory to investigate corporate governance mechanisms in technology industries in Anglo-Saxon economies (Kor, 2006, He and Wang, 2009, Choi et al., 2012a). These empirical studies mainly focus on two lines of research.

The first line of research emphasizes on the role of institutional investors on firm investment (Le et al. 2006; He and Wang 2009). For example, the study by Le et al. (2006) in the United States shows that the institutional ownership positively moderate the relationship between R&D spending and stock performance. By contrast, He and Wang (2009) found that outside large shareholders negatively moderate the relationship between R&D spending and firm value. These results suggest that the type of large shareholders may be important to influence management's investment decisions. The second line of research attempts to examine the interaction effect between internal corporate governance mechanisms (i.e., independent board and CEO duality) and firm's R&D spending on firm performance (Le et al., 2006, He and Wang, 2009). On the one hand, He and Wang (2009) discovered that CEO duality positively moderate R&D spending on firm value (Tobin's Q). On the other hand, Le et al. (2006) found that independent board has a positive moderating effect on the relationship between R&D spending and firm performance. These results suggest CEO duality (i.e., less board independence) and board independence (i.e., measured by proportion of independent directors on the board) positively moderate the relationship between firm R&D investment on firm performance. It is important to note that the. board's monitoring effect is likely to be compromised because CEO duality structures gives high level of power concentration on CEOs. Thus, one question that needs to be asked is whether the balance of power on the board of directors is beneficial in firm strategic decision.

OBJECTIVES

1) To provide an overview of various components and the principles underlying corporate governance;

2) To examine the impact of corporate governance on various stakeholders.

PRINCIPLES UNDERLYING CORPORATE GOVERNANCE

Corporate governance is based on principles such as conducting the business with all integrity and fairness, being transparent with regard to all transactions, making all the necessary disclosures and decisions, complying with all the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner. Another point which is highlighted in the SEBI report on corporate governance is the need for those in control to be able to distinguish between what are personal and corporate funds while managing a company.

COMPONENTS OF CORPORATE GOVERNANCE

1 Board Size: The size of board is believed to have a significant impact on firm’s performance; which is usually observed to be positive.

2 Independence of Board from Management: It is widely believed that independent directors play a significant role in monitoring and advising the company’s management. They are required to safeguard overall organizational and stakeholders interest.

3 Separation of CEO and Chairman: Conflict of interest, concentration of power and reduced board independence are usually observed when the roles of CEO and Chairman of the board are exercised by the same individual.

4 Financial Expertise of Directors: Directors should be financially literate, so that they can better understand the implications of decisions taken by management and thus, lead to better & effective controlling.

5 Number of Board Meetings: Board members should meet sufficient number of times. Very few meetings show lack of interest on the part of Board, while too frequent meetings indicate some trouble in the organization.

6 Role of External Auditors: The external auditor should be competent and independent enough to detect and report frauds and manipulations in corporate reports. Simultaneous provision of both audit and non-audit services by external auditors affects effectiveness of audit. Amount of audit fees is also relevant.

7 Committees of the Board: Board committees add to effectiveness of board by exercising better control over management decisions. These include –

a) Audit committee: High-profile corporate scams have heightened the need for an effective audit committee. Frequent meetings and independence of audit committee can ensure credibility of corporate reports.

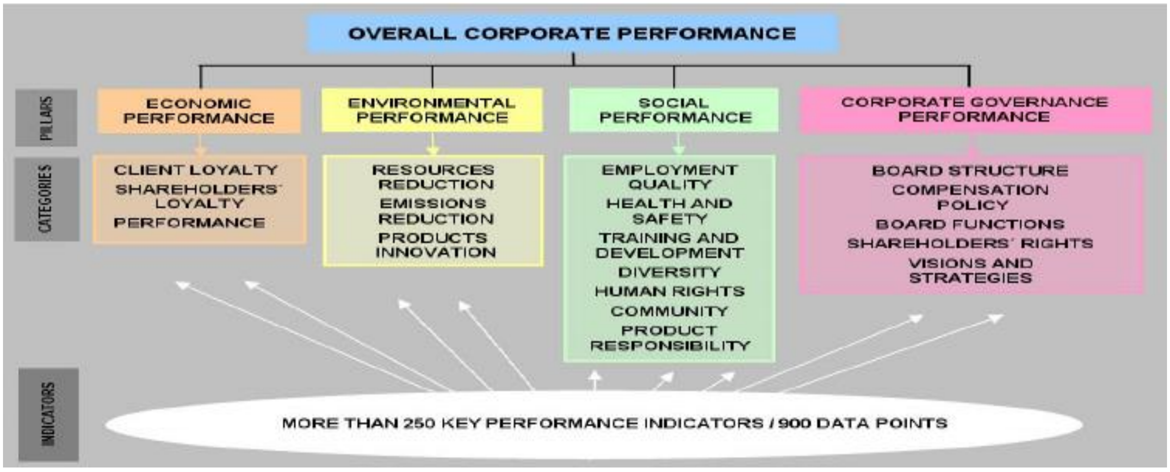
b) Remuneration committee: A board remuneration committee helps in deciding the suitable amount of remuneration for the top level executives like CEO.

c) Nomination committee: The nomination committee evaluates the skills, knowledge, and expertise needed to become a director and identifies the suitable candidates.

IMPORTANCE OF CORPORATE GOVERNANCE

Most listed companies and large corporate groups in India were born as family-owned businesses, with family members occupying managerial positions and making all the key business decisions. This also meant very little distinction between the company’s finances and that of the family owners. With the evolution of the equity markets though, many of these family-owned businesses listed themselves on the exchanges. However, the traditional (mis) governance practices continued. Promoters, though no longer the sole owners, continued to wield disproportionate influence over decisions. Companies freely extended loans to group entities, folks from the family secured berths on the Board with generous pay packets and companies entered into cosy business deals with family and friends. The rights of public shareholders were freely trampled upon.

Figure 1: Overall Corporate Performance



Fundamentally, there is a level of confidence that is associated with a company that is known to have good corporate governance. The presence of an active group of independent directors on the board contributes a great deal towards ensuring confidence in the market. Corporate governance is known to be one of the criteria that foreign institutional investors are increasingly depending on when deciding on which companies to invest in. It is also known to have a positive influence on the share price of the company. Having a clean image on the corporate governance front could also make it easier for companies to source capital at more reasonable costs. Unfortunately, corporate governance often becomes the centre of discussion only after the exposure of a large scam.

Satyam founder and chairman Ramalinga Raju. In fact, trouble started brewing at Satyam around December 16 when Satyam announced its decision to buy stakes in Maytas Properties and Infrastructure for $1.3 billion. The deal was soon called off owing to major discontentment on the part of shareholders and plummeting share-price. However, in what has been seen as one of the largest corporate frauds in India, Raju confessed that the profits in the Satyam books had been inflated and that the cash reserve with the company was minimal. Ironically, Satyam had received the Golden Peacock Global Award for Excellence in Corporate Governance in September 2008 but was stripped of it soon after the confession.

This was sought to be fixed in the Companies Act 1956, by requiring company Boards to seek Central Government permission for certain decisions (managerial remuneration beyond a certain limit, loans to directors) and shareholder approvals for others (appointment of relatives, for instance).

As these checks proved inadequate, SEBI constituted a series of committees — Kumar Mangalam Birla Committee in 2000, Narayana Murthy Committee in 2003 and Adi Godrej Committee in 2012 — to come up with more elaborate governance norms for India Inc. The present corporate governance norms, enshrined in the Companies Act, SEBI listing regulations and Clause 49 of the listing agreement are the result of deliberations by these committees. Yet another committee — the Uday Kotak committee — has recently been tasked with a further review.

Today, India’s corporate governance framework requires listed companies to have independent directors manning one-third of their Board, disclose all related party deals, disclose comparative metrics on managerial pay, appoint audit and nomination committees, and require the CEO and CFO to sign off

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on the governance norms being met in the financial statements. Minority shareholders with 10 per cent voting rights also have the right to drag companies to Court for ‘oppression and mismanagement’.

IMPACT ON STAKEHOLDERS

Shareholders obviously have the most to lose if a company is prone to bad governance. Creative accounting, related party deals, exorbitant managerial remuneration, freebies to friends and family and risky mergers and acquisitions, directly deprive shareholders of profits that are rightfully theirs. But this apart, bad governance practices can have a bearing on all the stakeholders a company deals with – lenders/banks who extend finance, suppliers who sell it goods or services, employees who invest their career in it and customers who put faith in its brand, product or service quality. The ongoing fracas at Infosys has not just decimated the stock price by over 15 per cent, it may also lead to uncertainty for clients and employees. It is therefore in interests of all these stakeholders that corporate governance is treated with the seriousness it deserves.

Governance norms for Indian listed companies are set out in the Companies Act, a detailed clause (Clause 49) in the listing agreement that companies sign with the exchanges and in SEBI’s new Listing Obligations and Disclosure Requirement Regulations of 2015.Corporate Governance in simple words means the extent to which companies are run in an open and honest manner. The Cadbury Committee of U.K. in 2002 defined corporate governance as – the system by which companies are directed and controlled. The essence of the corporate world lies in promoting transparency and accountability and in fulfilling the fair expectations of all the stakeholders. Corporate governance is one such tool to achieve this goal and to safeguard the interests of various stakeholder groups. It involves promoting the compliance of law in letter and spirit, and demonstrating ethical conduct. The framework of corporate governance encourages efficient use of resources and also requires accountability for the stewardship of those resources. The three key constituents of corporate governance are - Shareholders, Board of Directors and Management. The area of corporate governance has acquired heightened attention in the last decade because of various notable corporate scandals and collapses, such as Enron, WorldCom, Satyam, etc. which involved unethical business practices. It is often said that corporate governance and value creation go hand in hand. Unless a corporation embraces and demonstrates ethical conduct, it will not be able to succeed. Various researches have been conducted to investigate the relationship between corporate governance and financial performance, but the results have been mixed and inconclusive.

Sustainability Integration and Corporate Governance At present companies tend to focus on sustainable development as well as sustainability, which brings with it changes to the corporate culture as well as society. Sustainability has three important dimensions for all companies: economic growth, social responsibility and responsibility for the environment. The social and environmental responsibility, however, cannot become separated from economic growth. Profitability and growth create jobs and wealth; companies have to continue to provide products and services that people need. The understanding of characteristics of sustainability is the first step in building the ability to prove how expansion of knowledge can be used in support of employers and public interest. Defining sustainability (IFAC, 2008) sustainability is about: – Promoting ethical responsibility and sound corporate governance practices; – Providing a safe working environment in which the health of employees is protected and their opportunities for self-development are enhanced; – Promoting cultural diversity and equity in the workplace; – Minimizing adverse environmental impacts; and – Providing opportunities for social and economic development within the communities we operate. Sustainability is therefore a strategy of the process of sustainable development. It acquires special importance when the process helps people progress toward sustainability or may, on the contrary, dissuade them from engaging in the process. Sustainability is the ability to sustain the quality of life or the ability to maintain

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quality, which means that each generation has a responsibility for the quality of life. The relation of the social and Co indicators. The same principles should be applied to both the financial and nonfinancial institutions). This fact indirectly indicates that in the case of such need e company is able to aggregate these data and incorporate it into the corporate sustainability. Sustainability in connection with the business environment has become part of the general awareness as a result of environmental approaches implemented in companies. Corporate sustainability is a strategic approach focusing upon the company productivity, on the creation of value for the owners (on competitiveness), as they follow from the environmental, economic and social dimensions. The strategy of sustainability of the company currently includes a broad approach aimed at the integration of economic, environmental and social dimensions. Based on the most extensive study on CEOs so far (Accenture, 2010), 93% of them believe the sustainability issues will be important for future success of companies. In 2007 72% issues should be fully integrated into the strategy and running of the company, while in 2010 this belief is expressed by 96%, which proves the increasing interest in sustainability. The environmental, social and economic factors and Corporate Governance are at the heart of the corporate and business strategies, they are part and parcel of daily operations, stimulate work for success and work as an indicator of threat and risk and push for seizing opportunity, and of course they should become part of the voluntary corporate reporting on the assessment of links between the environmental and economic assessment of performance, the social assessment of performance and the relation to Corporate Governance. Although there is no direct relation between the environmental performance and that of Corporate Governance (Salo, 2008), we can state that the environmental performance and the Corporate Governance performance individually contribute to the general performance. There is a fuzzy relation, too, between the environmental and the economic performance (Horvarate Governance performances and the relation of the social - environmental performances and the economic performance should be the subject of further research. It is important to create measurable and relevant goals of sustainable development and suitable metrics, and further integrated reporting on the financial and non-financial information on the internet basis. The companies who provide insufficient and incomplete information, while its delayed provision is also a flaw, are regarded by investors as involving greater risk and in consequence they are inclined to invest smaller amounts in such companies (Bartes,1994).The solution is offered by the reporting integrating the financial and non-financial indicators. In both cases they should be relevant, measurable, comparable, motivating and clearly understandable. The development in the field of Reporting in the Czech Republic (CR) reflects the overall global world trends. The available statistics show that through all objective benefits the Reporting can bring to businesses, the existing motivation is not sufficient to make this a normal business practice as compared to the financial accounting and reporting. ESG data are being monitored, codified, registered and aggregated into Key Performance Indicators (further KPIthental report (Hrebicek et all, 2009).

CONCLUSION

Corporate governance is understood as the key element in achieving economic performance and growth ensuring increased trust of the investors. It covers a wide range of relationships between the company management, governing bodies, stakeholders and other parties with justified interests. It encompasses a widely varying range of areas, which is also manifested by an effort to create a concise definition of the term. Currently, the following topical issues present themselves: “What is the role of Corporate governance in relation to sustainability?“, “What is the link between the individual pillars of sustainable development and Corporate governance?“, “What is the interrelationship between the economic environmental performance, social performance and Corporate governance?“, “Is it possible to also count on the Sustainability of success (long term viability) additional pillar?“ etc. Future research can be carried in this direction.

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6.

INTERNATIONAL JOINT VENTURES INNOVATION THROUGH KNOWLEDGE TRANSFER: A REVIEW

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ABSTRACT

The purpose of this paper is to present a comprehensive research model which combines various factors affecting knowledge transfer among the international joint venture partners to study the impact of knowledge transfer on venture's innovation performance while taking into consideration the role of absorptive capacity of the venture. The paper is conceptual in nature and has used secondary sources like journal articles of national and international level. The study identified variables from literature like partner protectiveness, learning intent and experience of the partners, tacitness, specificity, complexity and ambiguity of knowledge to be transferred and the role of cultural distance, organisational distance and incorporated them in the proposed model. It provides a research framework studying the impact of the mentioned variables on the knowledge learnt by the IJV partners and finally analysing the application of that knowledge in the form of innovation effectiveness which has not been studied together by many researchers. It has practical implications like it provides a list factors affecting knowledge transfer which is essential for the success of IJVs, thus helping the IJV managers in better management of the organisation. The study has a limitation of being conceptual in nature and lacks empirical evidence.

KEYWORDS

Strategic Alliances, International Joint Ventures, Knowledge Transfer, Innovation Performance, Absorptive Capacity

INTRODUCTION

The number of strategic alliances has been increasing substantially over the past several decades due to the accelerating growth of relationships based on partnerships rather than ownerships as suggested by Drucker (Atalay & Sarvan, 2014; Andrew C. Inkpen, 2000). A strategic Alliance can be defined as the long-term co-operative business agreement formed by two or more independent firm for mutual economic gains, whereas a joint venture is a type of strategic alliance in which a voluntary co-operative agreement is formed for mutual economic gains between two or more independent firms, which results in a legally independent firm formed by combining the existing firms' skills, resources and capabilities to attain a competitive market position (Tsang, 1999). Various reasons for the formation of joint ventures as explained by García-Canal, Ana Valdés Llaneza and Esteban are- improvement in efficiency by economies of scope/scale, through spreading risks or from synergies obtained by combining resources of the partner firms, learning from the local partner about the market conditions or the political/legal situations of the host country for better management of venture, and the market structure like competitive conditions in the host country which may act as a barrier in the entrance of the foreign firm (García-Canal, 1998). One of the main reasons for the success of any international joint venture is knowledge transfer among partners whose factors are listed below.

FACTORS AFFECTING KNOWLEDGE TRANSFER

The differences in partner skills and knowledge proportions provide the catalyst for learning by the alliance parents (Andrew C. Inkpen, 2000). Various variables which are at the heart of knowledge transfer mechanism as identified in literature are the knowledge-specific variables, partner-specific variables and context-specific variables which will be addressed in this study through the proposed research model:

LEARNING INTENT

Literature witnessed the importance of alliances in the process of firms’ learning for developing new opportunities to gain competitive market position in national and international business due to the availability of partners’ with different skills and capabilities (Andrew C. Inkpen, 2000). As argued by Nanoka and Takeuchi (1995), the knowledge spiral is driven by the firm’s intentions which are its aspirations to achieve goals, strategies to attain those goals need to be formulated by developing organisational capabilities to acquire, create, accumulate and exploit knowledge (Simonin, 2004).

PARTNER PROTECTIVENESS

In Strategic alliances, a key issue for partner firms is to protect their proprietary knowledge from their partners as more of crucial knowledge transfer may result in shifting bargaining power among partners and may bring a change in their competitive market position (Hamel, 1991). As per the literature the degree of protectiveness of a partner in an alliance inhibits the knowledge transfer mechanism. Thus we expect fair protection of technological knowledge and other knowledge are also likely to be actively managed as explained in the Simonin model (Simonin, 2004). The protectiveness quotient of a partner in a venture may be estimated by the number of technological gate keepers hired by the partners (Andrew C. Inkpen, 2000), the formal and informal trust and communication level among partners, the level of enthusiasm and co-operation offered to each other by the partners for knowledge transfer (Simonin, 1999a).

TACITNESS OF KNOWLEDGE

Polanyi defined tacitness as the knowledge that is non-verbalizable, intuitive, unarticulated. Knowledge which is considered complex and difficult to transfer is said to have a sizable portion of tacit knowledge (Andrew C. Inkpen, 2000). A study by Lord and Ranft (1998) showed that the tacitness of knowledge has a negative effect on the knowledge transfer effectiveness (Kang, Rhee, & Kang, 2010). There are various dimensions to assess the measure of tacitness of knowledge like codifiability, teachability, communicability and sharability, complexity (Simonin, 1999a). It was found in a study in 1998 that higher quotient of tacitness in a specific knowledge, the lower will be the organizational level through which successful knowledge transfer can take place thus leading to less chance of effective collaborative learning (A. C. Inkpen, 1998).

COMPLEXITY AND AMBIGUITY OF KNOWLEDGE

The process of knowledge transfer in any context depends upon the ease with which the knowledge can be transported, absorbed and interpreted (Hamel, Doz, & Prahalad, 1989). Reed and DeFillippi, while studying knowledge transfer mechanism observed that the barriers to imitate the competitor’s skills originates from the inability of a competitor to acknowledge the source of competitive advantage which can be because of the ambiguous knowledge available to them (Richard Reed, 1990). Many researches have been done on the role of ambiguity and its related variables like complexity. Complexity refers to the number of inter- dependent technologies, routines, individuals, and resources linked to a particular knowledge or asset. Knowledge ambiguity refers to the aspects of knowledge being unclear for understanding and communication which may be contextual, thus it is the lack of clarity or

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understanding for logics associated with the input, output relationships or the cause and effect relationship (Simonin, 1999b).

KNOWLEDGE SPECIFICITY

The transaction cost theory has contributed the concept of asset specificity which says that as the asset specificity increases, the problems with its market based exchange also increases (Delios & Beamish, 1999). In Williamson's terms the degree of specificity can be measured with the ease with which an asset can be redeployed to alternate uses and by alternate users without any productivity loss (Simonin, 1999a). Williamson (1983) identified four dimensions of asset specificity: human asset specificity, dedicated asset specificity, site specificity, and physical asset specificity (Richard Reed, 1990). Site specificity refers to the situation where production stages are closely integrated with each other and production facilities are immobile in nature or movable only at a great cost. Site specific investments benefit the firms by reducing the costs related to transportation and inventory cost substantially as suggested by many studies. Physical asset specificity refers to investments in capital goods like machinery mostly designed for single or some specific use which facilitates product differentiation and helps improving the quality of the product. Human asset specificity is the highly specialised skills and competences learnt by the employees by doing specific tasks. Employees in an alliance specialise with experience and accumulate information and other know-how common to the alliance which help them in communicating effectively and efficiently. Dedicated asset specificity is the specific investments in a plant or machinery which cannot readily be put to other purpose work (Dyer & Singh, 1998). Business actions can be highly specific and interdependent and thus create barriers to imitation due to its specific nature (Richard Reed, 1990).

EXPERIENCE OF THE PARTNERS

As pointed out by von Hippel, the knowledge transfer process involves the characteristics of alliance partners also like their prior experience with the knowledge domain (Simonin, 1999a). For a knowledge seeker, prior experience with a given asset or knowledge base predetermines the level of familiarity and comfort with both information content and context, and thus favours the transferability of knowledge. Cumulative experience with a technology, in particular, is a critical factor in understanding new technologies (Udo Zander, 1995). Experienced firms are more likely to possess the relevant tacit know-how to fill in the gaps left by codified descriptions (Simonin, 1999a).

CULTURAL DISTANCE

Johanson and Vahlne defined Cultural distance between firms as the resulting vector of culture-based factors that hinder the information flow among the alliance partner. Besides the intentional effects of a firm to protect or transfer knowledge to its partners, other unintentional factors like organisational and cultural distance also plays major role especially in international joint ventures (Simonin, 1999a). Differences between partners go beyond differences of nationalities; they also include differences in organizational culture (KENNETH J. DEDOR, WILLIAM B. WERTHER, 1996). To estimate the cultural distance, the proposed research model wants to adopt the framework developed by Hofstede which explains various variables of cultural distance like power distance, level of masculinity/ femininity, uncertainty avoidance, and long term/ short term orientation of society towards future events (Hofstede, 2011). Similarly as hypothesized by Choi and Lee (1997), the greater the difference between the partners in terms of corporate, national, organizational, and professional culture, the greater the difficulty of transferring knowledge through cooperative inter-organizational relationship.

ORGANIZATIONAL DISTANCE

As per Simonin (1999) organizational distance refers to ‘the dissimilarity between partners’ business practices, institutional heritage and organizational culture’ (Simonin, 1999a). Organizational distance can be conceptualised by understanding its activities, attitudes and behaviours of members which together forms its culture (Gilbert & Cordey-Hayes, 1996). It is identified as one of the reasons for the failure of alliances when the firms in an alliance have very different corporate cultures and thus doesn’t support learning (A. C. Inkpen, 1998). Organizational structure and culture is also tend to affect the absorptive capacity of the alliance which plays a major role in internalising learnt knowledge from the partners to make its effective use (Tidd & Izumimoto, 2002). Simonin (2004) who empirically investigated the process of knowledge transfer in international strategic alliances found the moderating role of organizational culture which includes various variables at the firms’ level influencing the alliance learning (Simonin, 2004). Lyles and Salk empirically examined the knowledge acquisition in international joint ventures in Hungry and identified the important role of organizational shared norms, culture and structures (Lyles, Marjorie A., 1996; Lyles & Salk, 2007). Inkpen (2008) emphasized the need of creating a knowledge-oriented culture for organizational success via case studies of international joint ventures like NUMMI (Andrew C Inkpen, 2008). An Indian study of strategic alliances highlighted the importance of shared organizational norms and management styles during the partner selection stage in an alliance formation for the success of alliance (Ray, 2013).

ROTATION & TRAINING OF EMPLOYEES

Knowledge that is embedded in organizational values and culture can prove to be very difficult to transfer in a manner that leads to change at the recipient unit. Prior research has shown that organizational knowledge transfer can occur through a variety of mechanisms: personnel movement, training, communication and personal relationships, observation. Knowledge can be moved by transferring people possessing the knowledge or moving the tools (via training) in which the knowledge is embedded. If the knowledge is moved via people, the transfer will be most successful when the knowledge is not overly complex and when the individuals have the ability to influence the knowledge receptivity (Andrew C Inkpen, 2008).

ABSORPTIVE CAPACITY

‘Knowledge-based’ view of the firm focuses on firms’ knowledge as a valuable resource to create and sustain the competitive advantage and also give importance to a firm’s capacity which can be termed as absorptive capacity, to integrate the knowledge especially the tacit knowledge (Liu, Ghauri, & Sinkovics, 2010) (Simonin, 1999a). Cohen and Levinthal defined absorptive capacity as the ‘ability to recognize the value of new external knowledge, assimilate it, and apply it to commercial ends’ (Lane, Salk, & Lyles, 2001). Absorptive capacity is internal to a joint venture and is essential for a firm as it increases the speed and frequency to effectively apply the available knowledge in improving performance especially innovative performance (C. Wang & Han, 2011). There can be various dimensions of a firm’s absorptive capacity like the investments made in R&D, ability of the firm to absorb, integrate, assimilate and apply the attained knowledge.

KNOWLEDGE LEARNT BY THE VENTURE PARTNERS

An organisation’s knowledge base includes various things like its technological capabilities, work culture, marketing skills, customer needs, and suppliers’ capabilities, etc. which consists of explicit as well as tacit knowledge, thus making that knowledge often sticky, difficult to codify and transfer in contrast to information which is mostly explicit in nature and can be transferred (Andrew C. Inkpen, 2000). Many research studies have shown that organisations in a business network often learn from each other and can benefit from the knowledge which is exchanged or newly developed, especially in case of international joint ventures, where firms of varied nations collaborate to form a legally independent firm, can create various opportunities for knowledge to be exchanged for mutual learning, attaining competitive market position, innovation, etc. (C.-F. Wang & Zhang, 2009).

Knowledge transfer means successful knowledge absorption which can be measured by the changes in the knowledge base or changes in the performance (Argote & Ingram, 2000). This study wants to check the relationship between knowledge transferred among IJV partners and venture's innovation performance, for this purpose factors affecting knowledge transfer will be studied and knowledge transferred will be measured by asking questions on new technological expertise learned from the partners, new marketing expertise learned, product development, managerial techniques learned, and manufacturing processes adopted from the IJV partner.

PERFORMANCE MEASUREMENT OF THE VENTURE

An underlying assumption which is made in this study and all other similar studies is that through learning and use of knowledge-based resources, a firm is able to attain a competitive market position by attaining competitive advantage and success in its performance (Andrew C. Inkpen, 2000). Various research studies have shown that knowledge is an essential resource for any organisation for attaining competitive advantage which is constantly created or exchanged with other sources to maintain their position in a turbulent global business environment (Walter, Lechner, & Kellermanns, 2007). Manny studies like Baker & Sinkula, 2007; García-Morales, Ruiz-Moreno, & Llorens-Montes, 2007 have observed a positive relationship between the organisational learning and alliance performance, thus justifying our study's link between knowledge transfer and venture performance (Argote & Fahrenkopf, 2016; Easterby-smith, Lyles, & Tsang, 2008; Lyles & Salk, 2007; C. Wang & Han, 2011). This study will use multiple measures to study the innovation performance of the international joint venture by asking questions about new product developments, new managerial techniques learned from the partner, length of the innovation period, number of patents of IJV (Chen, Hsiao, & Chu, 2014; C.-F. Wang & Zhang, 2009).

Few researches are mentioned in the following table were done internationally to find out the impact of alliance characteristics on the transmission of knowledge and the outcomes of knowledge transfer:

TABLE-1

S.NO	AUTHORS	PAPER TITTLE	RESULTS	RESEARCH GAPS
1	David C. Mowery, Joanne E. Oxley, Brian S. Silverman	Strategic Alliances and Inter-firm Knowledge Transfer (1996)	This paper examined inter-firm knowledge transfers within strategic alliances. Equity-based joint ventures are found to facilitate higher levels of inter-firm knowledge and capabilities transfer than contract-based alliances. 'Unilateral' contracts result in lower levels of inter-firm transfer of technological capabilities than bilateral contract-based (non-equity)	1. It used only a single measure of cross-citation rate to study the changes in technological base of alliance partner from knowledge transfer. 2. It didn't study various factors affecting knowledge transfer. 3. It focussed on strategic alliances in general

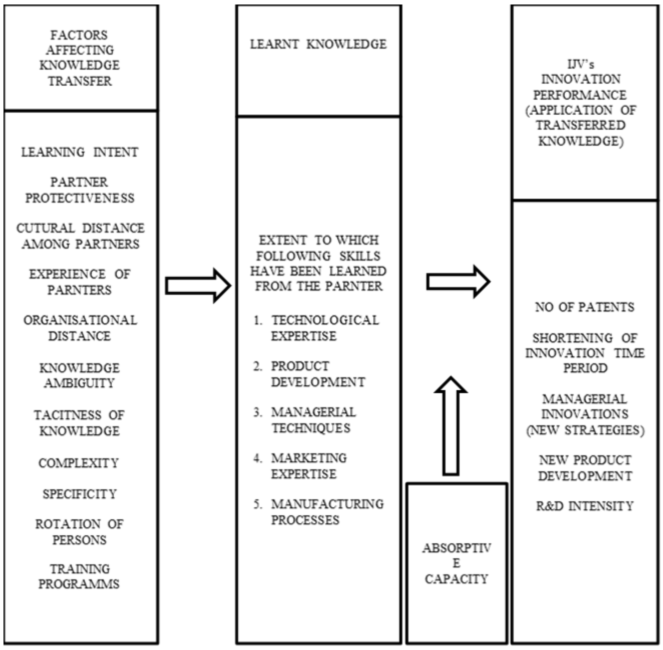
			alliances (Mowery, Oxley, & Silverman, 1996).	rather than focussing on knowledge transfer in any one form of alliance.
2	Ana Valdés Llaneza and Esteban García-Canal	Distinctive Features of Domestic and International Joint Ventures (1998)	It aimed to study the differences between domestic and International JVs and concluded that domestic JVs are formed to either restrict competition or transfer technology, balanced distribution of equity in Domestic JV as compared to international JVs unequal equity-greater in less developed economies (García-Canal, 1998).	1. The paper is only descriptive in nature and only focusses on the differences between domestic and international joint ventures. 2. It describes that international joint venture faces different problems as compared to domestic ones but doesn't take into account any variables affecting the success of venture.
3	BERNARD L. SIMONIN	Ambiguity and the process of knowledge transfer in strategic alliances (1999)	This research examined the role of knowledge ambiguity in the process of knowledge transfer between strategic alliance partners. The findings highlighted that knowledge ambiguity plays an influential role as a full mediator of tacitness, experience, complexity, cultural distance, and organizational distance on knowledge transfer. The effects are moderated by the firm's level of collaborative know-how, its learning capacity, and the duration of alliance (Simonin, 1999a).	1. The study incorporated some of the factors affecting knowledge transfer and analyses the mediating role of knowledge ambiguity, ignoring a few other factors identified by other researchers. 2. The study talked only about technological knowledge transfer in particular, ignoring the other types of knowledge like market, etc. 3. It didn't identified variables to measure knowledge learnt in the alliance.
4	Michael D. Lord and Annette L. Ranft	Organizational Learning about New International Markets: Exploring the Internal Transfer of Local Market Knowledge (2000)	This study examined the transfer of local market knowledge within the diversified firm as its divisions expand into a new host country. The study found that the tacitness of local market knowledge was negatively associated with its internal transfer. The use of a corporate country headquarters, corporate centralization, and the cross-divisional linkage of incentives all were positively associated with knowledge transfer.	This study explored the knowledge transfer mechanism within a single organisation and not among firms of different origins which are more different and requires more efforts and strategic alignment.

			Results also showed that the management's active involvement in strategy formation and implementation positively impacts the knowledge transfer (Lord, Ranft, & Lord, 2000).	
5	Andrew C. Inkpen	Learning through joint ventures: a framework of knowledge acquisition (2000)	The paper proposed a framework of knowledge acquisition by JV partner firms to integrate the various perspectives on learning and alliances. The paper identified various factors that influence the acquisition of learning. Two firm specific learning-based concepts are introduced: alliance knowledge accessibility and knowledge acquisition effectiveness. (Andrew C. Inkpen, 2000).	1. The paper is conceptual in nature and lacks empirical evidence for the propositions proposed. 2. It only studied the knowledge acquisition part of the knowledge management process. 3. It only considers equity JVs in the process of knowledge acquisition.
6	Peter j. Lane, Jane E. Salk and Marjorie A. Lyles	Absorptive capacity, learning, and performance in international joint ventures (2001)	A model of IJV learning and performance was proposed. Trust between the parent firms, IJV's absorptive capacity, IJV's learning processes and structures and its strategies are studied to influence the knowledge management. Results indicated that the level of trust and support by the foreign parent influences the IJV performance (Lane et al., 2001).	It only focusses on the elements of absorptive capacity in influencing the knowledge learnt and its performance. Thus other factors like learning intent, experience of the partners, and specially the knowledge characteristics are ignored while studying knowledge transfer and its impact on performance.
7	Charles Dhanaraj, Marjorie A Lyles, H Kevin Steensma and Laszlo Tihanyi	Managing tacit and explicit knowledge transfer in IJVs: the role of relational embeddedness and the impact on performance (2004)	The paper addressed the role of relational embeddedness between the foreign parents and IJV managers on the type of knowledge transferred to the IJV, and how the importance of relational embeddedness varies between young and mature IJVs. It examined the influence of tacit and explicit knowledge on venture's performance. It addressed the knowledge transfer from the foreign parent to the IJV. Results showed that relational embeddedness strongly influences the tacit knowledge transfer. Relationship between tacit and explicit knowledge is also studied (Dhanaraj, Lyles, Steensma, & Tihanyi, 2004).	1. The study has been done on international joint ventures in Hungry in particular and cannot be generalised to all IJVs. 2. The study focussed only on the attributes of knowledge to influence the IJV's performance.

8	Bernard L. Simonin	An Empirical Investigation of the Process of Knowledge Transfer in International Strategic Alliances (2004)	This research proposed and tested a model for the process of knowledge transfer in international strategic alliances. Learning intent as a driver and knowledge ambiguity as an impediment has emerged as the most significant determinants of knowledge transfer. Results concluded that learning capacity is a key determinant of absorptive capacity (Simonin, 2004).	This study focusses on a few factors affecting knowledge transfer and also didn't identify measures of the knowledge learnt by the alliance partners.
9	Changfeng Wang Yan Han	Linking properties of knowledge with innovation performance: the moderate role of absorptive capacity (2011)	The purpose of this paper was to study the linkages between properties of knowledge, firm's absorptive capacities, and innovation performance in China small and medium-sized enterprises. The results showed that a few knowledge properties have a negative impact on innovation performance. Most knowledge properties had a positive impact on innovation. The results also claimed that the relationship between properties of knowledge and innovation performance is enhanced when the absorptive capacity of the firm is higher. Higher degree of ambiguity and complexity of knowledge resulted in higher levels of technological innovation in these firms (C. Wang & Han, 2011).	This study linked only the knowledge attributes with the innovation performance of the SMEs of China, ignoring other partner specific and context specific variables.
10	Lo, Fang Yi	Intra-MNE advantage transfer and subsidiary innovativeness: The moderating effect of international diversification (2016)	This study focussed on multinational enterprise advantage transfer to study its impact on subsidiary's innovativeness. It further examined the moderating effect of the international diversification. The empirical results found an invert-U relationship between intra-MNE advantage transfer and subsidiary performance. In addition, findings also supported the moderating effect of international diversification of intra-MNE advantage transfer on subsidiary innovativeness and performance (Lo, 2016).	1. The advantage transfer covered only the patent knowledge which is considered in the study. 2. It considered only the advantage transfer from parent to IJV and not inter-partners transfer.

The research gaps of the studies mentioned above can be summarised as less research has been done to find out the impact of knowledge transfer on IJV's innovation performance. The study wants to propose a research model to fill these research gaps by linking the knowledge attributes partner-characteristics and context variables with the knowledge transfer among IJV partners. Finally, the model wants to study the impact of learnt knowledge on the venture’s innovation performance while considering the role of absorptive capacity of the venture. The proposed research model is as follows:

RESEARCH FRAMEWORK



CONCLUSIONS AND LIMITATIONS

The paper has proposed a research framework for studying the factors affecting knowledge transfer among international joint venture partners in India, then studying the impact of knowledge transfer on the venture’s innovation performance, taking into consideration the role of absorptive capacity of joint venture. The model will be tested with the help of primary data to be collected from IJVs operating in India involving one foreign firm and one Indian firm. The proposed model derived its constructs from the available literature, especially from the studies of Inkpen and Simonin who have studied knowledge transfer among international strategic alliances in various countries.

This study is proposed for international joint ventures only, but the model can be applied for other alliance forms, business structures and specific industries also with the needed modifications. For the current study, a methodology can be proposed involving sampling units from the international joint ventures listed in BSE 500 companies list; questionnaire will be developed for the proposed model with appropriate literature support to be validated from experts and will be filled by venture managers with researcher’s personal supervision. Statistical techniques to be applied to the model are yet to be finalised but for the majority of similar studies Structural Equation Model has been applied, thus making it the most feasible option till now. This study is one of the very few studies which have taken into account the impact of knowledge transfer among international joint venture partners.

MANAGERIAL IMPLICATIONS

This theoretical study has proposed a research framework which will have significant policy and managerial implications. This study has highlighted various areas of knowledge management which are essential for IJVs’ success. It has provided an insight on the factors affecting knowledge transfer which should be managed properly in order to transfer knowledge effectively for better performance. It will help top management of companies who are into international joint ventures or planning to form them in setting policies for effective knowledge transfer for improved performance.

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7.
INNOVATION MEETS SUSTAINABILITY: ANALYZING THE FIN-TECH REVOLUTION FOR THE ULTIMATE GOAL OF SUSTAINABILITY

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ABSTRACT

Finance for its pivotal role in any economy, demands to have a system that can lead to the sustainable progress of the country. At the same time, innovation in the financial system has become an essential element. Financial Inclusion is a global issue that has received a lot of attention over the last decades.In most of the developing nations, the basic concept of Financial Inclusion is just about having a savings or current account with a bank. But in reality it is a much wider term. It includes having access to a wide range of services, i.e., credit and risk management products to citizens with a range of needs especially the disadvantaged people.To fulfil this, the financial sector has experienced the recent avalanche of many technological innovations. Many Fin-tech start-ups are looking for new business models that can result into service innovations. This is not a small change but the beginning of a revolution. Further, viewed from the angle of sustainability, there is a clear connection between Financial Inclusion and development. Financial inclusion as a policy objective has been seen to have a linear impact on Sustainable Development Goals (SDGs) such as health, education, food security and equality and peace. Financial Inclusion is not just an end in itself but an important link in achieving development. In this paper, a Descriptive Research is presented by taking up a secondary analysis of literature on Digital Financial Inclusion, Start-ups in the game and their strengths and weaknesses. Further, we analyse the providers of financial services and how they are categorised based on their importance in achieving Financial Inclusion. Finally, the role of Financial Inclusion in achieving sustainability is analysed.

KEYWORDS

Financial Inclusion, FinTech, Technology, Sustainability, SDGs

INTRODUCTION

This study examines the importance of technology for financial inclusion and stability of the financial system as a whole. At a conceptual level, the research also addresses the advantages, drivers and inhibitors of digital financial inclusion.

The 2017 Global Findex brought out by World Bank reveals that in the last three years, 515 million adults acquired a financial account, and since 2010, 1.2 billion people opened an account with a bank or mobile financial services provider. A report by EY believes that financial inclusion will not only generate sizable economic benefits like boosting gross domestic product (GDP) but could also increase banking revenues. From 2010, much of the progress in many countries was related to the impact of financial technology (Fin-tech). An important example is India, where access to financial services increased exponentially in a very short time. 80 percent of adults in India had a bank account as of 2017 as a result of a new policy to formalise the economy.

Financial systems which allow access to a broad range of financial services are likely to benefit poor people. For instance, access to formal savings and credit can facilitate investment in productive activities such as education or entrepreneurship. Without access to such services individuals as forced to depend on their own limited savings to invest in education or other activities. This can contribute to persistent income inequality and slower economic growth.

A new global phenomenon known as financial technology or 'Fin-tech' has emerged which is the culmination of technology, finance and regulation. The Fin-tech era emerged has characteristics of an unprecedented speed of change and range of new participants, from banks to start-ups and e-commerce companies. Fin-tech encompasses the digitization and datafication of the global financial markets as well as the transformation of financial services through technology. A thought paper by EY states that financial inclusion growth opportunities will be the maximum in markets which will embrace technological innovations as well as have a supportive regulatory framework for stability. Dominance of firms that are not able to figure out how to survive the "Fin-tech" revolution is at stake. To reap the greatest benefits for financial inclusion and maximize the potential of Fin-tech an environment built on a strong foundation of digital identification and electronic payment systems is essential.

Finally, financial inclusion is seen as an essential to achieve the global imperative, sustainability. The world is moving towards achieving the sustainable development goals. On 25 September 2015, the United Nations adopted the 2030 Agenda for Sustainable Development with a new set of goals that are called the Sustainable Development Goals (SDGs). The Agenda was endorsed by all 193 member-nations of the General Assembly and applies to all countries. The SDGs comprises of 17 goals (Figure 1). While the SDGs do not explicitly target financial inclusion, it is seen as key enabler for them. By reviewing the research on the link between financial inclusion and development, our research highlights how financial services can help achieve these goals.

In this paper, an earnest attempt is made to analyse the innovations in various dimensions of financial inclusion at the same time how financial inclusion is not an end but a means to achieve sustainability. The data has been gathered through reports, journals, newspapers and from relevant internet websites. The work presented in this paper will help us to understand the achievements so far while shining light on the best path forward.

FINANCIAL INCLUSION

Concept

Financial inclusion means access, availability and usage of services like saving, insurance and credit facilities among others. AFI's Financial Inclusion Data Working Group has defined three main dimensions of financial inclusion as access, usage and quality. Today, financial inclusion has become a significant global policy goal, included as an enabler of the UN Sustainable Development Goals.

G-20 and the World Bank, since 2010, have led the financial inclusion initiative in the developing countries to help reduce poverty levels in developing and emerging economies. According to the World Bank, there still are about half of the global adult population that do not have access to financial services. Additionally, more than 40% of MSMEs in the least developed countries reported difficulties in obtaining finance, 30% in mid income countries and just 15% in high income countries.[7] Many of these excluded population, also termed as potential clients are located in rural areas with limited infrastructure. These 'Base of the Pyramid' (BoP) population rely on informal means such as brokers, payday lenders and loan sharks that are considered to be extremely expensive. This shows that providing access to the unbanked has tremendous potential to help them improve their status, socially and

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economically. Additionally, financial inclusion has great potential for increased bank revenues. EY estimates that banks could generate additional annual revenue of US$200b by serving financially excluded individuals and MSMEs.

'Fin-tech'

Fin-tech has come up as a new term with reference to an old phenomenon - the application of technology in finance. With the increased usage of smartphones and high-speed internet Fin-tech has expanded dramatically. Today, Fin-tech encompasses wide range from application of Artificial Intelligence (AI) and machine learning to Big Data, and from the use of biometric identification to block-chain technology.

AFI among others have identified technology as a core aspect of financial inclusion. In 2010, AFI established the Digital Financial Services (DFS) Working Group, and technology is the main focus for the working group. Fin-tech start-ups holds the key to bring financial inclusion in emerging markets. Many start-ups are taking the lead in this objective by making innovative financial products.

From 2010 to 2017, financial technology (Fin-tech) has recorded progress in a number of countries. Three examples stand out. The first is the advent of mobile money, especially in Kenya and East Africa. The second is China, where the system became one of the world's most digitized financial systems. The third major example is India, where financial access has increased in a very short time. As of 2017, 80 percent of adults in India had an account.

According to a McKinsey report (2016) mobile technology has many advantages. It can lower the cost of providing financial services by 80 to 90 percent, enabling banks to potentially serve the poor in an economical way. Another interesting data comes from GSMA, a global institution that represents the interests of more than 800 mobile operators. GSMA website states that penetration rate of mobile phones in most emerging market countries averages around 80 to 85 percent, even though the average banked adult population in these countries may be well below 40 percent. Therefore, the mobile phone has many prospects to increase access of financial products for the unbanked and MSMEs.

Advances in digital technologies have made it possible for anyone to access financial products and services for the first time faster, cheaper, transparently and efficiently. Some of the key advantages of Fin-tech are: Digital financial inclusion helps banks to lower costs of providing service by reducing queuing lines, reduce paperwork and documentation and fewer bank branches. Digital finance can provide affordable and convenient service to poor individuals in developing countries (CGAP).

Digital finance also promises to give a push to GDP of economies by providing convenient access to diverse range of financial products and services which can boost expenditure by individuals and MSME thereby improving GDP levels. Full scale digital finance adoption can significantly reduce the circulation of fake money from the economy. Since Fintech providers do not accept deposits, they face fewer regulations making it easier for Fintech providers to focus on improving their financial technology.

Availability of a mobile phone and internet connectivity has led to positive correlation between the use of digital finance and access to formal financial services. The relationship is stronger for high and middle income users of digital finance while the relationship may be non-linear or negative for low-income and poor users of digital finance because of reasons cited below:

(i) Superstitious and religious beliefs poor people have seen to about technological advancements and innovation.
(ii) Large fees charged by digital financial services providers.
(iii) Widespread financial illiteracy among population of emerging economies.

Addition factors preventing the financial inclusion process are:
(iv) Data security fear: Digital technology has increased the cases of cyber-attacks that pose significant threat to the security and privacy of customers.
(v) Confusing financial data inclusion to financial inclusion: Financial data inclusion refers to including biometric information of an individual to his bank account so that all financial transactions can be traced, while financial inclusion involves increasing the number of individuals that have access to a large number of financial services.
(vi) Voluntary financial exclusion: Voluntary financial exclusion occurs when individuals do not want to participate in the financial sector despite of being aware of the economic benefits and convenience it brings to them.
(vii) Income divide: It has been observed that digital financial inclusion is more likely to benefit high income individuals in the urban sectors than those in the rural sectors. In a study Beck and Brown (2011) show that banking services and its digital platforms are more likely to be used by households in urban areas, and those with greater income and wealth.

Fin-tech Providers - The start-up game

A Fin-tech provider is defined as an individual or company that is driven by technology and provides new financial services or innovates the delivery of existing financial services. A Fin-tech provider uses technology to provide, or to improve, the delivery of financial services reducing number of hurdles between providers and users of financial services. Fin-tech companies are playing an exceptional role in the digital finance economy. They are emerging in the financial economy to either compete with banks or simply to complement the services of banks. Some Fin-tech companies provide financial services at a cost which is higher than similar services provided by banks but the difficulty of waiting to obtain a loan from banks is making customers turn away from bank providers to such start-ups.

Strengths and Weaknesses

There are many benefits of doing business with providers of digital financial services. First, they provide financial services quicker as well as with a seamless process, making it easier for the poor and backward to manage their financial obligations on a day to day basis. Second, Fin-tech start-ups do not handle deposits like banks, which makes them prone to lesser regulations (or unregulated in some countries). This helps the start- ups to focus on innovations and driving growth further. Third, Fin-tech providers can provide instant emergency funds or loans in small amounts to individuals with low and poor incomes compared to banks and other lending institutions making them attractive for these services.

A common weakness of Fin-techs is seen in their bias towards high income customers. They can discriminately use a more aggressive marketing to involve high and middle income customers and use a less aggressive tactic to persuade low income customers to use new digital platforms or infrastructure because of the believe the latter cannot afford the price, thereby leading to lower financial inclusion for poor and low income customers. **Secondly,** such bias can also be geographical because Fin-tech providers can choose to withdraw specific digital finance services from high-risk rural areas that do not have the necessary infrastructure to support provision of specific digital services and hindering financial inclusion. Another type of bias brews from the customer side is education level. The digital service providers, based on their profitability assessment, can choose to focus less on the delivery of digital finance to poor and uneducated communities that do not have the basic financial literacy to use and understand digital finance.

Malady (2016) in his paper argues that consumers may have access the digital financial system, many are not active users of the digital channels due to lack of consumer trust and confidence in the new channels. The lack of trust in digital finance channels by customers has negative effect on digital financial inclusion program in emerging economies, this problem being greater in countries that lack consumer protection institutions and frameworks.

Also, Fin-tech providers have never been exposed to stress tests. Thus, their ability to survive conditions like recession, high interest rates, financial crises, capital crunch, credit freeze, massive and unexpected loan defaults due to high unemployment is unknown. Digital Finance providers or Fintech became prominent just after the financial crisis in 2008 which indicates that they have not being in operation through a full business cycle to see whether they can withstand adverse shocks that could adversely affect the delivery of their services.

Last, use of Fin-tech platforms does not essentially lead to elimination of the problem of discriminatory lending which is common among banks. Discriminatory lending is said to occur when lenders are more likely to favourably grant loans to some group of individuals compared to other groups because they are from a privilege income level, credit quality, educational status or social status. Banks and other conventional lending institutions continue to face criticism for being involved in the practice of discriminatory lending.

Fin-tech Providers' Classification - on basis of importance

The financial institutions can contribute to financial inclusion in their own unique way. The approach a financial institution takes to driving digital inclusion depends entirely on its independent business model. Some might focus on developing innovative products for digital inclusion like credit-scoring techniques, while others opt to transform delivery channels. Telecommunication companies and Fin-techs are probably better suited to utilize innovative channels and alternative credit-scoring techniques. Some may even provide customised products and services.

The start-ups can be categorised depending on their importance to providing digital financial inclusion. The basis for this classification is Empowering access to services, Enabling use of services and finally, Scaling use of services.

Empowering access of services

Many governments around the world are realising the importance of technology for identification and reduced dependency on documentation in order to bring customer into the formal financial net. As per the 2018 Global Findex, 19 percent of the 1.7 billion adults without an account cited lack of necessary documentation as the main hindrance in opening of account. While at the same time this brings out the potential of digital identification in the times to come. Digital Identity is the basis of an important strategy for digital financial inclusion. Beyond being a proof of citizen identity, in countries without extensive bank branch networks, a digital ID allows an individual to open an account without having to present themselves at the bank branch. Formal legal identity for all is a part of the Sustainable Development Goals, and with its ID4D (Identity for Development) the World Bank has taken a leading role in it. Citing the case of India's experience with digital identification IMF posted a blog on its website how governments become fairer and efficient through digitisation.

DIGITAL IDENTIFICATION AND E-KYC (INDIA)

Aadhar platform is operated by the Unique Identification Authority of India (UIDAI). It involves issuing a 12-digit randomized number to all residents on a voluntary basis. The number thus issued acts as a proof of identity. It is considered the world's largest biometric identification system. Identity is essential in itself, but when linked digitally with tax and/or address information, it provides the basis for a simple eKYC system that can dramatically reduce account opening costs etc. When the customer consents to the service making their identity available, it provides a proof of identity to the provider of service that cannot be repudiated.

Aadhar has various strengths and merits when it comes to being the largest biometric identification in the world. Firstly, it provides for a number of methods data updating. For example, biometric data can be updated as children grow, in the case of accident, in case of disease, or as and when the technology improves. Secondly, it makes access to financial accounts easier, it has led to the digitization of government payments (G2P) and services. At the same time increasing efficiency and lowering costs. There is a correlation between Aadhar inclusion and levels of financial access. Finally, huge savings in leakages is noticed as billions of rupees intended for financial benefits of citizens, previously lost annually through fraud and corruption, are now finding their way to the intended recipient account.

Enabling Use of services

Telecom service providers are also providing the infrastructure for money to flow through any economy, and are therefore vital to financial inclusion. Development of mobile money or e- money wallets has been the key enabler of digital payment. Mobile money/e-money is typically defined as a type of stored value instrument that: (i) is issued when funds are received; (ii) is a type of electronic value stored on a device such as a mobile phone; (iii) accepted as a means of payment; and (iv) is convertible back into cash. Mobile money enables individuals to use their mobile phone to pay bills, remit funds, deposit cash etc. One of the examples is M-Pesa. The well documented growth of M-Pesa has changed access to financial services for customers by facilitating an e-payment platform to the majority of the Kenyan population.

DIGITAL PAYMENT WALLET (M-PESA, KENYA)

M-Pesa was founded in 2006 and makes use of mobile phone to transfer money domestically as well as make payments. The M-Pesa system was launched by Safaricom (in partnership with Vodafone) in order to develop an alternative banking system. It was of wide knowledge that only 19% of the population had a bank account till then. The M-Pesa system allows users to send or receive money on their Safaricom (promoter of M-Pesa) SIM card. The start-up has seen huge success, with more than 84 percent of the poor population using its services, and as large as 40 percent of Kenya’s GDP going through M-Pesa. M-Pesa is now serving 16.6 million active customers, (or 36 percent of the country’s population). Understanding the factors that make Fin-tech start-ups like M-Pesa successful is essential to it being replicated and used by others For instance, Lee and Teo (2015) developed the LASIC principal representing 5 factors – Low margins, Asset light, scalable, innovative and compliance easy.

Users with no bank accounts can access the numerous M-Pesa outlets favourably distributed across the country. The money that needs to be stored is given to the kiosk attendant, who transfers the amount in digital form to the user’s M-Pesa’s account. For a transaction to take place, both parties have to exchange each other’s phone numbers because the phone numbers act as account numbers. The mobile receipt, which is received within seconds, helps to promote transparency for all individuals involved in a transaction. To combat fraud, Safaricom mandates that users of a Safaricom SIM card who want to register for M-Pesa have to do so with a valid government ID such as the Kenyan National ID card or a passport. This way, each transaction is marked with the identification of the party transferring, paying, depositing or withdrawing money from an account.

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Scaling Use of services

Scaling use of digital financial services entails digitization of government payments, service provision and related services including payments for utilities. Since government of any country is one of the largest employers, beginning with simple electronic payments of government salaries into bank accounts through digital means can be a very effective way of starting digital financial inclusion. This can further be extended to include the provision of government transfer payments, for example, pensions and various forms of income support.

There are many well cited cases of government-to-person (G2P) programs aimed at financial inclusion. If properly designed, G2P payments have the potential to advance digital financial inclusion. It is imperative for any digital payment program to succeed, the ‘digital-to-real life’ gap must be bridged. **Bolsa Família** is one of the first and successful social welfare program of the Government of Brazil.

G2P PAYMENTS (BOLSA FAMILIA, BRAZIL)

Bolsa Família provides financial aid to poor families; and in case of families with children, the aid ensures that the children attend school and should be vaccinated. In any case if they are absent from school for more days than permitted, they are forced to drop from the program and their funds are suspended.

As of today, Bolsa Família is the world’s largest conditional cash transfer(CCT) program. It has been mentioned as a factor for reduction of poverty in Brazil, which fell 27.7%. Bolsa Família currently gives families with per-capita monthly income below poverty line, $56 USD a monthly stipend of $13 USD per vaccinated child (< 16 years old) attending school (up to 5), and $15 USD per youth (16 years old) attending school (up to 2). This money is given preferentially to a female of household through *Citizen Cards* which are mailed to the family. It has been a key to help Brazil remove more than halve of its poverty from 9.7% to 4.3 %. Most impressively, and in contrast to other countries, income inequality also fell markedly, to a Gini coefficient of 0.527 an impressive 15 % decrease. BF has increased school attendance and grade progression. For instance, the chances of a 15 year old girl being in school increased by 21%.

ICT infrastructure is a key enabler of CCT programs to be efficiently operated and managed. ICTs play an essential role in the Bolsa Faimilia Program is based on ICT infrastructure for all processes involved like family registration, maintenance of data on beneficiary families, payment logistics and production of program monitoring and evaluating reports.

On the path to sustainability

The United Nations General Assembly adopted the 2030 Agenda for Sustainable Development on 25 September 2015, along with a new set of development goals that are collectively called the Sustainable Development Goals (SDGs). Ban Ki-Moon, UN Secretary General noted that “the new agenda is a promise by leaders to all people everywhere. It is an agenda for people, to end poverty in all of its forms—an agenda for the planet, our common home.” There are 17 goals stated as SDGs(see Figure 1). While nowhere in these SDGs,
financial inclusion has been explicitly targeted, greater access to financial services is a key enabler for many of them.

The very first SDG,i.e., ending extreme poverty explicitly mentions the importance of access to financial services. When people are financially included, they are better able to climb out of poverty in the sense that they can invest in business or education. In India, for example, a government effort to open bank branches in the rural areas helped cut rural poverty by 14 to 17 percentage points. Financial inclusion is also important to prevent people from falling into poverty by softening the blow of unexpected expenses.

Digital financial services leading to digital financial inclusion refers to mobile money, online accounts, insurance and credit, electronic payments, combination of these and newer FinTech apps, that have ability to reach people who were formerly excluded from the financial net. Digital financial inclusion, when provided sustainably in a well-regulated environment, not only drives growth, but also enables faster progress toward many of the other SDGs.

Achieving the SDGs

Financial Inclusion facilitates eliminating extreme poverty (SDG 1) by providing citizens with services they need to make investments and manage unexpected expenses. Income gaps in an economy reflects well-documented market imperfections like information asymmetry and lack of access to financial services which can create so-called poverty traps that force people to remain poor. By granting individuals with an access to savings instruments Fin-techs can increase a country's net savings which can lead to an increase in productive investment and consumption.

Digital financial payments products are additionally beneficial since they allow people to collect money from far-flung friends during a possible time of crisis and thus reducing the likelihood that they will fall into poverty to begin with. A study based on Kenya's M-Pesa, showed that when faced with a financial shock users are more likely than nonusers to receive a remittance. Also, it has been noted M-Pesa users also receive more total remittances and money.

Similarly, financial services have the potential to assist farmers to increase their production to meet the needs of growing population throughout the world (SDG 2). A study conducted in Ghana found that farmers who have taken a rainfall-indexed insurance spent more on harvest expenditures as compared with uninsured farmers. Farmers with an insurance earned $285 more in revenue.Digital platform for financial services has made it easier to access insurance and other financial products at the same time facilitating distribution of wages, social transfers, and subsidies to agricultural workers.

Services like medical insurance provide a formal channel for mitigating any risk arising due to health emergencies (SDG 3). New financial products designed by using digital payments technology might help reduce medical expenses at the same time increasing transparency in delivery of health subsidies. For instance, the on- going research in Kenya test the benefits of a "mobile health wallet" which is supposed to use the M-Pesa mobile money platform and will be restricted to spending at select healthcare providers.

Quality education in today's time depends a lot on the ability to invest in learning opportunities (SDG 4). Financial saving products help families to manage any expense related to education. Research shows that short-term loans, short term commitment products, and direct debit services can help families pay educational expenses such as tuition fees. Many a times for profit making institutes the prohibitive costs of extending infrastructure to informal rural communities deters the much-needed investment in water, sanitation and electricity. With the help of digital technology, some companies are recently leveraging pay-as-you-go (PAYGO) model to increase access to water and other essential services. (SDG 6, SDG 7).This has been possible only because digital services lower transaction costs and enable

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a range of payments that would otherwise be expensive. These services have let customers to make payments from home and save time on travelling to an office and waiting in line to pay cash.

Inequality reduction (SDG 10) has been seen as a broad objective of financial inclusion. Population with access to financial services are seen to be better positioned to succeed economically and build a decent life. By providing a platform for equitable growth, financial inclusion helps reduce inequality and the likelihood of social turmoil (SDG 16). Financial development causes the incomes of the poor to increase faster than average per capita GDP thus reducing income inequality.[3] In recent times, digital financial services have also helped people get assistance when any crisis ensue. A study in Rwanda reviewed mobile phone-based communications over a four-year period found people make transfers to individuals affected by economic shocks. Many agencies providing aid are starting to use digital financial services instead of using cash to deliver financial aid to disaster victims. A survey in Lebanon revealed that more than 1 million refugees use a card to collect aid, buy goods, or withdraw money from ATMs.

CONCLUSION

On the basis of available literature, it can be concluded that digital finance does not only has the potential to foster greater financial inclusion but at the same time serve a bigger purpose to achieve sustainable growth and development. The studies discussed in this report build a strong case that financial inclusion helps create the conditions that ultimately bring many of the SDGs within reach. While digital finance comes with great potential and scope for innovation, it is still distraught with various shortcomings when it comes to safety and reach. By linking finance with sustainability, Bertrand Badré clearly states in his book 'Can finance save the world?' that there is an urgent need to regain control of the global financial system and steer it toward meeting the investment opportunities in achieving the sustainable development goals like reducing poverty, fostering peaceful and a healthier human environment. With the fintech revolution around the corner this looks achievable and at a much lower cost.

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8.

WORKFORCE DIVERSITY: PROBLEMS AND CHALLENGES FOR WOMEN EMPLOYEES IN BANKING SECTOR

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ABSTRACT

Nationalization of the Indian Banking Sector in 1969 served as the first major revolution to reduce gender discrimination against women in banking sector and has provided opportunity for women empowerment. The pattern of Indian women's employment has changed markedly since the 1970s. Technology has also played a significant role in this change. Increasing women literacy in India, growing economic pressure, and desire to gain economic and social independence are pushing womenfolk to take up gainful career in their life. The phenomenal growth of banks has created massive employment opportunities for the educated women of our nation. The women job-seekers find jobs in banking sector more attractive and more suitable to their nature. In this paper an attempt has been made to identify problems and challenges for women employees in the Indian banking industry. The findings indicate how the extent to which workforce diversity implemented in banks has imposed challenges on women employees and what is the nature of these challenges created by these diversity programs. The banking sectors today offer more opportunities for jobs for women - both qualitatively and quantitatively. However, there are some common problems and challenges faced by women managers, officers and clerical groups in banking sector, in the course of their careers. These include the burden of the dual role as a working woman and a family care taker, sexual harassment in the workplace, the refusal of men to accept women as colleagues or seniors, and the lack of solidarity among women. Beside that women play both primary breadwinner and primary care taker role which create a tension most men do not experience when juggling work and personal responsibilities. The biggest challenge lies in changing the mindset and biases about what is required for leadership and success can’t be achieved with women at leadership roles in financial institutions. This means that what is in fact a gender-based bias may be perceived by most senior managers to be no more than common sense meritocracy.

KEYWORDS

Women Employees, Banking Sector, Problems, Challenges, Strategies, dual roles

INTRODUCTION

From the ancient times women were given a highest place in society or everywhere. Society had given various opportunities to the women for their overall development by providing education and different skilled programme which are run by the government. But there has been lot of changes in the present society, which is positive towards women empowerment. But sometimes these changes negatively impact or we can say create hindrances in the empowerment of women. Empowered women contribute a significant role in the economic, social and political development of the country. When we talked about the banking Industry it will seen an existence of Gender discrimination exist in that sector. After the nationalization of the Indian Banking Sector that will created a major revolution to reduce gender discrimination in banking sector and it provided ample opportunities for empowerment of women. In the banking sector lots of opportunities are available for women as well as for men. In today era Indian banks are moving towards recruiting the young Indian women who are eligible and highly qualified to fit in the administrative level job. This has shown remarkable growth over the years. Yet diversity is almost never defined although it becomes a common place in Indian corporate, and women employees have never undergone any advantages from these diversity programs in financial institutions. Often the diversity is described in very diminishing words and meaning that do little to come to a common understanding of the term (Kate, 2007). It basically refers to a concept and includes various demographical factors such as age, gender, race, ethnicity, color, physical ability, etc where employees from various socio-cultural backgrounds within the company comes together to work on a common goal. In broader terms diversity will include many other factors like national originality, religions from they belong, language, physical disability, sexual preferences, values and beliefs, their education, , style of living, physical structure and economic background also. Diversity demands a healthy organizational structure where the employee performance is not being counted or measure according to their race, religion, nationality or gender and they can pursue his or her career aspiration without being differentiated by the said factors. Thus managing diversity is that where the diverse workforce will perform with their full potential in a non-differentiating work environment. While discussing diversity in banks it realize that in past, many banks had belief that getting new employees in the organization requires to be more socialized and easily fit in their work culture but there are a many reasons which shows that till the banks have not realized that for the growth of their work culture they must adapt diversity because that the only tool from which they can attain their objective i.e. to attract and retain a competitive workforce. Today most of the banking organizations realize that, this transition is driven only by initiatives of workplace diversity and managing diversity can create a competitive advantage for banks. While discussing about for the interaction process and job performance culturally diversified groups are much better than homogeneous groups like their diversity include better decision making, higher creativity and innovation, greater chances of success in each field and a better chance of improving the economic growth. The organization should create such a positive diverse culture working environment so that it can help to increase the motivation, satisfaction, and commitment of people working within the department.

LITERATURE REVIEW

The study of Kumar and Sundar (2012) studied the obstacles faced by women executives working in public sector commercial banks in puducherry. Responses from 104 women executives were taken for the study also discuss the factors which prevent women executives to aspirant the higher post. With the help of Factor analysis, the researcher found many factors which affect working women like they are not compatible with their office jobs along with their family responsibilities. Another factor they realize that fear of getting transfer which can disturb their family life and peace. This will tune in a physical strain and stress which become identified a major obstacles that directly or indirectly affect their performance.

Study of Patrick & Kumar (2012) identified the potential barriers related to workplace diversity. Study was conducted by questionnaire survey on 350 respondents. They examined that successfully managed diversity can lead to more committed, better satisfied and a better performing for employees. This will lead to a potentially better financial performance for an organization. Whereas in the(2012) Munjuri analyzed the performance differences between the employees of different gender, age and education level groups. Responses were taken from the managers and employees of the banks in Nairobi region of Kenya. Researcher examine that is there significant level of association exists between employee

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performance and the mean productivity levels of the workforce when categorized by their demographic profile like gender, age and level of education. Researcher found that every organization that want to clinch management of workforce diversity enjoys more creative decision making and satisfying work environment. Whereas the study of Haq (2013) identified many challenges that women are facing in India due to the discrimination of gender and various other forms of differences which impacts their personal and professional lives. They found that today women are compromising in all fields like education, healthcare, their personal and professional development because they are being considered as undervalued, under-employed and under-rewarded. There have been lot of suggestions by researchers that through some social implications which can help in improving the status of women in the society like awareness programs, changing employee attitudes and initiatives from corporate as part of their social responsibility . Study of Abid, *et al.* (2013), identified various problems faced by working women in banking sector and their impact on managing the dual life. The comparison has been made between married and unmarried working women. They identified that their parents have favorable and positive attitude & supports to their daughter which gives strength to their job. Whereas sometimes other relatives creates the negative attitude towards them.In order to be supportive from all sides researcher suggested that parents should take initiative for them in order to make positive attitude and building the trust. Researcher further suggested that there should be a pure and transparent system followed by banks for the promotion of their employees. Study of Kumar, *et al.* (2015) identified the factors preventing women employees aspiring for higher post and problem hurdles in their work performance as a women executives. Study was conducted by questionnaire survey on 44 women employees of private banks in Puducherry state. Study found that there are many problems faced by the women professionals at their jobs like physical strain, heavy workload, , problems in dealing with illiterate customers, faced challenges while getting work with the male subordinates and lack of time for taking care of the needs of family members, etc. Researcher suggested that if these problems are overcome than women executives can actually grow both professionally and socially.

OBJECTIVE

To identify the challenges and problems faced by working women in the Indian banking sector

RESEARCH METHODOLOGY

Research design of the present study is exploratory cum descriptive in nature. Non-probability sampling has been used. Sample size of 100 working women was taken for research purpose Data has been collected through both sources i.e. primary and secondary. Primary data was collected through research questionnaire. Questionnaire filled by the different respondents in Delhi NCR area at various Banks. After collecting data SPSS tool is used for analysis. Whereas secondary data was collected through research journals, magazines, banking web-sites etc. Data was collected over the period of three months from August 2018 to October 2018 from working women in Banking Sector.

DATA ANALYSIS AND INTERPRETATION

TABLE NO. 1: RESPONDENTS DEMOGRAPHIC PROFILE

S. No	Particulars	Category	Frequency	Percentage
1	Age in year	Below 30	**64**	**64**
		30-40	**25**	**25**
		40-50	**7**	**7**

		Above 50	**4**	**4**
2	Designation	Officer	**18**	**18**
		Deputy/Assistant Manager	**17**	**17**
		Manager	**18**	**18**
		Chief Manager	**4**	**4**
		Other	**43**	**43**
3	Years of Service	Less than 2	**55**	**55**
		2 -10	**32**	**32**
		10 -20	**10**	**10**
		Above 20	**3**	**3**
4	Education	Under Graduate	**19**	**19**
		Graduate	**31**	**31**
		Post Graduate	**50**	**50**
5	Monthly Salary	Less than Rs 20,000	**24**	**24**
		Rs. 20,000 - 30,000	**26**	**26**
		Rs. 30,000 – 40,000	**28**	**28**
		Above Rs. 40,000	**22**	**22**
6	Marital Status	Married	**37**	**37**
		Unmarried	**63**	**63**
7	Number of Children/s	**0**	**70**	**70**
		1	**16**	**16**
		2	**11**	**11**
		2+	**3**	**3**
8	Family Size (In no.)	1-2	**0**	**0**
		3-4	**65**	**65**
		5	**22**	**22**
		Above 5	**13**	**13**
9	Location of the Bank (Area)	Urban	**88**	**88**
		Rural	**12**	**12**

Source: Survey by authors

Table I shows that most of the respondents (64%) belong to the age groups of Below 30 years in which most of them are Unmarried i.e. 63%. Most of the respondents are new in the banking career with 55% respondents having experience less than 2 years. All respondents have salary in different range groups and all are having mix of education both graduates and post graduates.

TABLE 2: WORK SATISFACTION PROBLEMS

Work Satisfaction problems	N	Mean	Std. Deviation
I do not feel satisfied with my working hours.	100	2.90	1.068
I do not feel satisfied with the recognition & rewards for good performance at work.	100	2.88	.946
I am not satisfied with the opportunities I get in the Bank	100	2.74	.960
I am not satisfied with the fair treatment and respect I get among the employees of the Bank	100	2.62	.930
I am not satisfied with the flexibility of targets	100	2.70	.927

I am not satisfied with the work performance and respect with co-workers, customers and superior from diverse backgrounds	100	2.76	.900
I do not feel satisfactory from relationship with other employee at work	100	2.72	.965
I do not feel satisfied with the work life balance that do not let me stay healthy	100	2.84	1.022
I do not feel satisfied with the feedback about my work performance from my superior	100	2.84	1.002
Overall	100	2.78	0.969

Source: Survey by authors

When analysing **Work Satisfaction problems** as depicted in table II it can be realized that the mean for majority of the statements is close to value of 3.00 which suggests that majority of the respondents are showing neutral response when asked about **Work Satisfaction problems** The value of mean is highest ($\overline{x}$=2.90) for the statement that working women do not feel satisfied with their working hours as the working hours are not much flexible to accommodate their personal life and non-working priorities. Most of their time is spent in office only and these leaves no time for them for taking care of the responsibilities towards family. The value of mean is lowest for the statement ($\overline{x}$ =2.62) that working women is not satisfied with the fair treatment and respect they get among the employees of the Bank. Working women are always under-appreciated and they do not get opportunity to grow in their career as compared to their male counterparts. They do not get much respect on their performance at work and always considered as incapable for holding high level responsibilities.

TABLE 3: CHALLENGES AT WORK

Challenges at Work	N	Mean	Std. Deviation
Extracting work from subordinates resulting in lot of physical strain	100	2.81	1.051
Dealing with arrogant customers	100	2.96	1.024
Feeling of exploitation due to overburdening work.	100	2.86	.975
Workplace abuse and harassments issues	100	2.56	.891
Not able to manage a healthy work life balance	100	2.85	1.095
Being away from family for long hours due to heavy workload	100	2.97	1.058
Non-supportive nature of others related to family problems	100	2.80	1.073
Lack of proper Guidelines and assistance regarding work	100	2.75	1.019
Lack of mutual understanding and relations among team and other employees	100	2.68	1.053
Less compensation and income level	100	2.88	1.047
Non-Transparency of appraisal & promotion policy	100	2.85	1.149
Biased nature of superiors between male and female employees	100	2.80	1.119
Overall	100	2.81	1.046

Source: Survey by authors

When analysing **Challenges at Work** as depicted in table III it can be seen that the mean for majority of the statements is close to value of 3.00 which suggests that majority of the respondents are showing neutral response when asked about **Challenges at Work** The value of mean is highest ($\overline{x}$=2.97) for the statement that working women needs to being away from family for long hours due to heavy workload.

Working women are mothers, wife and daughters and they play an important role in upbringing of their family. Due to heavy workload they remain away from their family which leads to no time in taking care of their family. This is main challenge why working women quite their career early in order to take care of their families. Value of mean is lowest for the statement ($\bar{x}$ =2.56) that working women sees abuse and harassments issues at their workplaces. Women thinks that they are abused and harassed by other male employees by giving them unfair treatment at work.

CONCLUSIONS AND SUGGESTIONS

Increasing in the empowerment of women, their burning desire to gain economic and social status in every field of life either it is service sector or it is self-employment. Women create their own independent approach. They identified by their own fame. Banking sector is not the exception for this. When we discuss about the private banks women create their own milestone. However there are some exceptions also available when we discuss about the women especially in the context of married women as they have to balance between their both lives: family and professional life. Sometimes sexual harassment from colleagues, managers, or customers and the load of extra work these are some of things which are always complaint by women employees. Although the phenomenal growth of banks in the recent time has also create a ample of job opportunities for the educated women. No doubts feminine traits also help women to excel in their field as they are considered stronger as compared to male counterpart. Still there is a distance we have to go, our attitudes, beliefs determine that how we valued the women in each sector.

STRATEGIES TO OVERCOME PROBLEMS AND CHALLENGES

The first step towards improvement towards making the working women grow is to remove the unconscious biases and assumptions from the people's mind. There is a need that people identify and recognize these in their own thoughts and behavior. Organization should train their employee in order to achieve this. Many firms have started taking actions as part of their whistle blow policies and reverse mentoring to improve awareness of gender issues. Society always follows a good leader if they have positive thoughts towards society. And effective leader can be the most important step in eliminating biasness so that hiring decisions can't be biased, promotions should be given based on performance, equal career opportunities to everyone and transparent evaluations of performance. For improvising the gender biasness, there is a need to change their recruitment and promotion policies by top management and set a defined number of people to be hired from a diverse background to make a diverse resource pool of employees and leaders. For encouragement of women advancement to the top employers should do more by making women life easy both at the workplace and outside of workplace. Employers should ensure that they are incorporating same working hours at their workplaces so that all employees either ambitious or talented do not have a feeling that they are asked to work extra with a compromise of their family life. Women in such industry always need flexible and suitable working conditions to them and they should be given full advantage of this. They should always feel themselves as emotionally strong and empowered to take benefits of all the flexibility being offered to all the employees equally.

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9.

ROLE OF STRATEGIC CORPORATE SOCIAL RESPONSIBILITY (CSR) IN PROMOTION OF EDUCATION: A TOOL FOR SUSTAINABLE DEVELOPMENT IN INDIA

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ABSTRACT

Sustainable Development Goals (SDGs) were adopted to end poverty, protect the planet and ensure prosperity for all as a follow up to the Millennium Development Goals (MDGs). India ranks 116 of 157 on the SDG index. Thus, a collective effort from the government, corporates and civil society organizations has been realized to achieve SDGs. Corporate sector is now being seen as the strong facilitator for the implementation of SDGs through their creativity and innovation. Corporate social responsibility (CSR) has been designed as a strategy to serve the community and society at large by the corporate world to achieve the targets of sustainable development agenda of the nation. The Project Drishti of Reliance Industries; Program SPARK of Infosys; Mahindra Pride Schools of Mahindra & Mahindra and Education Reform Programmed of ICICI Foundation are a few instances of corporate social responsibility initiatives in promotion of education for sustainable development. Although significant strides are being made by the corporates, but journey is still far away. The role of CSR needs to be critically analysed and evaluated in the context of non-economic aspects of SDGs agenda dealing with major concerns of the nation namely poverty, hunger, illiteracy and inequalities across gender, social-class and locale.

KEYWORDS

Sustainable Development Goals (SDGs), Education, Corporate Social Responsibility (CSR)

INTRODUCTION

Maintaining a delicate balance between the human need and preserving natural resources and ecosystems, on which we and future generations depend is a complex task from decades. Development that meets the needs of the present without compromising the ability of future generations to meet their own needs for other species and people as well in a true sense is a sustainable development. It implies economic growth together with the protection of environmental quality. Education is the most potent tool and key instrument for building an equitable society through human resource. To promote national development through social and economic interventions for sustainable development, expansion of an education system to reach vast majority of underprivileged sections of society is being undertaken as a major reform in the previous decades. As the level of productivity of an individual depends on his/her educational status and skills it is widely accepted as an instrument of personal as well as national development.

SUSTAINABLE DEVELOPMENT

The term sustainable development was appeared for the first time in 1980 in the title of a key document- *World Conservation Strategy: Living Resource Conservation for Sustainable Development*- published jointly by the International Union for Conservation of Nature and Natural Resources (IUCN), the World Wildlife Fund (WWF) and UN Environment Programme (UNEP). The term refers to achieving economic and social development in ways that do not exhaust a country's natural resources. The "... sustainable development is ... a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with the future as well as present needs" (World Commission on Environment and

Development, 1987). The most important considerations for sustainable development are: a) valuation of environment, b) developing strong legislation and c) promoting people's participation involving local people at the grass roots.

For this, a series of eight time-bound targets - with a deadline of 2015 - known as the **Millennium Development Goals** (MDGs) in September 2000 were framed. Millennium Development Goals brought back the focus on issues other than economic in nature. The final MDG Report found that the extreme poverty and the proportion of undernourished people have declined by more than half; the primary school enrolment rate in the developing regions has reached 91 percent, and many **more girls are now in school** compared to 15 years ago; remarkable gains have also been made in the fight against HIV/AIDS, malaria and tuberculosis; the under-five mortality rate has declined by more than half and maternal mortality is down 45 percent worldwide; and the target of halving the proportion of people who lack access to **improved sources of water** was also met.

The joint efforts of national governments, the international community, civil society and the private sector have helped so many people around the world. Still, we need to go the last mile on ending hunger, achieving full gender equality, improving health services and getting every child into school for millions of people. The global Sustainable Development Goals (SDGs), or Global Goals, in total 17 pledged on 25 September 2015, to end poverty and to achieve unaccomplished MDGs by 2030.

SUSTAINING DEVELOPMENT THROUGH PROMOTION OF EDUCATION

The development of society occurs when the livelihood of general masses especially those who are deprived from decades (which includes girls/ women, unemployed youth, rural & tribal population and children with special needs) is enhanced qualitatively as well as quantitatively. All the intervention programmes taken by the government of India to achieve MDGs and SDGs like National Rural Employment Scheme, Integrated Child Development Services, National Health Mission, Sarva Shiksha Abhiyan, Mid-Day Meal Scheme, Early Childhood Care and Education Under ICDS, Beti Bachao Beti Padhao, Kasturba Gandhi BalikaVidhyalaya Scheme, Rashtriya Madhyamic Shiksha Abhiyan, Rashtriya Uchhtar Shiksha Abhiyan, Digital India Programme and many more suggested that the idea of development of any country is to be understood in the context of education (more specifically), health and employment for all. For the successful implementation of these governmental plans and programmes and to achieve goals of sustainable development, the experience and expertise of Non-governmental organizations (NGOs) sector, voluntary sector and business community is required at utmost. Voluntary sector and business community supplements and complements the governmental efforts in dealing with social, economic and political inequalities by harnessing the untapped abundant human resource as their principal tool.

To achieve the desired level of expansion, equity and to reach the masses especially in rural areas the involvement of corporate world is needed to strengthen the efforts of the government. The practice of corporate social responsibility has become a strategic approach for corporate world to fulfil their responsibility towards society. Corporate social responsibility is a concept whereby companies integrate social and environmental concerns into their business operations and in their interaction with their stakeholders (employees, customers, investors, shareholders, local communities, and government) on a voluntary basis.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As Business organization exists and thrives with-in the society. In today's scenario, the very most existence of business organization going to be dependent on the initiatives taken by it towards the upliftment of the society and local community more precisely. Continuous rise in the expectations of the consumers, legal requirement and competitive needs of the firms from the last decade enforces the companies to look after their responsibility towards society at large. Corporate Social Responsibility (CSR) means contributing positively towards the society. Rather than completely focusing on the increment of economic objects, corporate social responsibility stresses on the inclusion of social and environmental considerations into a company's operation. It has become obligatory for business to contribute towards the interest of society, to preserve and enhance the quality of environment in which they operate.

Corporate social responsibility "as the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large” (World Business Council for Sustainable Development). Corporate social responsibility is about building sustainable business, which needs healthy economies, markets and communities. Corporate social responsibility is also termed as corporate responsiveness, sustainable responsible business, corporate social performance, corporate citizenship and stakeholder management. CSR is generally a way through which a balance of economic, environmental and social imperatives is taken care of by corporate world.

Companies Act, 2013: Implementation of Corporate Social Responsibility (CSR) in India

The Ministry of Corporate Affairs, Govt. of India has recently notified under sub-section 1 of section 135 of the Companies Act, 2013 with effect from 1st April, 2014, certain corporate social responsibility rules for public as well as private sector companies even foreign companies having branch or project offices in India under obligation to allocate and invest at least 2% of this Profit After Tax (PAT) to CSR activities as mentioned in schedule VII. As per the said section, the companies having net worth of INR 500 crore or more; or turnover of INR 1000 crore or more; or net profit of INR 5 crore or more during any financial year shall be required to constitute a corporate social responsibility committee of the Board "here in after CSR Committee" with effect from 1st April, 2014. The CSR committee shall be comprised of 3 or more directors, out of which at least one director shall be an independent director. All such companies shall spend, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its corporate social responsibility policy. Only India among all the nations of the world is bent upon to make sure corporates take up socially responsible activities by making it mandatory to have a spending of 2% of their net profit on corporate social responsibility activities or CSR.

<u>The Companies Act, 2013 defines CSR as;</u>

"Corporate Social Responsibility (CSR)" means and includes but is not limited to
(i) Projects or programs relating to activities specified in Schedule VII to the Act or
(ii)Projects or programs relating to activities undertaken by the board of directors of a company(Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

ROLE OF STRATEGIC CORPORATE SOCIAL RESPONSIBILITY (CSR) IN PROMOTION OF EDUCATION FOR SUSTAINABLE DEVELOPMENT IN INDIA

Currently, corporate social responsibility has got a leap from philanthropic attitude to a more advanced business strategic approach based on Public Private Partnership (PPP) model and principles of Global Reporting Initiatives (GRI) to attain sustainable society. Three fundamental pillars on which sustainable development rests are: economic growth, ecological balance, and social progress. To attain sustainability corporate social responsibility (CSR) activities are contributing to various SDGs like creating solutions to end poverty and hunger; promoting quality education and gender equality; and providing a means to decent work and economic growth. The ultimate development of any society occurs when it's every member (including girls/women) is get educated. Hence, the promotion of education for sustainable development is a mandatory agenda of every nation in today's era. Thus, several private organizations are joining hands with the government to make that ultimate dream of offering quality education in India come true.

In India under corporate social responsibility initiatives it can be seen on the grounds of supporting technical/ vocational education, adult literacy programme, supporting girl child education and quality education, attention on the needs of special child, counselling of parents and teacher- training programmes etc. Hence, corporate social responsibility is an undertaking of welfare programmes to create stable social environment for developing the educational status at various levels. As an important part of it, the role of corporate with their corporate social responsibility (CSR) in India is crucial in improving the educational conditions in India.

LITERATURE REVIEW

The concept of corporate social responsibility got evolved from its conventional nature of philanthropic doings to serving the needs of the society and now as an instrument of sustaining the resources of the society for the sustainable growth of the nation as well as of globe. Now, corporates have identified themselves as residents of the society and corporate social responsibility (CSR) becomes 'corporate citizenship' in practice. Few studies have been reviewed in the light of role of corporate social responsibility (CSR) in promotion of education as a tool for sustainable development in India as follows:

Studies have shown corporate social responsibility as an effective tool for promotion of education through scholarship grants, free education, quality education, supporting education of girl child & other marginalized sections of society, women empowerment, facilitating special education, imparting skills and training to youth for their self-employment, promotion of rural education, supporting government schemes, counselling of parents, awareness programmes, providing school kits, opening of laboratories in school and colleges, imparting computer education, running up of skill centres and many more (Mahajan, 2013; Grover, 2014; Muhammed, 2014; Temsu, 2015).

Literature reflected that by adopting villages and schools, providing better medical & sanitation facilities, by running up of schools, providing educational facilities and infrastructural support to educational institutions at various levels, managing the financial needs of these institutions, by developing the attitude of quality based education among teachers, principals and educators, and by adopting the underserved sections of the society corporates transforming the country's prospects into better future and brings holistic development of society (Mahajan, 2013; Kumar, 2014).

The review also suggested that there is a need to restructure Indian education system at all the levels. For this the efforts of corporate giants and social agencies need to be synergized as it is difficult for one single entity to bring about the change, as the scale is enormous. Corporates with their expertise, strategic thinking, manpower and financial support can facilitate extensive social change by providing help to universities or colleges to produce skilled and trained manpower. To discharge their social responsibility, education sector can be the most rewarding opportunity to be looked upon (Chopra & Mariya, 2013; Samhita, 2014; Tiwari & Dangwal, 2015).

OBJECTIVES

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1. To describe the framework of corporate social responsibility policy as a tool for sustainable development in India.
2. To highlight the various corporate social responsibility activities in context to promotion of education as a mean for sustainable development.

METHODOLOGY

For the present study, documentary analysis under the qualitative method approach is used to understand strategic corporate social responsibility as a tool for sustainable development in India. Data is gathered from secondary sources like reports and records on corporate social responsibility activities available on websites of corporates and other research evidences, articles in newspaper and magazines, books, journals, information available on official website of government authorities etc.

ANALYSIS AND DISCUSSION

The analysis in the present study has been done objective wise by employing content analysis as a statistic tool. For the objective:

a). Describing the framework of corporate social responsibility policy as a tool for sustainable development in India, all those mandatory CSR activities listed under Companies Act, 2013 which supports the agenda of sustainable development have been considered. The policy recognizes that corporate social responsibility is not merely compliance, it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following areas as notified under sec. 135 of the Companies Act, 2013 and companies (Corporate Social Responsibility Policy) Rules 2014:

(i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently unable and livelihood enhancement projects.

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizen and measures for reducing inequalities faced by socially and economically backward groups.

(iv) Reducing child morality and improving maternal health by providing good hospital facilities and low cost medicines.

(v) Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases.

(vi) Ensuring environmental sustainability, ecological balance protection of flora and fauna, animal welfare, agro forestry conservation of natural resources and maintaining quality of soil, air and water.

(vii) Employment enhancing vocational skills.

(viii) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and work of art; setting up public libraries; promotion and development of traditional arts and handicrafts.

(ix) Measures for the benefit of armed forces veterans, war widows and their dependents.

(x) Training to promote rural sports, nationally recognized sports, sports and Olympic sports.

(xi) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

(xii) Contributions or funds provided to technology incubators located within academic institutions, which are approved by the central government.

(xiii) Rural Development Projects.

(xiv) Slum Area development- 'slum area' shall mean any area declared as such by the central government or any State government or any other competent authority under any law for the time being in force.

The above list is illustrative not exhaustive. All activities under the corporate social responsibility activities should be environment friendly and socially acceptable to the local people and society.

b). The list of CSR activities of few corporates have been highlighted in context to educational development as a mean of sustainable development presented below:

Table 1

Corporate Social Responsibility Initiatives of Some of the Best Companies in India

	Educational Activities as Corporate Social Responsibility Activities	**Name of the Companies**	**Programmes Initiated by the Companies**
I.	**Promotional Activities**		
a)	Promoting education of girl child.	TATA Group ITC	Tata Excellence program. Choupal supplementary education programme
b)	Academic education by way of financial assistance to primary, middle and higher secondary schools.	Bharti Airtel Wipro	Bharti Foundation Wipro applying thoughts in school
c)	Promoting school based activities- Mathematics, Science.	Mahindra & Mahindra Bharti Airtel	Project Nanhi Kali Satya Bharti School Program
d)	Providing education and training to differently abled children.	Infosys	SPARK program
e)	Promotion of professional education by setting up educational institutions offering courses in Engg., Nursing, Management	RIL	Project Kanya Kelvani Project Jagruti
II.	**Scholarships**		
a)	Scholarships for skill enhancement	Reliance Industries	Ambani Protsahan Scheme
III	**Teacher training and education for development**		
a)	At school level and college level	Infosys Wipro	Teacher training in rural Karnataka Azim Premji Foundation

IV	**Infrastructure and Resource Development**		
a)	Opening of libraries	Tata Group	JRD Tata Library in Banglore.
b)	Opening and sponsoring research centers	Tata Group	Tata Institute of Fundamental Research (Mumbai)
V	**Establishment Management and Adoption of Schools**		
a)	Running schools	Reliance	Municipal schools in Mumbai running primary school in Maharashtra
b)	Adoption of govt. schools	Reliance	Schools in and around its manufacturing plants also runs education awareness program.

Note: (i) Programmes initiated and undertaken by corporate houses span over period 1914-2015.

Sources:

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FINDINGS

The present study found Corporate Social Responsibility as an educational promotional program of various corporates in the form of: Tata Excellence program, Bharti Foundation, Wipro applying thoughts to schools, project Nanhi Kali, Satya Bharti School Program, SPARK Program, Mahindra Pride Schools, ICICI Foundation School and Teacher Education Reform Program, Project Jagruti, Project Kanya Kelvani, Azim premji Foundation, Ratan Tata library in Delhi University and many more. Supporting technical/ vocational institutions for their self-development, providing financial assistance to primary, middle and higher education, upliftment of adult literacy those belonging to BPL, conducting awareness programmes on girl education, counseling of parents, training and rehabilitation of mentally and physically challenged persons, spreading legal awareness among people and disadvantaged sections of the society, promotion of professional education and providing fees to poor meritorious (preferable girl students), establishing schools and colleges, donating study materials, promoting formal and non-formal education, opening of research laboratories and maintaining hostel facilities are few of corporae social responsibility initiatives. Hence, corporate social responsibility is becoming an undertaking of welfare programmes to enhance sustainable development by promoting education in a nation.

CONCLUSION

The task of transforming the elitist colonial system of education into one, based on principles of equality, social justice and inclusion of all not has been an easy one. One of the most significant milestones in this journey has been the amendment of the constitution by making education as a Fundamental Right. For this a strategic and supportive both governmental as well as non-governmental measures are required. Corporate Social Responsibility (CSR) is a strategic practice to promote educational development (especially focusing on the expansion of education system to reach vast majority of underprivileged sections of society) for sustainable development. The role of CSR needs to be critically analyzed and evaluated in the context of non-economic aspects of SDGs agenda dealing with major concerns of the nation namely poverty, hunger, illiteracy and inequalities across gender, social-class and locale. Thus, present study is an attempt to reflect on the role of Corporate Social Responsibility in promotion of education. Corporate giants are to play much more proactive role in their social responsibility for alleviating status of country on development path through its supportive role in governmental efforts for education of all.

LIMITATIONS

1. Only the social dimension (aspect) of *corporate social responsibility* will be taken up for the present study.
2. The study is focused only on one *corporate social responsibility* initiative i.e. ‘promotion of education’ out of various initiatives as a mean to sustainable development.

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10.

MANDATORY CORPORATE SOCIAL RESPONSIBILITY: SUCCESS OR FAILURE?

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ABSTRACT

Corporate Social responsibility (CSR) though is not a new area but its importance has been increasing over the past few years. India has become the first country in the world to mandate it. Companies have moved from philanthropic activities and CSR is now considered to be of strategic importance. However, some debate that mandating CSR is not the correct thing as social activities are to be carried by the companies out of their own will. Mandating means that political parties are passing the burden on to the corporate sector and making it difficult to do business in India. In this paper we try to understand the status of CSR after the introduction of Companies Act 2013 and we try to analyse whether it has benefited the corporates and society or it has become another tick-box exercise for the corporates. Researches show that public sector undertakings met the 2 per cent target spending but their actual spending during 2016-17 decreased by almost 14 per cent, while the private sector had an average rate of 1.8 per cent and did not comply to the 2 per cent target. Overall it is found that the companies are under spending on CSR due to various reasons. Also the investment is not even across sectors. For example, important areas like poverty and hunger eradication, promotion of healthcare and sanitation took a back seat in 2016-17. Hence we feel that just mandating CSR activities is not going to bring social change. In fact, putting companies under pressure to do so can lead to wastage of funds, projects with no benefit to the society and fake reporting. We suggest that voluntary framework like that of Sustainable Development Goal can be considered and companies should be free to work for upliftment of society by choice, without any legal pressures and complications.

KEYWORDS

Companies Act 2031, CSR, SDG

INTRODUCTION

Corporate Social Responsibility (CSR), though is not a new concept but it certainly has new meanings attached to it. CSR has become the focus area of many deliberations and academic as well as business research. To put in simple words, CSR refers to company’s contribution towards social development. Whether it is socialist society or capitalist, businesses across globe have realized that only profits cannot justify their existence. Contribution to all the stakeholders is important for long term sustainability. Several researches have also been conducted showing positive relation between CSR and Corporate Social Performance (CSP). Although the concept of CSR has evolved over the period of time, it remains majorly a voluntary concept around the globe.

EVOLUTION OF CSR

The concept of CSR has evolved over the years. The oldest model believed in philanthropy, charity and ethical behaviour of the Corporate towards society. They should give back because they get profits from the resources belonging to society. One aspect of this model is the promotion of trusteeship. No one can be resources an owner of the natural available in the society. Hence, all the business people are only trustees of the wealth generated by business. This was the Ethical Model which was popular till 1950’s. Then came the era of Statist model which was during the period of Pandit Jawaharlal Nehru. The period supported the idea of state ownership and legal requirements for deciding the corporate responsibilities. During 1970-1990, Milton Friedman propagated the Liberal Model which believes that if the business is run on ethical principles and good products/services are provided then that itself is considered as responsible practice by the Corporate. Hence, business had to obey the law and generate wealth, which through taxation and private charitable choices could be directed to social ends. This model is not sufficient in the current business world wherein different stakeholders have assumed important roles. Hence now we have the Stakeholder’s Model which acknowledges the fact that with growing profits, companies have societal roles to fulfil. Model expects companies to balance the interests of all the stakeholders. Some researchers believe that 2000 onwards, CSR has gained strategic importance. Apart from the stakeholders model, few other CSR models mentioned in the researches are the Sustainable Development, Value Creation Model, TBL, Stewardship Theory, DNA of CSR2.0 Model.

LITERATURE REVIEW

There are several researches, both conceptual and empirical which have discussed about the concept and evolution of CSR. In this section we highlight few studies related to CSR in Indian context specifically.

Bhaduri and Selarka (2016) have discussed the evolution of CSR since 1920s and highlighted the changes in nature of CSR. They have discussed various models of CSR and definitions prevalent across the globe. They have highlighted on the importance of social responsibility of business and discussed about various studies and reports which proves that socially responsible companies are valued by consumers and employees across the globe.

Kapoor and Dhamija (2017) have critically reviewed the concept of mandatory CSR and have undertaken content analysis of S&P BSE 500 index companies regarding their CSR activities in 2014-15. As Companies Act mandated spending on CSR in 2013, this study was among the first few to study the impact of mandatory CSR.

Mukherjee and Bird (2016) have discussed the findings from survey of 223 Indian companies regarding their perception of mandatory CSR. They conclude that corporate leaders were driven more by the need to differentiate the company for strategic reasons. CSR activities due to ethical and moral motivations was secondary. Majority of the companies in their sample welcomed the CSR legislation except for the small companies which resisted it due to difficulty in implementation.

The study of Singh and Narwal (2012) reveals that the Indian firms are calculative and they undertake CSR activities which has greater chance of creating a positive image. Also the companies favour self-regulation and generally oppose external regulations imposed by the government.

Tyagi, Sharma and Agrawal (2013) also concluded that the core driver of CSR in India is the intention of gaining competitive advantage, improving profit and stakeholder relationship.

Navjeet, has discussed in his paper, the legislations related to CSR in Companies Act 2013 and 2014 rules in detail. He discusses about the efficacy of provisions of the Act and issues relating to the implementation of the same. The researcher favours the idea of mandatory CSR but acknowledges the challenges involved in implementation of the same.

Bhagawan and Mukhopadadhyay (2018) have made an attempt to analyse firm level data from 2006-2016 to find out impact of CSR sending on the firm’s value. They have used Tobin’s Q as a measure of firm value and divided companies into 2 groups- the treatment group and control group. The companies which started spending after CSR was mandated are the treatment group and the companies which were not spending on CSR are the Control group. They concluded that CSR spending had a positive impact on the firm’s value.

OBJECTIVES AND METHODOLOGY

CSR has become a strategic part of corporate policy today. As its well known that India is the first country to mandate CSR spending through Companies Act 2013. However there are many other countries that have mandatory CSR reporting. In this paper we aim to study the new CSR legislation and its impact on the corporate sector. We have analysed the impact of mandatory CSR spending on Indian economy and its development.

The study is based on secondary sources and data is collected from various journals, newspapers, company websites and CSR database.

ANALYSIS AND DISCUSSION

This section discussed the provisions of Companies Act 2013, CSR, penalties and whether mandating CSR has brought changes in India.

1.CSR AND COMPANIES ACT 2013

As per Section 135 of Companies Act 2013 (referred as Act hereinafter), both private and public companies are required to spend 2% of average net profits of their last 3 years if in any year they meet the following requirements:

a. Net profit exceeds INR 5 crore, or

b. Net Worth exceeds INR 500 crores, or

c. Net Turnover exceeds INR 1000 crores.

If any of the above threshold is met, the companies are required to spend 2% of their average three year profits on CSR activities listed in Schedule VII of the Act. However the companies are not free to choose the areas on which they can spend. They have to contribute part of their profit only in the following activities.

FIG 1: CSR ACTIVITIES PRESCRIBED BY COMPANIES ACT 2013

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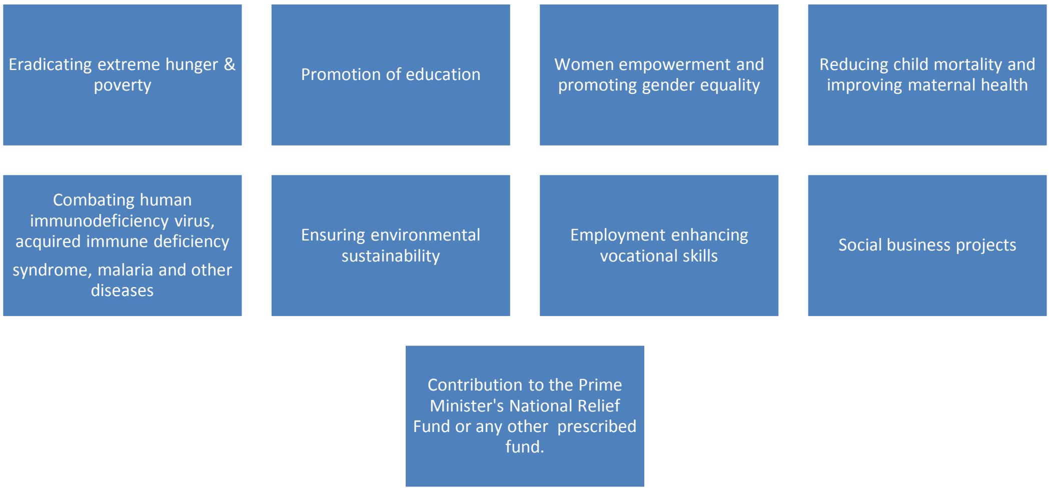


Any spending on activities except those mentioned in Fig.1 will not be considered as "CSR spending". Also the CSR activities are not eligible for tax deductions. However few activities mentioned under Schedule VII like contributions to Prime Minister's Relief Fund, scientific research, rural development projects, skill development projects, agricultural extension projects, etc are eligible for tax deduction under Income Tax Act.

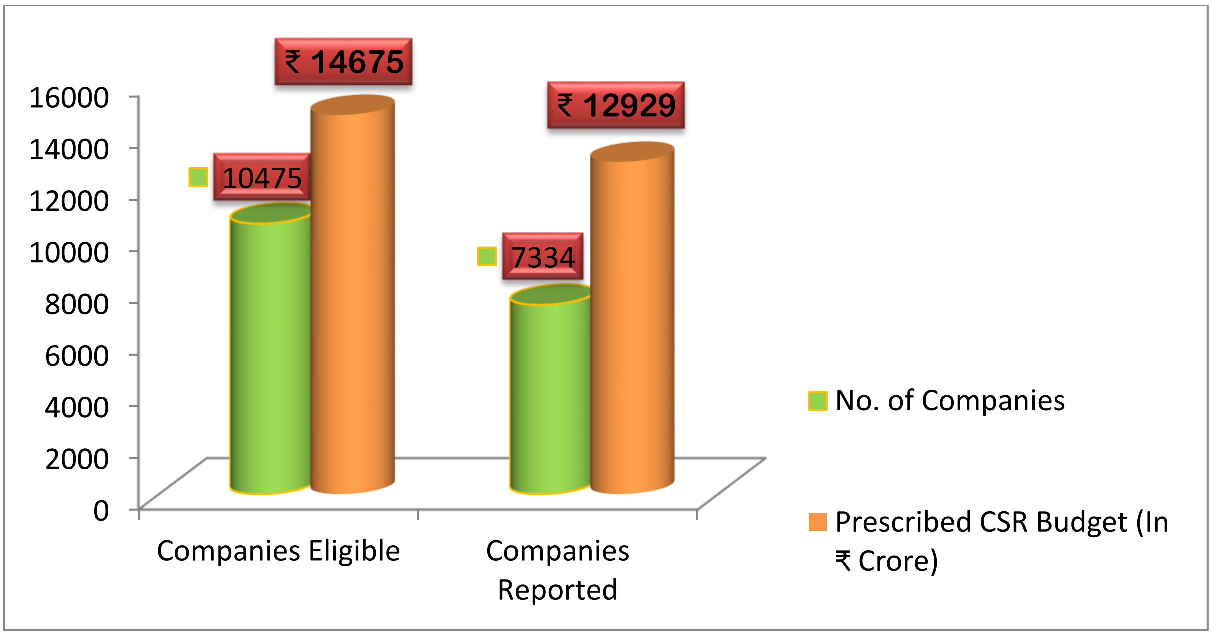
The company has to constitute a CSR committee comprising of at least 3 directors, one out of them must be independent. In case of private company with only 2 directors, they both shall constitute the CSR committee. This committee is responsible for formulation of CSR policy, its implementation and disclosures.

There is another important part to this new rule. The companies who qualify to spend but fail to do so, have to report their failure. Hence, CRS is 'comply or explain' provision. If a company fails to spend the required amount, it needs to disclose the reasons for the same in its Board Report. The CSR policy is also to be disclosed on company's website.

2. MANDATORY CSR MEANS MORE CSR?

Several studies have been conducted measuring the impact of CSR before and after Companies Act 2013 mandated it. Few researchers have also compared the scenario before and after 2013 Act. The intention for mandating CSR spending was to meet certain social goals and help the nation achieve balanced growth. However, the spending has not been adequate according to the legal requirement. Also the spending has been skewed. Kapoor and Dhamija found that the BSE 500 companies were supposed to spend INR 79,920 million in 2014-15. But only 74% of required amount was actually spent. As per Indian Government, assessment of the CSR spending for year 2014-15 revealed that out of 7,334 companies 4,195 companies did not incur any CSR expenditure!

Figure 2: Eligible and actual spending on CSR by Indian companies



Source: MCA website

As we can see from Figure 2, as on Jan 2016, over 70% of the companies have reported about their CSR spending. Although since 2014, the amount spend on CSR is increasing ever year, but that doesn’t mean that all the companies required to spend on CSR are performing their responsibilities.

In 2017-18 INR 9,669 crore should have been spend on CSR as 2% of profits. But both the CRISIL and Prime Database analyses show that only a little over half (57%) of the companies complied with the 2% stipulation. The CRISIL’s CSR Yearbook, 2017, reports that out of the 4,939 companies listed on BSE and NSE, only 1,688 or about one-third met the criteria for mandatory spending. There are several reasons listed by companies for not spending the required amount on CSR. Losses in current year, lesser cash flows, multi year projects, unable to find suitable CSR projects, are some of the top reasons given by companies for under spending or not spending at all.

Then there are issues of geographical inequality. Of all the state in India, 5 states have received one thirds of total CSR spending. They are- Maharashtra, Gujarat, Andhra Pradesh, Rajasthan and Tamil Nadu. The five states receiving the lowest share are all from North East- Nagaland, Mizoram, Tripura, Sikkim and Meghalaya. In other words, 15% of underdeveloped districts received 70% of CSR funds while 60% of underdeveloped districts received only 15% of CSR funds.

Also there is inequality with respect to sectors. CSR spending on hunger and poverty, and promotion of healthcare and sanitation took a back seat in 2016-17. Total spending decreased by 18.6% from 2015-16 to 2016-17.

3.PENALTIES AND LEVY

Although section 135 does not levy penalty for not spending the stipulated amount on CSR, prosecution can be initiated under the Act against the erring companies. In 2014-15, around 530 companies from different states have violated CSR norms which includes the cases of “non-compliance” as well as “non-disclosure”. After receiving reports from Regional Directors and Registrar of Companies, the Ministry of Corporate Affairs have issued showcause notices to over 1000 companies in 2017-18. Also the ministry is expected to penalise the companies under Section 134(8) which provides a minimum fine of INR 50,000 which may go up to INR 25 lakh for certain violations.

Not complying with provisions of the Act also attracts penalty under Section 450 and 451. Fine u/s 450 may extend to INR 10000 and INR 1000 per day till contravention continues. The officers in default may also have to face imprisonment under section 450. So, although not spending the stipulated amount is not an offence, but not reporting the reasons for such failure may land up the company and officers in trouble.

4.CSR IN INDIA BEFORE 2013 ACT

Many Indian companies have remained connected to their community, environment and were engaged in acts of charity even when the CSR was not mandated.

For example the Tata group has spent 660 crores on CSR activities for 2013-14. Over 2004-2014, the Tata group has spend more than INR 8000 crores on CSR activities. Tata tea plantation is all over Munnar and it has been taking care of its employees, their families and local community there. Since the 1980s Tata tea is working for the welfare of specially-abled people. It has set up the Srishti Welfare Centre at Munnar, Kerala; its various programs provide education, training and rehabilitation of children and young adults with special needs. The reason behind consistent efforts for community lies in the leadership. The founder Mr. Jamshedji Tata used to grant scholarships for further studies abroad even in 1892. The contribution towards CSR activities has been growing every year and despite of adverse conditions in certain years the company did not stop its CSR activities.

5. BEST CSR PRACTICES AROUND THE GLOBE

Reputation Institute (RI), a Boston-based reputation-management consulting firm releases an annual study based on survey of people in 15 countries. The survey sheds light on the most socially responsible companies across the globe. In 2017, the following companies were in the top ten: Lego was the number 1 company as it is ethical, conducts business fairly, has transparent business operations, contributes towards environment protection and also supports worthy causes. Microsoft, Google, Disney, BMW, Intel, Bosch, Cisco, Rolls-Royce Aerospace, Colegate-Pamolive are amongst the top ten companies in the rankings. None of the Indian company made it to the top 10 in 2016 or 2017, even after mandatory spending was introduced.

In the United States, the companies have the freedom to define and interpret their own view of responsible business within the context of their own company. As a result, they are able to measure and promote welfare activities with greater freedom in comparison to their international counterparts. Australian corporates also focus on contributing to the sustainable development, including the health and the welfare of society and takes into account the expectations of stakeholders.

There is a flip side too. We all are aware of companies that have been engaged in unethical practices and have damaged their reputation. Once the company is charged of unethical activities, it becomes difficult to re-brand itself as responsible business. Like the case of Volkswagen, company now is tagged with unethical business practice as it cheated on the emission tests by using defeat device wherein car emits up to 40 times more of nitrogen oxide than the permissible limits. This happened in 2009 and the defeat device was installed in around 11 million diesel cars. Till date VW is suffering due to this unethical conduct and it has been dropped from many CSR rankings. Similarly spending money on welfare activities by companies like Coca cola, Nike, and Enron couldn’t justify their unethical acts.

UN has come up with Sustainable Development Goals (SDGs) in January 2016. SDGs will guide UNDP policy and funding until 2030. UNDP is providing support to governments of 170 countries and territories to integrate the SDGs into their national development plans and policies. The SDGs cover social and economic development issues including poverty, hunger, health, education, global warming, gender equality, water, sanitation, energy, urbanization, environment and social justice.

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CONCLUSION

We now have CSR Day, CSR awards, social media covering CSR activities of corporates. Is this the real meaning of CSR? On one hand companies are producing goods harmful for the society, or engaging in unethical activities like child labour, manipulating accounts and also undertaking CSR activities on the other hand. Can we praise such companies for the social work they do? Diluting shareholders money to clean their image or hide unethical practices is not justifiable.

In this global world, businesses have to find sustainable ways of doing their job and also be sensitive towards the needs of its stakeholders. But the focus should not be measuring the percentage of profit spent on CSR activities but also how the profits are generated. As the Deontological theory states, ethical actions are more important than the consequences, we should focus on the business process along with the profit spending. The legislation mandated 2% spending and the success and failure is measured in terms of numbers spent on the CSR activities laid in the Act. However, we are not focusing on the processes used by companies to generate profits. Social pressures, global norms and personal ethics have a long term impact on ethical business practices than laws and regulations. As already discussed, Indian companies have been engaged in philanthropic activities voluntarily; we need to focus on our traditions and values. As propagated by Gandhiji, the concept of trusteeship needs to be realised by the management leaders on their own.

There will be no case of fake reporting or manipulations if the welfare is done by management and leaders without any legal boundation. We can see companies hiring PR agencies to promote CSR activities; companies competing on the basis of so called social activities and if we talk about responsible business, such business will automatically be sensitive towards its environment, community, employees and customers. No law is needed to keep a check on amount spend on the welfare activities. As we have seen so far, that mandatory CSR is not a good way to bring equality in the society nor is a good option to ensure development of under-privileged section. Rather we may see companies spending business money on projects making little difference or using CSR as promotional tool or for green washing! Also mandating social spending for business and defining areas for the same is unfair for the businesses who have been engaged in activities other than those mentioned in the Act. And if commitment to social welfare is not due to intrinsic drive, genuine projects may not be possible. To provide equality and development in areas needed, companies should be left free to decide on the activities they want to be associated with.

LIMITATIONS OF STUDY AND SCOPE FOR FURTHER RESEARCH

The study is based on secondary sources, mainly from available literature and company's websites. In depth research can be conducted and field work can be conducted to measure if any changes such CSR spending is bringing. Researchers can also compare CSR activities across globe.

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11.

FINANCIAL INCLUSION FOR INCLUSIVE GROWTH OF INDIA-A STUDY OF INDIAN STATE

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ABSTRACT

Finance has become an integral part of the economy for the development of the nation. For this is a requirement of a strong financial system in developed countries and developing countries. Developed countries focus on the concept of incorporating financial resources into sustainable development. Inclusive growth is the need of the hour. Financial inclusion means providing appropriate financial services at an affordable price on a timely basis to various groups, such as low-income groups and the weaker segments of society, which allow them to efficiently manage their money regardless of their income level or social status at an affordable price. The Indian economy in general and banking services, in particular, have gone through rapid development phases. In the process of economic development, there is an inherent need for the participation of all sectors of society. However, a significant proportion of the population, especially vulnerable groups, such as weaker sections and low-income groups, still remain excluded from most basic facilities and services. So the objective of this study is to understand financial inclusion and its importance for overall development of society and Nation's economy. This study focuses on approaches adopted by regulators and various Indian banks towards achieving the ultimate goal of financial inclusion for inclusive growth. The relevant data for this study has been collected with the help of from various Research journals, Articles, reports of RBI, reports of NABARD and online resources.

KEYWORDS

Financial inclusion, Financial Exclusion, Indian Financial system, KCCs, GCCs.

INTRODUCTION

A healthy banking system is the basis for the economic development of the country, which will further facilitate the availability of financial resources and the transfer of funds to production purposes and, ultimately, contributes to a high degree of capital formation. The nation's efficient banking system really helps with productive planning. The first step to this is to involve non-bank and excluded people in the system and provide them with financial opportunities. This, ultimately, will lead to economic growth and development of the nation. To achieve economic growth, the participation of all sections of society must be a priority. The main problem of mainly developing countries is that small and weak strata of society lack access to financial resources. Moreover, the long-term and permanent lack of banking services for a significant part of the population can lead to a decrease in investment and can increase social tensions that have caused social exclusion. The concept of financial inclusion is one of the main problems for the government of India, and now it is of concern. To ensure the sustainable development of the country, financial inclusion is required, and the role of financial institutions is crucial for mobilizing financial resources for excluded groups. To facilitate the provision of loans and financial services to most segments of the population, an expanded network of financial institutions has been created over the years. An organized financial system, including commercial banks, regional rural banks (RRB), city cooperative banks (UCB), primary agricultural credit societies (PACS) and post offices, serves the needs of people's financial services. Many initiatives taken by the Reserve Bank and the Government of India to promote financial inclusion since the late 1960s have significantly improved access to formal financial institutions. The Government of India's Financial Inclusion Committee has

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identified financial inclusion as a process to ensure timely access to financial services and adequate lending as needed in such open groups as weaker sections and low-income groups at an affordable price (Committee Nagarajan 2008) system is a key growth factor.

Different approaches to ensuring financial inclusion:

• Product-based approaches
• Bank based approach
• Regulatory approach
• Technological approach
• Knowledge based approach
• Government initiatives.

Financial inclusion and growth of the banking sector in India:

• RBI financial participation policy:
• No frill account.
• Simplify KYC norms.
Ensuring reasonable bank charges

LITERATURE REVIEW

Sakshi Sachdeva (2015) explained the role of public sector banks in financial inclusion. In this report she discussed about the "Pradhan Mantri Jan Dhana Yojana" which aims to provide financial services to each and every part of country. She talked about the various initiatives taken by R.B.I and various banks for encouraging financial inclusion services to achieve rural and growth. Moreover she argued that financial inclusion is possible only through proper mechanism and governance of banking sector.

Dr.A.Tamilarasu(2014) said that financial inclusion is the key for inclusive growth. In his study he talked about role of banking sectors on financial inclusion .He discussed that India is considered as largest rural populations in the world and belongs to agriculture activities so he argued that financial inclusion is aimed at providing banking and financial services to all people in a fair, transparent and equitable manner at affordable cost.

Raihanath (2014) studied the role of commercial banks in the financial inclusion programme. He explained the phases of Financial Inclusion (Evolution of Commercial Banks) in his study. He talked about the role of commercial banks to be performed as part of financial inclusion programme in which he discuss about Financial literacy, Credit counselling, BC/BF model, KYC norms , KCC/GCC ,No-frill accounts, Branch expansion and Mobile banking.

Radhika dixit & Munmun ghoshthe (2013) focused on the understanding of inclusive growth phenomenon and its need. Her paper attempted to discuss financial inclusion as an instrument to attain it with reference to its extent in Indian states. She explained the meaning and need for inclusive growth, the role of financial inclusion in inclusive growth and to the extent of diversity in Indian states with regard to financial inclusion

Archana H. N (2013) directed her paper towards understanding the importance of Financial Inclusion for Inclusive Growth. She at analyzing the role of various institutions like MFIs, SHGs, and RRBs in achieving Financial Inclusion. According to her an initial effort has been made for the widespread network of banking system through the establishment of Regional Rural Banks, Microfinance

Institutions, self Help Groups etc with the objective of providing easy and timely finance. But she argued that despite of various initiatives undertaken, there are still many obstacles cropping up in attaining Financial Inclusion. Hence, both public and private sector institutions should work together to overcome these challenges and contribute towards Inclusive Growth.

Dr. Anupama Sharma (2013) explored the need and significance of financial inclusion for economic and social development of society. The researcher analysed the current status of financial inclusion in Indian economy. The paper attempted to study the access of rural people to bank branches and the number of ATM opened in those areas and she studied the progress of State Cooperative Banks in financial inclusion plan. She explained the Forthcoming Plan of Banks for Financial Inclusion in her paper

Ms G.S. Nalini in (2012) examined the difficulties involved in the adoption and to enhance the extent of financial inclusion. In this paper a study was conducted among the banks in Tiruchendur area of Tamil Nadu. She suggested that the banks should encourage the people to access banking services by ways of no frills account, financial inclusion campaign business correspondent, advertisement and awareness programme etc. to achieve the aim of 11th plan of Inclusive Growth.

OBJECTIVES

- To understand the financial inclusion and its extent.
- To find out the approaches adopted by banks, steps taken by the regulatory bodies and various government initiatives to achieve financial inclusion.
- To analyze the past years performance and achievements towards reaching out to the unbanked areas under financial inclusion.
- To study the impact of financial inclusion initiatives and efforts on Indian economy

METHODOLOGY

Secondary research was conducted to review the present status of financial inclusion in India. Research methodology explains and chooses the best (in terms of quality and economy) way of doing it. The information and data for the research can be collected through primary as well as secondary sources i.e. published articles, journals, newspapers, reports, books and websites." Various graphs and tables have been used. Data has been collected from the websites of the Reserve Bank of India and taken from various committee reports submitted to Government of India on Financial Inclusion.

DATA ANALYSIS AND INTERPRETATION

The Reserve Bank placed greater emphasis on effective credit delivery during the year by intensifying its ongoing efforts under the financial inclusion plans as well as adopting innovative approaches in expanding credit and spreading financial literacy.

The major thrust was on operationalizing a market mechanism for enhancing priority sector credit, strengthening the business correspondent (BC) model through BC registry and certification to promote financial inclusion, and enhancing financial literacy through a digital focus in literacy camps, experimenting with ground level camps, capacity building of financial literacy counsellors and observation of a financial literacy week. Work is also underway for the formulation of a National Strategy for Financial Inclusion.

Overall efforts:

- Priority sector lending requirements for banks.

- Flow of credit to agriculture.
- Lead bank Scheme
- Establishment of regional rural banks
- Service area approach
- Self Help Group banks-MSMEs
- Setting up of local area banks
- BC model
- Financial Inclusion Plan
- Financial Literacy
- The banks were mandated to open at least 25% of their new branches in unbanked rural centers.

PRIORITY SECTOR LENDINGS:

Priority sector lending aims to ensure adequate and timely availability of credit for those vulnerable sections of society which are often deprived of credit due to the perceived lack of viability and creditworthiness. Priority sector loans include small value loans to farmers for agriculture and allied activities, MSMEs, poor people for housing, students for education, other low income groups and weaker sections. The performance in achievement of priority sector lending targets by various groups of scheduled commercial banks (SCBs).

Performance in Achievement of Priority Sector Lending Targets:

Flow of Credit to Agriculture

Absence of technology was a major impediment as it restricted expansion of banking services to far flung areas of the country comprising of 600 thousand plus villages.

Table No. 1: Targets and Achievements for Agricultural Credit

(` billion)

Year	Commercial Banks		Co-operative Banks		RRBs		Total	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
1	2	3	4	5	6	7	8	9
2015-16*	5,900	6,430	1,400	1,533	1,200	1,193	8,500	9,155
2016-17*	6,250	7,998	1,500	1,428	1,250	1,232	9,000	10,658

*: Provisional.
Source: National Bank for Agriculture and Rural Development (NABARD).

Chart 1: Targets for Agricultural Credit.

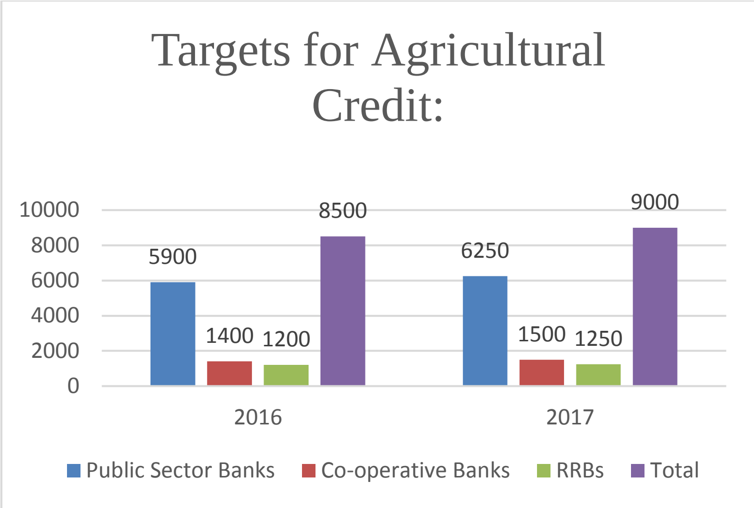

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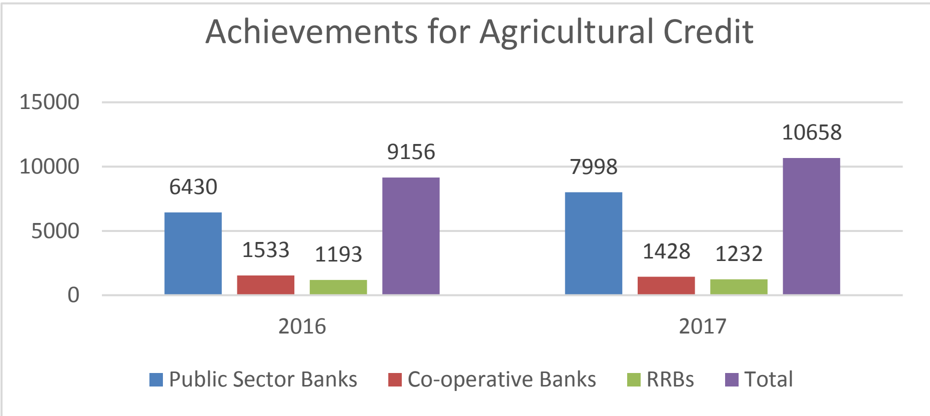
Chart 2: Achievements for Agricultural Credit:



SELF HELP GROUP:

The Reserve Bank also accords significant importance to the sector in its agenda for Financial Inclusion, with policy focused on improving access, adequacy, timeliness and price of credit for MSMEs.

Table 2: An overview of Credit Flow to MSEs:

Year	Number of Accounts (million)	Amount Outstanding (` billion)	MSE credit as per cent of ANBC
1	2	3	4
2015-16	20.4	9,964.3	14.6
2016-17*	23.2	10,698.2	14.3
*: Provisional.			

Source: https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=836

Financial inclusion plan:

The Board approved Financial Inclusion Plans (FIPs) prepared by the domestic scheduled commercial banks provide a structured and planned approach to financial inclusion.The Plans capture self-set targets of the banks on parameters such as the number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts (BSBDAs) opened by bank branches and BCs, overdraft facilities availed in those accounts, transactions in Kisan Credit Card (KCC), General Credit Card (GCC) accounts and transactions through the BC-ICT channel. The progress made on these parameters is reported to the Reserve Bank by banks on a monthly basis and the progress in this regard as on end-March 2017 is given in in the following table:

Table 3: Financial Inclusion Plan: A Progress Report

Particulars	End-March 2010	End-March 2016	End-March 2017
1	2	3	4
Banking Outlets in Villages – Branches	33,378	51,830	50,860
Banking Outlets in Villages>2000-BCs	8,390	98,958	105,402
Banking Outlets in Villages<2000- BCs	25,784	432,271	438,070
Total Banking Outlets in Villages – BCs	34,174	531,229	543,472
Banking Outlets in Villages- Other Modes	142	3,248	3,761
Banking Outlets in Villages –Total	**67,694**	**586,307**	**598,093**
Urban Locations covered through BCs	447	102,552	102,865
BSBDA-Through branches (No. in million)	60	238	254
BSBDA-Through branches(Amt. in ` billion)	44	474	691
BSBDA-Through BCs (No. in million)	13	231	280
BSBDA-Through BCs (Amt. in ` billion)	11	164	285
BSBDA-Total (No. in million)	**73**	**469**	**533**
BSBDA Total (Amt. in ` billion)	**55**	**638**	**977**
OD facility availed in BSBDAs (No. in million)	0.2	9	9
OD facility availed in BSBDAs (Amt. in ` billion)	0.1	29	17
KCCs -Total (No. in million)	24	47	46
KCCs -Total (Amt. in ` billion)	1,240	5,131	5,805
GCC-Total (No. in million)	1	11	13
GCC-Total (Amt. in ` billion)	35	1,493	2,117
ICT A/Cs-BC-Total Transactions (No. in million)	27	827	1,159
ICT A/Cs-BC-Total Transactions (Amt. in ` billion)	7	1,687	2,652

Source: https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=836

Lead Bank Scheme:

21 new districts were formed in Telangana, taking the total number of districts in the State to 31. State Bank of Hyderabad, Andhra Bank, Syndicate Bank and Canara Bank were assigned lead bank responsibility of the new districts. In Manipur, seven new districts were formed taking the total number of districts in the State to 16. United Bank of India and State Bank of India were assigned lead bank responsibility of the new districts. In Haryana and West Bengal, one new district each was created and Punjab National Bank and State Bank of India were assigned lead bank responsibility of the new districts, respectively. Lead bank responsibility of the three newly created districts in Arunachal Pradesh was assigned to the State Bank of India. Further, in view of the merger of Associate Banks with the State Bank of India.

CONCLUSION

The institutionalization of the structure of banking correspondents (BCS) has become an important step towards expanding access to bank access. RBI advocated combining the Brick and Mortar structure with Mouse and Click technology to expand financial integration in geographically dispersed areas. RBI has granted some companies fundamental approval for the creation of differentiated banks, namely Small Financial Banks (SFB) and Payment Banks, in order to facilitate the financial inclusion in the country. SFB and Payments Banks are expected to increase lending to small businesses, small and marginal farmers, micro and small enterprises and other organizations in the informal sector. Banks have opened about 440 million accounts under pressure from RBI and PMJDY. literacy centers, self-reliance training courses were established in rural areas. The transfer of direct payments and Aadhar Seeding of Accounts has been completed. Financial inclusion will be important for eliminating poverty and social exclusion. It provides growth - individuals and businesses - with equality. It ensures the safety of income and savings, security through health and life insurance, and increased financial awareness.

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12.

DIGITAL MARKETING: RESHAPING BUSINESSES

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ABSTRACT

Digital technology is omni present and it has influenced society with its expeditious advancement. It has become an inherent part of our lives. The tremendous growth of digital media has led to a paradigm shift of communication from traditional marketing to digital marketing because of convenience, cost effectiveness, better penetration and efficacy. This evolution has brought enormous innovative opportunities for marketers. Digital marketing encompasses marketing of products and services through electronic devices. It makes use of online channels, especially the social media, email, video, blogs for marketing, advertising and communication purposes and a humungous amount of content is being generated and shared via social media and messaging apps. Therefore, it is crucial for marketers to carve out a niche for the brand in the market and make it visible in this huge ocean of activity to have a loyal consumer base. This paper focuses on the significance of digital marketing for both consumers and users. It also presents two case studies on Kolkata Knight Riders and SonyLIV Myntra festive sale campaign. These case studies show how digital marketing reshaped the entire campaign and led to phenomenal results in terms of engagement, viewership, web traffic, sales metrics etc.

KEYWORDS

Digital Marketing, Engagement, Search engine marketing, Social media marketing, Web traffic.

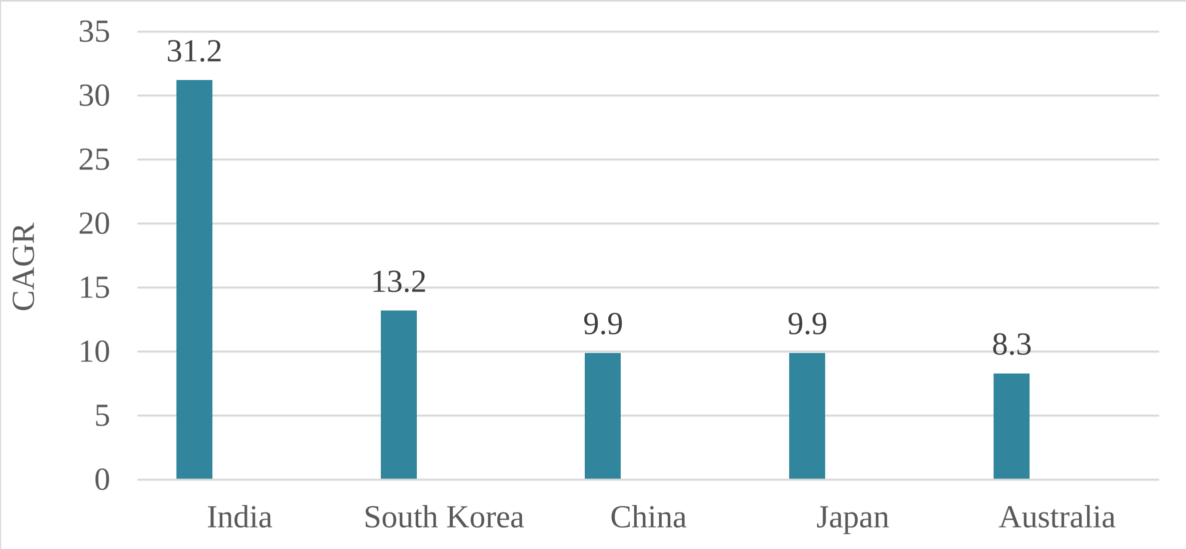
INTRODUCTION

Digital technology is ubiquitous, and it has influenced society with its expeditious advancement. We are dwelling in techno savvy world where technology has become inherent part of our lives. A lot of things perform their jobs for a while but eventually we have to switch to something better for example Orkut to Facebook, CDs to USBs, traditional marketing to digital marketing. Digital marketing is usage of marketing of product or services using digital technologies especially on web including mobile phones, display advertising or any other medium. It is popularly known as "web marketing", "internet marketing", "e-marketing". It is about handling the 5D's of marketing which are digital devices, digital platforms, digital media, digital data and digital technology.

Growth of digital marketing

Indians are among the leading nations when it comes to time spent on internet. On an average, a user in India spends 200 minutes a day on mobile applications. As a greater number of people are accessing the internet because of cheaper and affordable data plans digital marketing is bound to go up. Most of the companies are shifting their marketing budgets towards digital marketing. In the figure 1, we can clearly see the compounded annual growth rate of 31.2 per cent for India which is highest amongst all.

Figure1: Growth of Digital Marketing



Source: Forrester Data (Asia-Pacific)

Why go Digital?

There are two main key stakeholders in marketing i.e. buyers and sellers. So, the need for going online has been mention from users and marketers' perspective in the Table 1.

Table 1: Need to Go Digital

Users' Perspective	Marketers' Perspective
1.Multiple Channels and devices	1. Reach the right audience.
2. Cross device integration	2. Engage with your audience.
3. Deep discounts and offers	3. Motivate your audience to take action.
4. Door delivery and easy returns	4. Maximize Return on Investment (ROI).
5. Multiple payment options	5. Ensure efficient spending on your campaign

LITERATURE REVIEW

Digital marketing concept originated from the Internet and search engines ranking of websites. Introduction of new technologies has creating new business opportunities for marketers to manage their websites and achieve their business objectives (Kiani, 1998). Social Networking Sites (SNS) like Facebook has opened the myriad opportunities for businesses to communicate with millions of people about products and services. This is possible only if the managers are fully aware of using the communication strategies to engage the customers and enhancing their experience (Mangold, 2009). As the market dynamics all over the world are changing at very fast pace because of the accessibility to social media and usage by young audience, marketing professional must truly understand online social

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marketing campaigns and programs and understand how to do it effectively with performance measurement indicators. Blogs as a tool for digital marketing have successfully created an impact for increasing sales revenue, especially for products where customers can read reviews and write comments about personal experiences. For businesses, online reviews have worked really well as part of their overall strategic marketing strategy (Zhang, 2013). Web experiences affect the cognition of consumers and increase their buying decision process (Cetina, Cristiana, Radulescu, 2012). Marketing managers who fail to utilize the importance of the Internet in their business marketing strategy will be at disadvantage because the Internet is changing the marketing mix.

RESEARCH OBJECTIVES AND METHODOLOGY

This study has been carried out to understand the role of digital marketing in transforming businesses to reveal the necessity of using digital marketing as a marketing strategy by the companies for the marketing of their product and services. Two case studies (Kokata Knight Riders and Sony LIV Myntra Festive Sale Campaign) have been discussed to show how digital marketing campaign changed the entire scenario and led to successful engagement in both the cases. This paper is a descriptive study, where examples are cited based on the references from secondary data.

RESULT AND DISCUSSIONS

This section deals with the brief description, digital marketing strategy and results of two cases which includes the Kolkata Knight Riders (KKR) and Sony LIV Myntra Festive Sale Campaign.

Case Study 1: Kolkata Knight Riders

The **Kolkata Knight Riders** (**KKR**) are a franchise cricket team in the Indian Premier League representing Kolkata city. It is jointly owned by Bollywood actor Shahrukh Khan, actress Juhi Chawla and her spouse Jay Mehta. The team is coached by Jacques Kallis. The home of the Knight Riders is Eden Gardens, the largest cricket stadium in India and the second largest in the world by seating capacity. The official theme of the team is Korbo, Lorbo, Jeetbo Re (we will perform, fight and win). The brand value of the Knight Riders was estimated at $99 million in 2017, second highest among IPL franchises after Chennai Super Kings.

The digital marketing strategies helped in engagement with their fans and followers. The main objectives were how to enhance brand awareness of KKR, how to remain connected with the fans and how to keep them updated with latest news & updates about KKR. They followed a number of steps for engagement. Firstly, they created a video blog named “Inside KKR” especially dedicated to their fans so that they get news and updates about the team and the team players. Secondly, they had a website blog and an official mobile for user engagement. They focussed all main social media platforms for get attention of users. The players of the team had queued sessions on Twitter with their fans and a special “Cheer for KKR campaign” was ran. The digital marketing team at KKR has also organized a live screen Facebook chat at Facebook HQ in Hyderabad.

Results of the campaign

KKR Facebook page got around 15M likes during the digital marketing campaign which was highest of all IPL teams. It became the most engaging team in Twitter. It gained traffic in Pinterest page and Google Plus profile and the most followed IPL team on Instagram with more than 466K followers.

Case Study 2: Sony LIV Myntra Festive Sale Campaign

Sony LIV is one of India’s Mobile first Premium platform with content for all audience. It tied up with Myntra for the latter’s festive sale campaign. This ad was run on the property: ‘Kaun Banega Crorepati

(KBC)' during early October 2017. There has been a growth of 355% on the hours of streaming per month over last year and 150% increase in the average watch time per viewer per day. There has been more than 100% growth in average users in 2017 vs. 2016 and around four times jump in viewership in FY'17 vs. FY'16. This platform has seen the Highest year on year growth in 2017 since the launch of SonyLIV in 2014. The campaign had a total impression of 3.37 Million spread across the top and metros in India. The view rate of KBC was 91% compared to the industry standard of 80%.

Campaign Results

The bounce rate of the sessions was lower than the industry standard. The website saw better Click-to-conversion rate from traffic coming from SonyLIV which was almost three times better than the industry standard. The time spent per session was almost two and half times better than the industry standard.

CONCLUSION

Digital marketing is the online playing field that offers opportunities to every kind of businesses. It allows companies and their clients to communicate directly forming strong relationship and bridges the divide between what customers expect and what they get. The benefits of digital marketing and advertising have become pronounced as quantifiable and result driven statistics are coming out every day. There are numerous ideas to create your online marketing strategies. All you need is think out of the box and plan according to the occasion. Both case studies show how digital marketing reshaped the entire campaign and led to phenomenal results in terms of engagement, viewership, web traffic, sales traffic etc. It is not an overstatement to say that digital marketing is transforming every aspect of business.

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13.
WOMEN ENTRPRENEURS: ISSUES AND CHALLENGES

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ABSTRACT

There has been an increase in the participation of women in business that indicates great potential for entrepreneurial development. It has been observed that women entrepreneurs in India have made great contribution towards generation of gross output, employment, exports and asset creation. Women form the family, that helps in developing the society and Nation. Entrepreneurial instincts among women started late. It is still in its nascent stage. Changes in the domestic and global environment have contributed in the growth of women entrepreneurship in India. Success of women entrepreneurs is different in different states of the country. Women entrepreneurs are generally concentrated in the Micro, Small and Medium sector. To increase the participation in other sectors, a better focused role of Indian Government, voluntary agencies, educational institutions and financial institutions with a holistic and coordinated approach is necessary. Women entrepreneurs should share the success stories to grow the entrepreneurial instincts among women in India. Women entrepreneurs should be encouraged in every field for the world to know the potential and capabilities of Indian women.

KEYWORDS

Entrepreneurship, Women, India, Challenges, Issues

INTRODUCTION

Entrepreneurship is the act of reviving an existing business or setting up a new business to gain advantages from new opportunities. An entrepreneur is the one who starts an enterprise. There have been various definitions of an entrepreneur. The economists say that an entrepreneur is the one who is the fourth factor of production. Sociologists say that certain cultures and communities promote entrepreneurship. For example, people say Baniyas are very good at doing business. Many others say that businessmen are innovators. They come up with creative and innovative ideas for techniques, markets and products. Thus, entrepreneurs help in shaping the economy by inventing new services and products and creating new jobs and new wealth. They have an attitude to create something innovative that creates value in the social eco-system. They have a state of mind that develops naturally. Entrepreneurship has been dominated by males, but today women have emerged as inspirational entrepreneurs. The paper attempts to analyze the participation of women in entrepreneurial activities to highlight the women entrepreneurs' contribution towards economic development. It further attempts to evaluate the facilitating factors and impediments that women entrepreneurs face in running their enterprise. Government starts with various Programmes and Policies to promote entrepreneurship among women in India. The paper aims at finding the solution to the issues and challenges that are faced by women entrepreneurs.

LITERATURE REVIEW

Jalbert, 2000 examined how females' business associations can strengthen position of women in international trade and business. The study shows that women are making important contributions to country's competitiveness, global economic health and area commerce. As per the analysis, female entrepreneurs have the capability to getting, keeping and growing long-term networks and relationships to achieve the goals of the enterprise effectively and efficiently. Researchers have identified certain characteristics in women like high energy level, focus, self employment, personal motivations interpersonal skills etc. that promote their creativity and helps in generating new ways and ideas of doing things.

Tambunan, (2009), in the study conducted found that women lack of capital, have low level of education and face cultural and religious constraints while doing business. Singh, 2008, identified the influencing factors and reasons behind entry of women in business. He explained the obstacles and challenges faced by women entrepreneurs in doing business. He discussed the barriers in promotion of women entrepreneurship. Lack of conversation with successful entrepreneurs, responsibility towards the family, unacceptance by the society, missing network, low priority, gender bias against women are the main hurdles to the growth of women as entrepreneurs. He even suggested the measures like unlocking institutional frame work, promoting micro enterprises, projecting & pulling to grow & support the winners etc.

Damwad, (2007), describes the initiatives, obstacles and experience faced at five Nordic countries towards women entrepreneurship. It broadly identified few obstacles like financing, markets & entrepreneurial activity, lack of knowledge & skills in business life, work life imbalance and lack of wish to grow among women.

OBJECTIVES

- To discuss the reasons for involvement of women in entrepreneurial activities.
- To identify the issues of hindrance for entrepreneurship among women.
- To know the possible solutions to overcome hindrance for entrepreneurship among women.

METHODOLOGY

The research is based on secondary data. It is descriptive and exploratory in nature. The data is collected from different newspapers, reports, journals, websites and research papers.

Women entrepreneurs in India

The Indian woman entrepreneur has various qualities. Preparation and execution of plan is under the control and supervision of the women. There are people who will guide her. The ultimate control lies with entrepreneur. She assumes and undertakes calculated risk and faces uncertainty confidently. She has to arrange for the capital and generate good returns. An Indian woman entrepreneur takes realistic risks as she aspires to be a successful entrepreneur. A woman entrepreneur has to make sure that the factors of production namely labour, land and capital are organized and managed properly. She has to be self-confident. She needs to understand that she has all the capabilities in running the enterprise. She has the power and gut to overcome resistance to change and implement any change.

A woman entrepreneur has the courage to correct the mistakes that she has made. She takes the most critical and important decisions for her enterprise. She deciphers about the type of business to be executed. Also ways of doing the business are to be analyzed. She must be innovative and creative in decision making process. She develops new ideas, organizes the business with such ideas and gives value addition to the society. An added feature of woman is her willingness and drive to work hard. A woman entrepreneur is not hungry for money. Her motivating instinct is the drive to become successful.

She works to serve others. Motivation towards success helps in overcoming the challenges. She must have a positive outlook towards life. She has the attitude and the will to achieve the goals of the organization. The positive thinking of a woman can turn any situation favorable.

The success of a business depends on the ability of the far sightedness of the entrepreneur. A woman entrepreneur has clear vision and mission. She is minded and energetic. She should have analytical and creative thinking. She must be problem solver, intelligent and adaptable. One important characteristic of a successful woman entrepreneur is her leadership quality. It is the quality of supporting and influencing other employees to work enthusiastically for achieving the objectives of the enterprise effectively and efficiently.

Issues being faced by Women Entrepreneurs in India

Indian women face many problems in setting up and developing a business. There are umpteen problems that women face at various stages in India which are discussed below:

- **Lack of Finance:** Women entrepreneurs lack the working capital and financial resources in running an enterprise. They lack access to affordable external finance, reason being absence of credit and tangible security in the market. Women don’t own much property. They also have low bank balance. Male members don’t want to invest capital in the enterprise that is run by women, reason being lack of confidence in the ability to run the business successfully. The cumbersome procedure of getting a bank loans creates problems in getting access to the required finance for managing daily business activities. They depend a lot on personal savings. Getting the support of bankers, lack of credit resources, managing the working capital are the problems that still remain an issue.

- **Marketing problems:** Women entrepreneurs depend on the middlemen for marketing the products who manage to pocket a large chunk of money. The middlemen try to exploit the women entrepreneurs. Women entrepreneurs find it difficult to make a mark in the market. Money in huge sum is required for advertisement due to stiff competition in the market from male entrepreneurs. They do somewhere loose the energy that is needed to win the confidence of the consumers.

- **Shortage of raw materials:** Shortage of raw materials can be considered as one of the main issues that is being faced by women entrepreneurs in India. Raw materials of good quality and quantity are offered to women at high rates that fluctuate a lot from time to time. The failure of women co-operations like the ones engaged in basket making, in 1971 was mainly due to insufficient availability of raw materials.
- **Low risk-taking ability**: Since women entrepreneurs have always led a protected life, therefore they don’t have the tendency to take high risks while doing business. Unplanned growth, inferiority complex, inability to take quick decision, lack of facilitates increases the rate of risk taken by the enterprises that are owned and managed by women.
- **Family Conflicts**: It is considered that the main duty of women is to look after the members of the family. Women are not able to devote much time to the business activities. Great efforts and time is required on the part of women to make a perfect balance between business activities and domestic activities. The woman entrepreneur needs the support of husband to succeed in life. Thus, education level of husband has a great impact on the success of women entrepreneurs. Women spend long working hours in business and due to which, they find it difficult to manage family life. Their inability to give time to their families becomes another issue at growing in the business.
- **High cost of production**: The high cost of production reduces the efficiency, making it a major problem in any business enterprise. It becomes of the main reasons why women is unable to grow

in her career as an entrepreneur. It is important to increase the efficiency and expand productive capacity so as to reduce cost of production. Government assistance like grants and subsidies is needed to handle and manage the delicate situations. But over the period of time one needs to learn that it is necessary to work on expanding the productive capacity by improving the efficiency of the enterprise.

- **Intense competition**: Women entrepreneurs face stiff competition from male entrepreneurs having vast experience and organized industries. Many enterprises owned and managed by women have imperfect organization set up.
- **Patriarchal Society**: The social attitude of people makes it difficult for women to live and work. Despite the protection given by the constitution of this country, discrimination against women still exists. Women face a lot of discrimination in a male-dominated society. Entrepreneurship has traditionally been seen as a male preserve. Idea of women doing business is considered a distant dream.
- **Lack of entrepreneurial training**: Women don't have access to sufficient training that would enhance their professional and technical skills to start a new business venture. All women entrepreneurs have access to same training through EDPs.

Challenges Facing Women Entrepreneurs

Entrepreneurship is not as easy as taking a walk in the park. It is actually very challenging. Women can attain great heights in their lives with dedication and hard work. Some of the challenges faced by women entrepreneurs need to be overcome so that woman-owned businesses become highly successful.

- **Not Being Taken Seriously:** A woman's advice and opinion is not viewed as that of an "expert". When a woman starts a business, at times it happens that family, friends, and others view it as a side project or a hobby, rather than a serious business. Seeking out needed support can overcome this bias as it is a true gender based obstacle.
- **Letting dread Stand in the Way**: Women are less prone to taking risks. They at times let their own fears like fear of success, fear of failure, fear of being alone, stand in the way of going on the path of entrepreneurship. Confidence is the key to combat such fears. To feel confident, the best way is to make sure that one is as prepared as possible for any situation. One should always believe in oneself. Value the time, capabilities and efforts of the people working in the enterprise.
- **Wanting to Please Everyone**: Women are taught to be "people pleasers" and to "be nice" to everyone. This leads to gaining the approval of others. Women are unable to say "No" as they don't want to be harsh on anyone. They become too giving of their time. As a result of which, products are charged at low rates.
- **Wearing Too Many Hats**: Most ladies in their personal lives, have a mindset to become everything to everyone. Juggling becomes difficult as women wear various hats. When women add "entrepreneur" hat to the many hats that they wear, this challenge is further magnified. Women feel that they "do it for themselves". They think that they are the best persons. They can handle every job and have a tough time delegating responsibility. This is a major difficulty in overcoming the challenge in order to have a successful business.

Recommendations to Tam the Problems of Women Entrepreneurship

Women entrepreneurship has been growing in recent years. The opportunities and growth are blocked by challenges as discussed above. So, following suggestions are offered to overcome the challenged and problems faced by women entrepreneurs in India;

- **Finance cells**: Various finance cells may be open for women entrepreneurs to gain easy access to finance. Such special cells should provide working capital and financial resources to women entrepreneurs at concessional rates. Facility of easy repayment should also be provided. Such cells providing finance to women should have women officers and clerks. Humongous efforts should be made to provide easy finance to women in all states of the country.
- **Education and awareness**: The awareness Programmes should be focus on changing the negative attitude of the society towards women. The attitude of elders in the family needs to be changed. Potential of women and their due role in the society is to be understood.
- **Marketing Co-operatives**: Cooperatives focusing on marketing should be set up to assist and encourage women entrepreneurship in India. Government needs to give preference to female entrepreneurs while buying goods of their requirements. Such marketing cooperating help women entrepreneurs in selling their products on good prices. This will also help in removing the middlemen.
- **Training facilities**: Training and developments Programmes are essential for the development of women entrepreneurship. Special training schemes needs to be organized so that women get full advantages. part time training facilities, mobile training centers etc. should be provided to have women in such training centers.
- **Team Building and building business relationships**: Women entrepreneurs should surround themselves with good team members that have expertise and strengths in running a successful business. Women need to realize the importance of coordinated team efforts that are required to make any business successful. They also need to make sure that they need to getting keeping and growing business relationships.
- **Develop a Blue Print**: Women entrepreneurs should write up a business blue print. When starting the business, a blue print should have a clear description of the service or product that is being offered, the target audience and how the business is going to be run on a day to day basis. This blueprint should fulfil the specific responsibilities. It should also estimate the cost to be incurred in running the business.
- **Under-pricing services:** Women entrepreneurs should understand that for any business to be successful, appropriate price is to be charged from the customer. So, they need to make themselves strong headed and make sure that no product or service being offered is under-priced.
- **Supply of raw-materials**: The required, imported and scare raw-materials should be made available at priority basis and at concessional rate to women entrepreneurs.
- **Hiding from cash flow issues**: Women entrepreneurs should learn to manage cash flow and understand that following up on owed payments and money is essential to every successful business. They should become assertive while collecting their owed money. They need to face the debtors head on and make sure that they get what they are due.

CONCLUSION

Entrepreneurship is the most encouraged and discussed concept all over the world. Women are able to make an important contribution in the overall development of the any country because of the great potential and capacity that they have to be successful entrepreneurs. So, policies and programs need to be customized to encourage entrepreneurship and implement strategies that will support entrepreneurial culture among women youth. Media plays an important role in entrepreneurial development by highlighting and creating platforms that can bring out the innovation and creativity among women so as to grow entrepreneurship culture. India needs to encourage entrepreneurship among women. Women are available to exploit the unexplored dimensions of enterprises. Business world has realized and is working to make entrepreneurship as the final remedy to overcome all business and market challenges. Independence, equal opportunities and rights in employment and education, laws guaranteeing equal rights of women in political process can help in growing women entrepreneurship in India. But, government sponsored activities have benefited only a small section. Women are willing to start an enterprise of their own and make their contribution to the nation's growth. Their role in nation building is important. Steps are taken to promote entrepreneurship among women. Revival of entrepreneurship is needed. Women entrepreneurs must gain knowledge with entrepreneurial skills and traits to be competent enough to sustain, meet challenging global markets, changing trends, and strive in the local economic arena.

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14.

AN IMPACT OF MERGERS AND ACQUISITIONS ON ORGANISATIONS

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ABSTRACT

Merger & Acquisition is a process which is quintessential in today's day and age for the growth and survival of business houses. Corporations are obtaining additional firms to expand the businesses. If companies are unable to go in for the process of merger or acquisition, they will lag behind and will not be able to survive competition in the market. Although the current scenario adopted the norm of takeovers because the process of mergers and acquisition create synergies in business, but still many companies are merging with one another as there is an established flow of merger or acquisition. When companies decide to merge with one another and adopt the process of mergers and acquisitions, the aspect of this process that they have in their mind is the growth and expansion or synergies that will be created as a result of this process. Both management and employees should put in all their efforts at their own level to make it a successful one because people lie at the core of the entire deal. The major purpose of this study is to find out the major issues associated with pre & post-merger situations where folk shock arises and crashes to fulfill the requirements moving in two different commands.

KEYWORDS

Merger and Acquisition

INTRODUCTION

The terms merger, amalgamations, take-over and acquisitions are regularly used and have been heard of in the business world. Merger and acquisitions refers to the process wherein two or more companies come together and combine and merge into one bigger company so as to avail the advantages that come along with the re-structuring and, to face the encounters of increasing competition and to achieve synergy in business operations. The literature sources most frequently identify three phases of a merger or an acquisition process. This discusses impact of merger with reference to human resource aspect, it has actually integrated most of the significant management subjects under considerations into the judgment. Thus, the organizational performance is measured by means of companies' performance. Empirical evidence appears to support the view that after merger can influence the organizational performance and growth. The present study provides the proofs for the organizations' performance is affected. It also suggests that after a merger happened, the management might be able to increase the level of obligation by increasing approval and motivation with compensation, policies, and work conditions. There might be variations in the cultures between two organizations. If however, the manager is well equipped with a degree or has sufficient qualification, the Mergers and acquisitions, like organizational transitions in general, are typically followed by major structural and cultural changes, which may arouse stress, anger, disorientation, frustration, confusion and fright among personnel. Uncertainty and other negative emotions, in turn, tend to lead on to the several negative organizational outcomes, like lowered commitment and productivity, increased dissatisfaction and disloyalty, high turnover, leadership and power struggles, sabotage and a general rise in dysfunctional behaviours.

LITERATURE REVIEW

Mergers and acquisitions are generally being used interchangeably and abbreviated as M&A in business world. This is because mergers and acquisitions basically lead to the same outcome whereby two entities become one entity. Thus, this section is based on the conceptual background, having direct and indirect bearing on the objectives of the present study.

In the 21st century corporate world, mergers and acquisitions has always been one of the very important strategic tool used to achieve specific business objectives (Sudarsanam, 2003). Merger and acquisitions happens when two legal entities‘assets and liabilities are combined to become one legal entity (Frantlikh, 2003). In reality, pure merger or mergers in equal basis do not happen very often and it is an acquisition that happened most of the time. The trick and consideration is, acquisition usually carries a negative perception and could possibly be demoralising the morale in company being acquired, hence damaging future synergies expected post M&A (Kotter and Schlesinger, 2005). Merger occurs when there is combination of two or more companies in the creation of a new entity or formation of a holding company (European Central Bank, 2000, Gaughan, 2002, Jagersma, 2005, Awasi Mohamad and Vijay Baskar, 2009). Acquisition is the process of purchase of shares and assets of another company so as to achieve the managerial influence (European Central Bank, 2000, Chunlai Chen and Findlay, 2003, Awasi Mohamad and Vijay Baskar, 2009), but not necessarily by mutual agreement (Jagersma, 2005, Awasi Mohamad and Vijay Baskar, 2009). M&A happens when the mergering and company being merged and subsumed seemed to have formed business relationships of upstream supplier and downstream buyer in the value chain (Chunlai Chen and Findlay, 2003). A conglomerate M&A occurs when the two companies that are involved in the process of M&A are from totally unrelated business activity with the purpose of diversifying the capital investments and hence diversifying their risk, and also to achieve the benefit of economies of scale (Gaughan, 2002). Value is not created until capabilities are transferred, and people from both organisations collaborate in order to create the expected benefits and the unpredicted opportunities. This collaboration relies on the will and ability of managers from both organisations to work together towards a new future. The key to integration is to obtain the participation of the people involved without compromising strategic task (Salama et al, 2003).

The term synergy is probably one of the most use arguments to justify M&A (Jansen, 2008). But yet an accurate definition for the term remains unclear. The synergy effect was probably first described by Ansoff in 1965, as ―2+2=5‖ effect. Arising from that, Gaughan (2002) and Oberg (2004) describe synergy as the effect combined from the sum of two substances that is greater than the sum effect from two independent individuals. Hitt et al. (2001) describes synergy as the ability of two or more units or companies to generate greater value working together than it could have achieved when they are working apart or alone. Gaughan (2002) explains that synergies can be contributed by financial synergy, managerial synergy, and operational synergy. Pilloff (1996) also states the primary reason for M&A synergy is performance improvement after the merger, which may be obtained in several ways.

OBJECTIVE

To find out the major obstacles and issues that are associated with the pre & post merging situations where folk shock arises and crashes to fulfil the requirements that are moving in two different commands.

RESEARCH METHODOLOGY

The aim of this research was to investigate the impacts of associated with pre & post merging situations where folk shock arises and crashes to fulfil the requirements moving in two different commands. For this purpose, the study was conducted on the sample of three companies are HDFC & CBoP, Vodafone & Hutch, Goetz India & HP Compaq merger. This is a qualitative study. The methodology is design particularly useful in expanding the understanding and knowledge of folk shock arises and crashes to fulfil the requirements moving in two different commands.

RESEARCH RESULTS AND ANALYSIS

Referring to the secondary data, there is some degree of overlap in one or more of these common factors. The Housing Development Finance Corporation Limited (HDFC) was the first one amongst the financial corporations to receive an 'in principle' approval from the Reserve Bank of India (RBI) to be set up as a bank in the private sector, as part of the RBI's liberalization policy of the Indian Banking Industry that was adopted in 1994. The bank was incorporated in the August of 1994 in the name of ‘HDFC Bank Limited', with its registered office being located in Mumbai, India. HDFC Bank had initially commenced its business operations as a Scheduled Commercial Bank that began its financial activities in January 1995. Centurion Bank of Punjab was initially formed by the merger of the two banks, that is, Centurion Bank and Bank of Punjab, both of which had established retail franchises operating in their respective markets. The amalgamation of the Centurion Bank of Punjab with HDFC Bank was formally approved by Reserve Bank of India on May 23, 2008 to complete the formalities of statutory and regulatory approval process. The merged entity is estimated to have a strong deposit base of around 1,22,000 crores and to have net advances to the tune of around Rs. 89,000 crores. The amalgamation has led to a substantial increase in the value of HDFC Bank in terms of its increased network of branches, greater geographical reach, wider customer base, and a talented pool of skilled manpower. As per the scheme of amalgamation, shareholders of CBoP had received 1 share of HDFC Bank in exchange of 29 shares of CBoP. Third Combination is taken as Vodafone & Hutch Merger. Fourth combination is of Goetz India and Federal Mogul. Goetz India Founded in 1954, Goetze India began as a joint venture of Anil Nanda Group and FM. Goetze was the largest domestic manufacturer of piston rings and pistons. Fifth and merger for study is HP and Compaq merger. The company began in the year 1938 when two electrical engineering graduates from Stanford University called William Hewlett and David Packard started their business in a garage in Palo Alto. In a year's time, the partnership called Hewlett-Packard was made and by the year 1947, HP was incorporated. Compaq company is better known as Compaq Computer Corporation. This was company that started itself as a personal computer company in year 1982. Mergers and Acquisitions are now moved from a concept to the actual implementation for the companies to become a big giant. Numerous categories of mergers like horizontal vertical conglomerate or reverse mergers serve different purposes for which they are made. The various factors which require any company to acquire or to be acquired decide the type of merger required for the particular company. India has faced a very fast moving trend towards merger/acquisition. Cross-border mergers are now a common phenomenon. In most of the cases financial motives are easily fulfilled as every merger or acquisition is done with proper planning by the top management people. It is very much or at most concerned with the money objective which they realised by many means either by reducing cost or removing work force or by reducing cost of buying of products or services. Synergies are broadly divided into three categories: 1) Universal which is generally related to pre deal phase which is obtained by generally each and every merger deal. 2) Then next is Specific Synergy which shows the combination of task force teams which is during the transactional phase. 3) Then the last one is Unique Synergy which is generally related to the combination of complex technologies and is realized only by the expert merger deals only in a very format way. Mergers are divided into four basic categories operational mergers which is taken to gain operational benefits from the organization. In case of Hutch Vodafone this is a kind of Expansion merger in which management has not faced much of the cultural problems because they have no separate office in India in which they have to face the problem of overlapping. Similar happened with the Federal Mogul and Goetri India. In case of HDFC and Centurian and UB Group and Shaw Wallace they have faced the problem of overlapping as that has acquired a separate running branch.

FINDINGS

It’s nearly impossible to develop a new commitments without mourning the loss of former loyalties. It helps in workout the problems and finding out the various alternatives for the solutions. The expectations and problems design a realistic process for addressing the companies. And, it Develop a new strategic plan and unified goals, and purposes that reflect the newly formed organization. The Communication of newly formed goals and objectives helps in clearing the feeling of distrust and frustration. Merger is the process which is not easily acceptable by all. Be surethat transitional teams are developed very early on for all pivotal areas and layers of the organization, and that team members are fully representative of the employee base. Facilitated sessions are the most successful because it’s easier for someone who does not have a stake in the outcome to be completely focused on the process. On the other hand, Based on cultural assessment and mapping, use appropriate work teams to merge departments and make decisions regarding small issues (such as what forms to use) and larger strategies (such as how to handle customer service). While deciding upon best practices and new policies, cultural assimilation will be a by-product. Customers are treated as God because they are the only survival factors through which any business can exist. So in case of any merger or acquisition customer service should not be affected at all or if affected in an improved manner thereby increasing the chances of occupying the market share. Provide leadership and supervisory training as though it were a completely new, start-up company -- because it is. For any mass transition leaders work as the guide. Set up periodic re-evaluations over the first two or three years that ensure that problems will be addressed long after the new organization is formed. if its continuously re-evaluate their working they can work for the betterment and can learn many new things whereas management can easily evaluate their selection. Moreover it can put a check on the attrition rate also.

CONCLUSION AND SUGGESTIONS

For Making Merger & Acquisition Successful, it Involves the companies’ HR to addressing all issues and processes fro a “people perspective.” HR helps to know what people actually thinks about the conditions and the company. It can become a good mediator between the company and the people factor. HR is involved clouds of confusion will almost clear and company and people both are very clear about one another. And, to develop cultural assessment that help the two groups identify their differences and appreciate all that they have in common. This assessment group helps to locate out the points of differences from both the sides. When two are not communicating directly from one another such kind of assessment groups help in revealing the reality from both the sides. Hence, in all areas and at all levels - for sharing institutional history, vocabulary and acronyms, formal and informal networks, management and work styles, and the sources of institutional pride.

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15.

RURAL MARKETING

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ABSTRACT

This paper aims to study the dynamics of rural market and the various initiatives taken up by Indian Companies in the context of Rural Marketing. Rural market serves as a large untapped market for business in India. According to World Bank, rural population of India was estimated at 66.46% of total Indian Population. That means to sat that a major chunk of India population resides in Rural India and not in Urban India.

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Thus, there is a need for business organizations to direct their efforts to cater to the population residing in rural areas as the market size is large and profitable. Population residing in rural areas earns meagre wages and are hard-working usually engaged in the unorganized sector of the economy.

Consumers in Rural India wants those simple goods which are long lasting, are of good, quality, easy to consume and cheap in price. The income levels of the rural population are not so high, and this is one of the major reasons why they want simple looking and durable goods.

KEYWORDS

Rural Marketing, Rural Mindset, Rural Market Potential

INTRODUCTION

Census of India defines rural areas as all those areas which are not defined as urban areas. Rural areas, also known as rural units have increased in India over the ten-year period from 2001 to 2011. As per Census 2001, there were 6,38, 588 villages in India which increased to 6,40,867 villages as per Census 2011. Even in year 2011, 68.84% of Indian population resides in rural India and 31.16% of the population resides in Urban India according to Census 2011. During the ten-year period from 2001 to 2011, there has been a growth of 12.8% in rural population in India. It has been observed that the population in rural India has been steadily rising from 1991 to 2001 and from 2001 to 2011. Thus, it throws light on the fact that Rural India can be utilized to become a strong customer base for various companies.

Dr. Philip Kotler, the father of marketing, gave the definition of marketing. He defines marketing as being science and art both in which prime focus is on the delivering value to customers and satisfying their needs and desires to make a profit in the long run. Marketing is a broad concept wherein the process started with the study of consumer and understanding their unfulfilled needs and desires. It identifies the target market and the potential of profit it has.

Rural marketing is relatively a new concept. It is a process of paying heed to the needs and wants of people residing in Rural India and developing and delivering rural goods and services.

LITERATURE REVIEW

As per Ramkeshen 2002, Rural marketing is a process wherein rural specific goods are manufactured, priced and distributed between urban and rural markets to satisfy consumer demand and attain organizational objectives.

According to Iyer 2010, Rural Marketing is defined as one of the major functions of a marketer. It is a function which is instrumental in identifying purchasing power of rural population and converting it into demand for products and services and distributing them to the rural people and providing them better standards of living and thus achieving the organizational objectives.

Rural Marketing is a profitable avenue if the marketer is able to understand the dynamics of the market. As per Goswami 2009, there are huge untapped needs of the rural population and with the help of brand awareness, this market can turn into an extremely profitable avenue. A glance at the growth of the rural market will substantiate that rural market is indeed a profitable centre. According to Paninchukunnath 2010, the statistics of growth available for Fast Moving Consumer Goods(FMCG) Industry suggests that there is a huge potential and opportunity for expansion and penetration in the Indian Rural markets.

OBJECTIVES

1. To understand needs and wants of Rural Population
2. To study the various initiatives taken by various Indian Companies to cater Rural Population

RESEARCH METHODOLOGY

This research paper is exploratory in nature based on data collected from different websites, Newspapers, Journals and Research papers.

ANALYSIS AND DISCUSSION

As per Census 2011, Indian population is diversely distributed across the country. Even today, 83.3 crores people reside and earn their livelihood in Rural India. Therefore, there is a lot of scope for business in Rural India. This was realized by a few business organizations few years back and they made extra efforts for manufacturing rural specific goods which could meet the unfulfilled needs of Rural population.

Data Highlights – Census 2011

Population (in Crore)

	2001	2011	Difference
India	102.9	121.0	18.1
Rural	74.3	83.3	9.0
Urban	28.6	37.7	9.1

Population by Rural Urban Residence – India - 2011

Persons:

- Total : 1,210,193,422
- Rural: 833,087,662
- Urban: 377,105,760

Rural Urban Distribution Persons (in %):

- Total : 100.0 %
- Rural: 68.84 %
- Urban: 31.16 %

Source: Census 2011 – Provisional Population

OBSERVATIONS

Some of the initiatives taken by the Indian Companies in recent years are as follows:

1. **Hindustan Unilever Limited (HUL)**

Two of the popular initiatives taken by Hindustan Unilever Limited(HUL) are '**Project Streamline**' and '**Khushiyon ki Doli**'.
In '**Project Shakti**', HUL targeted small villages with population less than 2000 people. It took extensive help of the self-help groups operating in Rural India to reach the poor rural people. It has three agendas-

i) To create Shakti Entrepreneurs,
ii) the Shakti Vahini programme wherein women are trained to have effective communication skills. These women are well known people in the village such that people can trust them, and they can gather the crowd for an awareness presentation and
iii) IShakti which is a group community portal from which rural people can access information. Information related to health, hygiene, agriculture, employment, legal services, education, e-governance, etc. can be obtained.

Project Shakti has been successful and has created about 80 thousand small entrepreneurs across 18 different states in India.

'**Khushiyon ki Doli**'is also knowns as Caravan of Happiness Campaign. The objective of this initiative is to reach dark media villages and engage consumers to change their attitude towards brands. It includes various products such as Lifebuoy, Fair & Lovely, Wheel, Sunsilk, Surf Excel, Vim.

2. **TATA**

TATA has taken various initiatives for rural marketing. Two of its popular initiatives are '**Tata Kisan Sansar**' and '**Tata Ganesh**'. Tata Ganesh provides a combination of telecom and modem. Tata Ganesh gives the flexibility to farmers to control their irrigation pumps. The price of the modem is Rs.2700 and additional charges are taken as per the handset model. The modem is used to operate the pump and farmers can manually switch on and off the irrigation pump.
Tata also launched '**Tata Kisan Sansar**' for people living in Rural India. Under this programme, resource centres were developed in Rural India in which is a one stop store for Rural people. They can access all the commodities under one roof.

3. **COCA COLA**

Coca-Cola India is a company which sells carbonated drinks across India. Some of the most popular drinks that they sell in India are Coca Cola, Fanta, Limca, Maaza (mango drink), Sprite, Coca Cola Diet coke, etc. They operate not just in urban areas but also in the remotest locations of the country. Coca Cola adopted the three A's strategy-

i) Availability:
Coca Cola entered the rural market by strengthening its distribution network and made all its products available even at the remotest location.

ii) Affordability:
Coca Cola realized the fact that rural population prefers low priced products. Therefore, Coca Cola made significant changes in the size of its bottles and their price. It manufactured small bottles of drinks and were priced as low as Rs.10.

iii) Acceptability:
Coca Cola did vast advertising of all its products so that they can reach the households. It put the hoardings and banners everywhere in the villages and painted the walls of the residents with Coca Cola written on it. A quote “Thanda matlab Coca Cola” was made popular in villages for significant acceptance.

4. DABUR

DABUR India has taken various initiatives to cater to Rural population. About 75% of its sales are from rural India. It has come up with an initiative in which all the shopkeepers selling products of FMCG products of Dabur learn marketing with the help of professional actors and role playing. In another initiative of Dabur, popularly known as ‘**Astra**’, for extensive training of retailers, 75 Sales and HR managers were appointed across the country who would impart marketing education to over 2000 distribution channel partners. Also, the consultancy has been built up in five languages: Kannada, Bengali, Tamil, Malayalam and Telungu.

5. BRITANNIA

Britannia is an Indian company which was established in the year 1892. It is actively involved in the manufacture of rusks, biscuits, dairy products and cakes. Some of its most popular products are Tiger biscuits, Good day biscuits, 50 50 biscuits, Little Hearts biscuits, etc. The company researched and found that biscuits were consumed by rural people in large quantities. They started penetration into the rural market and adopted pricing strategy. They offered even Re.1 Tiger biscuits.

6. INDIAN TOBACCO CORPORATION (ITC)

One of most famous initiatives by ITC is ‘ITC E-Choupal: Empowering Rural India’. It is an initiative in the field of agriculture. Under E-Choupal, the company directly procures agriculture/aquaculture produce. Also, farmers are provided the requisite information and products needed to enhance productivity of the farm, price realizations and cut the intermediary transaction costs. The information is provided to farmers in different languages.

CONCLUSION

It has been observed that there are ample opportunities along with challenges in rural India for marketers, however, Rural India seems to be a promising avenue in future for marketers. There is a diverse need to understand and comprehend the dynamics of rural specific markets and fully exploit them to gain best advantage. A gradual and consistent alteration in the attitudes and mindsets of marketers is needed towards the rural markets. Marketers can successfully work and grab 230 million consumers in Rural India distributed over approximately 600 thousand villages in the country.

Indian Companies need to understand the wishes of rural people and provide those products. Such products should be made easily available to them and should be low-priced. It is indeed a matter of cat that the profit margins are relatively low in FMCG industry, however, companies can still manage to earn huge profits by charging low prices in Rural India as the market base is large in the rural India than the urban area. Companies can cut down their manufacturing costs and packaging costs and thus, reap huge profits by catering to rural units.

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16.

BUSINESS EXCELLENCE THROUGH SOCIAL MEDIA MARKETING WORLDWIDE

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ABSTRACT

Social media helps conversations to reach a wider audience and conveyed to different forum through different tools. There are several communication channels in an organization that include meetings, phone calls, and emails. These communication channels have their own limitations such as forgetting a message, missing to take notes during a meeting, and searching for information in a huge list of emails which can be challenging. Use of social media web sites has increased the channels of communication and its effectiveness in the organization. Now people need not waste their time as it has become easier for a person to send messages through an instant messenger or a tweet and get the response really quick. As of now, social media had been primarily served as a marketing tool. In this new role, social media customer service agents serve as public brand ambassadors in addition to providing customer care.

There is one of the major concerns, whether to use the same social media pages for marketing purposes, like new product announcements, in addition to handling customer concerns or opt to separate marketing and servicing social media accounts, while others prefer to blend a single account. We can easily provide excellent social customer service using either model; there are pros and cons to each.

KEYWORDS

Social media, Customer, Services, Marketing, Response

INTRODUCTION

Social media marketing is the process of gaining traffic or attention through social media sites. It is a powerful way for businesses of all sizes to reach prospects and customers. As the customers are already interacting with brands through social media, so, it is an opportunity speaking directly to the audience through social platforms like Facebook, Twitter, Instagram, and Pinterest. A good marketing strategy on social media can bring remarkable success to the business, creating devoted brand advocates and even driving leads and sales.

Social media marketing is a form of internet marketing that involves creating and sharing content on social media networks in order to achieve marketing and branding goals. Social media marketing includes activities like posting text and image updates, videos, and other content that drives audience engagement, as well as paid social media advertising.

Social media word cannot be studied without encountering the phrase social networking. The Merriam-Webster dictionary defines social media as “forms of electronic communication (as Web sites for social networking and blogging) through which users create online communities to share information, ideas, personal messages, and other content (as videos) (Edosomwan Simeon O., 2011).

History

Social networks have evolved over the years to the modern-day variety which uses digital media. However, the social media isn’t that new as it didn’t start with the computer but instead the telephone. During the 1950s, phone phreaking, the term used for the rogue searching of the telephone network, began (Edosomwan Simeon O., 2011). This process was accomplished through the use of homemade electronic devices that facilitated unauthorized access to the telephone system to make free calls. Brett Borders stated phreaks were able to hack into corporate unused voice mailboxes to host the first blogs and podcasts (Borders, 2010).

Computer Technologies

Social media was further developed during the 1970s. MUD, originally known as MultiUser Dungeon, Multi-User Dimension, or Multi-User Domain, was a real-time virtual world with role-playing games, interactive fiction, and online chat. MUD is primarily text based which requires users to type commands using a natural language. BBS was created in 1978, the same year as MUD. BBS is a synonym for bulletin board system. Users log in to the system to upload and download software, read news, or exchange messages with others. In the early years, bulletin boards were accessed via a modem through a telephone line by one person at a time. Early on, bulletin boards did not have color or graphics. Bulletin boards were the predecessors of the World Wide Web.

Social Networking

Many social networking sites were created in the 1990s. Some examples include Six Degrees, BlackPlanet, Asian Avenue, and MoveOn. These are, or have been, online niche social sites where people can interact, including sites for public policy advocacy and a social network based on a web of contacts model. In addition, blogging services such as Blogger and Epinions were created.

In 2000 social media received a great boost with the witnessing of many social networking sites springing up. This highly boosted and transformed the interaction of individuals and organizations who share common interest in music, education, movies, and friendship, based on social networking.

It is now easier than ever for businesses:

- To directly target customers with marketing campaigns
- To promote new products or services
- To build brand awareness
- To interact personally with existing and potential customers
- To measure referrals from social media activity to sales

Social media can be a cheap and also effective way of starting a marketing campaign, with a big impact possible from minimal investment. Social media strategy should contain a smart mix of engaging content and a friendly and responsive 'persona' can grow a focused community which is interested in the product/service/brand uploaded so that they can recommend your business to others.

Social media should be incorporated into public relations (PR) strategy. PR means getting people to talk and think about your business in a positive way. Social media provides a platform for your customers to talk with each other.

Social media gives the chance to build brand awareness and customer loyalty, but there are also dangers in participating in a public conversation forum. We need to have a clear idea of how to handle negative feedback about the business. We also need to ensure that whatever we post and the way we interact with people presents a professional image to the world.

Following are some examples of various platforms (Edosomwan Simeon O., 2011):

MySpace

MySpace, a social networking website, has its head office in Beverly Hills, California, where it shares a building with its owner, News Corporation. In 2006, MySpace became the most popular social networking website in the United States but was overtaken in 2008 by its competitor Facebook, which internationally became the most popular social networking site worldwide.

Facebook

Facebook is a social networking website launched in February 2004, and it is privately operated by Facebook, Inc. (Facebook, 2004). Facebook was founded by Mark Zuckerberg and others when he was a student at Harvard; though when the site was initially launched, it was restricted to Harvard students only. Later, the privilege was extended to high school students and later to everyone that is 13 years or older (Boyd, 2007). As of July 2010, Facebook has more than 500 million active users. In January 2009, Facebook was ranked as the most used social network worldwide.

YouTube

YouTube, founded in 2005, is the world's most popular online video community, where millions of people can discover, watch and share originally-created videos (YouTube, 2005). YouTube provides a forum for people to connect, inform, and inspire others across the globe and acts as a major distribution platform for original content creators and advertisers, large and small. YouTube is based in San Bruno, California and uses Adobe Flash Video technology to display a wide variety of user-generated video content, including movie clips, TV clips, and music videos, as well as amateur content such as video blogging and short original videos. In November 2006, within a year of its launch, YouTube was purchased by Google Inc. in one of the most talked about acquisitions to date.

Benefits of Advertising on Social Media

The purpose of social media marketing is to build a brand and increase a brand's visibility, through building relationships and communicating with potential customers. Social media marketing (SMM) is a form of Internet marketing that utilizes social networking websites as a marketing tool. The goal of SMM is to produce content that users will share with their social network to help a company increase brand exposure and broaden customer reach.

Following are the benefits:

- It improves brand recognition.
- Improves brand loyalty.
- Improves conversion rates
- Reduced Marketing Cost
- Better search engine ranking as it validates the brand
- It has the power to increase customer loyalty

Social media marketing can help with a number of goals, such as:

- Increase in website traffic
- Building conversions
- Raising brand awareness
- Creating a brand identity and positive brand association
- Improving communication and interaction with key audiences

The easier way of achieving marketing goals depend upon the number of engaged audience on social media networks.

Social Media Marketing Strategy

- **Social Media Content Planning** — as discussed, building a social media marketing plan is essential. Considering keyword research and competitive research to help brainstorm content ideas that will interest the target audience.
- **Great Social Content** — it is important to be consistent with other areas of online marketing and content reigns supreme when it comes to social media marketing. We have to make sure that we post regularly and offer truly valuable information that your ideal customers will find helpful and interesting. The content shared on your social networks can include social media images, videos, infographics, how-to guides and more.
- **A Consistent Brand Image** — Social media for marketing enables business to project the company's brand image across a variety of different social media platforms.

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- **Social Media for Content Promotion** — Social media marketing is a perfect channel for sharing best site and blog content with readers. After building a loyal following on social media, we'll be able to post all new content to ensure our readers can find new stuff right away. It is surprising that content marketing and social media marketing benefit each other.
- **Sharing Curated Links** — While using social media for marketing is a great way to leverage our own unique, original content to gain followers, fans, and devotees, it’s also an opportunity to link to outside articles as well.
- **Tracking Competitors** — It is always important to keep an eye on competitors as they can provide valuable data for keyword research and other social media marketing insight. If competitors are using a certain social media marketing channel or technique that seems to be working for them, then we can consider the same thing, but in a better manner.
- **Measuring Success with Analytics** — Measuring of social media marketing strategies can be done with tracking of various data. Google Analytics can be used as a great social media marketing tool that will help to measure most triumphant social media marketing techniques, as well as determine which strategies are better off abandoned. We can attach tracking tags to social media marketing campaigns so that it can be properly monitor them.
- **Social Media Crisis Management** — Everything donot always go swimmingly for brands on social media so it is best to have a playbook in place to handle all confusion.

Choosing Best Social Media Platforms for Marketing

Here's a brief overview about how to use social media for marketing according to each platform’s unique user base and environment. Different social media marketing sites require different approaches to develop a unique strategy tailored for each platform.

Using Facebook for Social Media Marketing

Facebook is a place people go to relax and chat with friends. And to have organic reach on Facebook can be extremely limited, so a cost-effective Facebook ad strategy can be considered which can have a big impact on organic Facebook presence.

Using Google+ for Social Media Marketing

Google+ entered the scene as a Facebook competitor, but it now serves a more niche audience. On Google+ photos, videos, links, can be shared and viewed.

Using Pinterest for Social Media Marketing

Pinterest is one of the fastest growing social media marketing trends. Pinterest’s image-centered platform is ideal for retail and anyone can benefit from using Pinterest for social media purposes or sales-driving ads.

Pinterest allows businesses to showcase their product offerings while also developing brand personality with eye-catching, unique pinboards.

Using Twitter for Social Media Marketing

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Twitter is the social media marketing tool that lets you broadcast your updates across the web. By following tweeters in the industry or related fields, we would gain a steady stream of followers in return.

Using LinkedIn for Social Media Marketing

LinkedIn is one of the more professional social media marketing sites. LinkedIn Groups is a great venue for entering into a professional dialog with people in similar industries and provides a place to share content with like-minded individuals. It's also great for posting jobs and general employee networking.

Using YouTube for Social Media Marketing

YouTube is the number one place for creating and sharing video content, and it can also be an incredibly powerful social media marketing tool. Many businesses try to create video content with the aim of having their video 'go viral'.

TOP CHALLENGES IN SOCIAL MEDIA

1. The continuing decline of organic reach
2. Creating an effective cross-channel strategy
3. Time management
4. Data management
5. Proving ROI

DISADVANTAGES OF SOCIAL NETWORKING

1.Lacks Emotional Connection

2.Gives People a License to be Hurtful

3.Decreases Face-to-Face Communication Skills

4.Conveys Inauthentic Expression of Feelings

5.Diminishes Understanding and Thoughtfulness

6.Causes Face-to-Face Interactions to Feel Disconnected

7.Facilitates Laziness

SOLUTIONS TO VARIOUS CHALLENGES

a) Creating a Social Media Marketing Strategy
To accomplish the goals, it is important to plan a social media marketing strategy with a specific plan.

Solving this challenge:

We can consider the following while making the strategy:

Reason for being on social: Simply being active of social media channels for the sake of being there is one of the quickest ways to burn valuable time and resources. We must have the answer that why our business should be on social media and what we would like to accomplish.
How to succeed: This can be specific social channels, paid advertising budget, video or image creation, partnering with influencers.
How to measure success: Goals or Key Metrics that we would like to accomplish must be broken down into days, weeks, months, and the year.

b) A dramatic drop in organic reach (Peters Brian, 2016).

Solving this challenge:
Marketers can overcome this obstacle by looking at the decline of organic reach as an opportunity in disguise. That opportunity is paid social media advertising**.**
Putting a few dollars behind the content you have worked hard to create will effectively get that content in front of hundreds potential customers. Look for posts with high engagement but low reach as a good barometer for potential success.

c) Coming up with consistently good content

Solving this challenge:
Besides basic content curation and idea generation tactics like monitoring Facebook pages or scouring Buzzsumo and Quora for content, there are other less time-consuming tactics that can be experimented with today.

d) Content quantity over quality

Solving this challenge:

An excellent way to think about the quantity vs. quality is to treat every piece of content every tweet, every Facebook post, every CTA, every press outreach email with the utmost care.

e) Getting content to a large social audience

Solving this challenge:
Just like in investing, the **“**Compound Effect**”** is a powerful idea that works with social media promotion as well. The key is not to sit back and hope that people share the content, but to actively seek out people that we know will benefit from it.

f) Finding ways to encourage sharing on social

Solving this challenge:

Think “share first” by getting inside the mind of the audience. The New York Times once published an excellent study on the psychology of sharing. It boiled down to the fact that sharing on social media is all about relationships. The study indicated that 49% of respondents said they share **t**o bring valuable and entertaining content to others.

Jeff Bullas shared an excellent list to create contagious content with some fun ideas including:

- Telling Great Stories

- Making Your Audience Look Smart & Classy
- Using Emotional Appeal

g) Using data to back intuition

Solving this challenge:

We can start by creating a simple Excel spreadsheet with each of the social media channels that we are managing on the left and the most important stats we would like to track across the top.

h) Creating quality visuals and graphics

Solving this challenge:

For original images, either Pablo or Canva can be used. Each is fun, easy to use, and allow marketers to customize each image size based on the targeted social media channel.

i) Focusing on the things that matter most

Solving this challenge:

We must understand our channels and audience, and our market inside and out and make strategic experiment decisions based on those learnings. Doing so will help to focus on the things that matter most (Peters Brian, 2016).

CONCLUSION

Effective use of social media can bring great opportunities for our business with some thought and planning. The fast-paced developments in online technology can help to enhance brand, boost our profile and perhaps even win new business. However, there is a need of healthy perspective on what the business is able to put into social media and the realistic to expect in return from social media. Home computers, laptops, tablets, smart phones, even internet enabled televisions mean people can easily access the web from anywhere at any time. Faster connections, new devices and new online applications have all helped to change the way people work, socialize and shop.

Business use of social media has also raised customer expectations. The expectations of immediacy has increased in their online interactions where the content is regularly updated and any comments they make are quickly replied accordingly. Now the time has come to consider how these expectations will be managed in future.

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17.

A STUDY ON HUMAN RESOURCE MANAGEMENT PRACTICES ADOPTED BY HIGHER EDUCATION INSTITUTIONS

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ABSTRACT

Human resource is considered as the most important asset in terms of skills and abilities for any organization. Present day organizations find it really important to manage their human resource in a way that the employees maximize the productivity of the organization. Higher education institutions train highly qualified specialists. Universities encourage the growth of the institution, students & employees and the overall development of nation by imparting knowledge. India has seen a tremendous increase in education sector from the past few years. Employee's development is necessary in educational institutions and thus it is important for them to manage the human resource effectively. Hence the current study is being carried out to study the Human resource management practices being adopted by higher education institutions. It facilitates to identify the factors affecting Human resource management practices and to explore the challenges and opportunities for the employees through human resource practices.

KEYWORDS

Human Resource Management, Higher Education Institutions, Human Resource, Administration, Policies, Education, Employee Management

INTRODUCTION

Management is the process of dealing with or controlling things and material. Management is a pervasive activity which is required everywhere and by everyone to achieve their goals. Since the resources are scarce, it is important to manage them effectively. Resources can be both material and human. Resources need to be managed even in higher education institutions. These institutions impart skilled knowledge to train highly qualified specialists for various branches of economy, science and culture. So as 'knowledge organizations', higher education institutions need to improve their information and knowledge management to respond to the internal and external environments in which they operate. They act as an instrument for improving social and cultural life of a nation and uplifting the economy. The success of any educational institution is believed to rely mainly on the quality of its human resources and its consideration of human resource management as the heart of the educational administration **[1]**. Human resource management plays the role of translating the organizational strategic aims into human resource policies and creating human resource management that could gain better competitive advantage **[1]**. The modernization of higher education has forced the institutions to store, manage and use existing information and knowledge stores in a better way in order to meet new accountability, effectiveness and efficiency requirements. Globalization, international competition, innovation, and technology advancements have accentuated the importance of HRM for competitive advantage **[2]**. Also, education has become a new emerging business. Stiff competition among the universities and their aim to achieve top positions among the world ranking universities make the resource management very challenging.

An institution takes all the possible actions for its growth as well as growth of others. They try to maintain effective resource management for the same. There are many factors which need to be considered for the human resource management, which can be both internal and external.

This study aims at identifying the factors affecting human resource management, at the global level with effective governance. The study also aims to raise the awareness of institutions with regards to the importance of development of human resource of their institute, so that they would be able to present themselves in more effective and efficient manner beyond the geographical boundaries of their country, for better opportunities.

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LITERATURE REVIEW

Human resources are considered as the heart of any organizations be it an educational institution or any business. Human resources are always considered to be the key element and essentially they play a very crucial role in quality of education. Their role establishes significant contribution to the nation in terms of social, scientific, technological, economic and political condition. The competencies, skills and quality of human resource define the institution results.Some human resource practices are given more attention than the others. More attention is given to recruitment, selection and termination, appraisal and performance evaluation, risk management and safety, salary administration, and employee relation. Practices like professional training and development and Human resources systems and technology are neglected**.** The internationalization and globalization of universities has created new challenges for universities and their effect on human resource management. The constant drive to meet global challenge and fear of being replaced or outsourced is being faced by the employees and management fears the risk of brain drain. They need to grab the opportunities from advancement in technologies Since the competition in increasing in the education sector globally, universities find a great necessity for a separate human resource department as they can influence the way in which the employees work. Variations in policies and regulations are made and steps are taken for better employee relations. Separate departments for human resource management are created in institutions where one was not there. Due the fast changing world, there is a need to meet the changes in the education sector as well.Resource management and staff development are becoming important issues for higher education institutions. Universities face shortage of staff in both qualitative and quantitative terms. The purpose is to investigate to what extent some unfavorable conditions like lack of transparency in recruitment processes, corruption and nepotism for selection, some restrictive legal frameworks, training or motivation, working conditions, salaries, lack of foreign language skills and lack of opportunities hinder the development of effective resource management in higher education institutions. The report says public jobs are considered more stable. Improved contractual conditions, substantial side benefits, as well as longer holidays and flexible working hours continue to be seen as important job benefits in higher education. National authorities can take steps to improve human resource, avoid brain drain and improve skills and capabilities of human resource. Developing proper human management is becoming a key challenge within institutions. Job satisfaction can also be considered an important aspect of human resource development. Both economic and environmental factors affect the job satisfaction. Economic factors includes salary packages, financial incentives etc. it is considered that salary should match the cost of living in a country. Environmental factors try to lay emphasis on the work culture and the employee relationships. This factor is considered really important for growth of employees. How free they feel to talk to their supervisors and immediate group and their recognition in the organization **.**There is a huge gap between concepts and practical implication of human resource management. And human resource is considered as only sustainable asset than any other. Since education sector is labor intensive, it is really important to handle human resource effectively. It is necessary to make proper retention plans to reduce employee turnover. Employees must be given proper training and they must be kept motivated and provided with rewards and recognition. The managerial implications suggest that the closer cooperation between faculty members and HR department is required to establish with more unified appraisal procedures**.** Table 1.1 represents the past related studies conducted in the same area. The past studies revealed that there are number of factors which are essentially be considered while implementing any policies in an higher education institutions, with due consideration of all the members of the organization. The study conducted chronologically with latest relevant study in the year 2016 and hence so on.

S. No	**Author(s)**	**Features of study**	**Year**	**Study digest**

1.	TeirRaed A.S.A. et.al.	• The acknowledgment of human resources • The strategic status of human resources as an essential asset • The advanced competences of the human resource professionals in running the essential functions of the department. • Socio-economics • Institutional regulations • Development programs of human potentials • Practical policies and processes on applicant selection and recruitment • Development and training • Employee relations • General management and records retention • Legal factors	2016	The paper discusses about difference in HR practices followed by different universities in Palestine. It also lays emphasis on which practices are considered more than the others.
2.	Allui Alwiya	• Staffing, recruitment and selection • Vocational development training • Communication • Strategic alignment • Performance appraisal or rewards or compensation • Training and development • Retention plans	2016	The study contributes the factors which affect the strategic human resource management in the universities of Saudi.
3.	MenonShobha.A .	• Compensation package • Employee relations	2015	The study outlines the fact that there is a need for separate HR department and the role it has to play. The paper identifies some practices which play a crucial role in developing the human resource of an institution.
4..	SaripAzlineer&Royo M.A. et.al.	• The constant drive to meet global competitive challenges • Opportunities offered by advancement in information technology	2014	It is used to investigate the factors that influence the differences between the HR departments in Malaysia & Denmark.

		• The way employees are treated • Facing the risk of being replaced or outsourced		
5.	OmbimaHellen P.A. et.al.	• Salary • Employee relations (relation with superiors and colleagues) • Work culture • Financial Incentives	2014	The main objective of the paper is to identify factors that affect job satisfaction, which is an essential part of HR management.
6.	Patrick H.A et.al.	• personal variables • Age • Gender • educational level • need for achievement • organizational tenure • positional tenure • family responsibility • job and role variables • mobility • job Challenge • job level • role conflict • role ambiguity • level of autonomy • working hours	2012	The paper indicates the factors that create affective commitment by employees.
7.	Dubosc Flora &Kelo Maria	• Transparent recruitment procedures • Good contractual conditions and concrete possibilities for staff development and career advancement • Opportunities for research. • Incentives • Private versus public institution • Motivation • Lack of foreign language skills	2011	It provides an overview of the challenges, conditions and limitations in HR practices which may be considered as obstacles to the modernization of higher education.
. 8.	Iqbal M.Z. et.al.	• Training • Team work • Performance appraisal • Employee participation • Job definition practices	2011	The paper shows a comparison between HRM practices of private and public universities on the basis of certain factors.

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9.	BalatbatLudy	• Motivation • Satisfaction • Technology • Strategies • Traits • Quality retainment	2010	The study defines the importance of HRM practices and various other variables to be adopted in higher education institute for building positive working relationship.
10.	Abdullah Zainiet. al.	• Development • HR planning • Employees security • Add values to HRM • Harmony • Maximizing profit • Labour turnover	2009	The paper identifies the factors which are important for Human Resource Management and hence increasing effectiveness and reducing Labour turnover, among private companies in Malaysia.
11.	Smeenk et.al.	• Age • Gender • Educational level • Need for achievement • Organizational tenure • Positional tenure • Family responsibility • Career mobility • Job challenge • Job level • Role conflict • Role ambiguity • Level of autonomy • Working hours • Social involvement • Personal importance	2006	The paper examines the factors that affect organizational commitment among Dutch university employees.
12.	Mendoza C.N.	• Feelings and Sentiments • Attitudes • Pay (financial needs) • Civil Status • Educational attainment • Living accommodations • Organizational climate • Feedback • Training • Age	2006	This study was conducted to determine the prevailing human resource management practices and their effects to faculty performance in selected private tertiary educational institutions in the Philippines.

Through the study it can be clearly established that there are various features as well as factors which are required to be considered while managing human resources. HRM practices highly affect the every employee and also the working environment of the organization. The study helps in identifying various factors which can be considered for effective Human resource management. These factors includes:

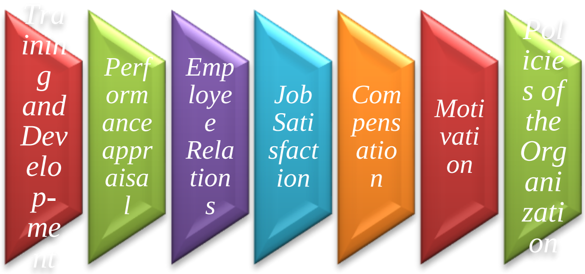
working culture, policies and strategies, incentives and benefits, training and development, participation and ownership, economic conditions, technological developments, political conditions, values and ethics.

FINDINGS AND CONCLUSION

The study discusses the importance of human resource management in higher education institutions which are considered to be as a labor intensive industry. Increased competition and globalization has made it indispensable for the institutions to have a separate HR department. The main aim of the HR department is to ensure job satisfaction among employees to reduce the employee turnover and to avoid brain drain in their country.

The paper also identifies the factors that affect the human resource management decisions. Some factors are given preference over the others. Attitude of staff toward the changes, language skills, sharing of responsibility hiring staff from different countries are some of the aspects that may affect the human resource management practices. It is essential to maintain a proper human resource department or have a team of trained and equipped specialists to perform this role effectively.

Therefore, The awareness of the HEI can be raised in respect to the development of the HR considering the following factors:



FUTURE SCOPE

The review examined the HR practices in higher education institutions. It also included other questions like; to know if they have a separate HR department and how effectively institutions are running their HR policies. The study also revealed some of the factors that affect the HRM practices discussed by various past studies. The discourse can be extended with the help of a framework that includes the factors affecting Human resource practices. The results of the framework can be established analytically to determine significant contribution of the factor.

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18.

CONSUMER BEHAVIOR TOWARDS SOCIAL MEDIA MARKETING IN 21ST CENTURY

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ABSTRACT

The term social showcasing was first instituted by Philip Kotler and Gerald Zaltman in the year 1971. The idea of social objective is mind boggling and social advertising is a reason driven stage gone for getting enhancement the focused on society as characterized by the main impetuses behind it. The standards of business advertising is holding useful for social showcasing. Toward the starting objective of social advertising was to acquire wanted change the general public through conduct change. Later the center moved from conduct to frame of mind. The impact of dread, risk, and disgrace offers were examined by numerous researchers and scientists. Be that as it may, till date a solid hypothesis has not

yet settled. Rather than adopting general strategy, social showcasing began to detail crusades based on target group of onlookers. It might be said that social showcasing is about correspondence. The better the correspondence, the more it will be powerful. The world is carefully isolated. The general population living outside the computerized world have progressively social issues, which might be settled by embracing proper social promoting procedure.

INTRODUCTION

The term social showcasing was first begat by Philip Kotler and Gerald Zaltman in 1971. They understood that a similar promoting rules that were bein g used to pitch items to customers could be utilized to move thoughts, dispositions, and practices. Kotler and Andreasen clarified the distinction in the goal of social promoting with different regions of advertising by saying that social advertiser looks to impact social practices not to profit the advertiser, but rather to profit the intended interest group and the general public when all is said in done. Showcasing has been fruitful in urging individuals to purchase items and use administrations. Similarly showcasing can likewise urge individuals to embrace practices that will upgrade their very own and others lives. Numerous social and wellbeing related issues have conduct causes. Social showcasing gives an instrument to handling the issues by inspiring individuals to embrace more advantageous ways of life. Social promoting is a methodology gone for changing or keeping up individuals' conduct to help people and society all in all. This system has been utilized widely in worldwide wellbeing programs, particularly for contraceptives, oral rehydration treatment, tranquilize misuse, coronary illness anticipation, and organ gift.

IDEA OF SOCIAL SHOWCASING

Social Showcasing is a procedure of progress in conduct and demeanors of people in general for accomplishing social, financial, political and business destinations. Social Showcasing alludes to the improvement of mindfulness among purchasers, associations and overall population in regards to long haul interests of the business world.

1 It characterized social advertising as the plan, usage and control of projects determined to impact the adequate of social thoughts and including contemplations of item planning, estimating, correspondence, appropriation and Showcasing research

2 Business Promoting persuades customers to purchase distinctive sorts of items and administrations on a similar line, individuals can be persuaded to embrace social showcasing items, for example, human services, training or social changes.

3 Social Showcasing is likewise alluded as societal Advertising. It goes for accomplishing the accompanying destinations:-

I. Fulfillment of Client needs.

ii. Enhancement of personal satisfaction.

iii. Execution of long haul strategy for clients and society's welfare.

iv. Opportunity from a wide range of contamination and biological devastations.

Advancement of Social Marketing

Social showcasing advanced in parallel with business promoting. In 1951, Wiebe made the inquiry, Would brotherhood be able to be sold like cleanser Philip Kotlerin 1967 utilized the term societal advertising in his promoting the executives book by which he implied socially dependable showcasing by organizations. This was known as corporate social obligation. In 1971 Philip Kotler and Gerald

Zaltman at Kellogg distributed the main article utilizing the term social They clarified that there is a subset of promoting rehearses that advertisers and open can endorse to accomplish social reason instead of a financial gain. The article Social Showcasing: A way to deal with arranged social difference in Kotler and Zaltman put social advertising on the scholarly guide. At the main stage the focal point of social showcasing was on conduct. The consideration of social advertisers during the 1970s was on conduct not frame of mind. At the second stage center moved to build up a procedure perspective of social advertising arranging. Nancy R Lee proposed a ten stage model of the social advertising process. The third stage began with Alan Andreasen (2005) when he proposed three dimensions of social showcasing practice: downstream, midstream, and upstream. The computerized transformation has opened up numerous new channels. The present age is of web based life to achieve unmistakable target individual or gathering. Joining of online networking into social showcasing is the fourth stage. Presently it is developing further to experience new issues and arrangements. The difficulties ahead with social advertising are to address new issues with evolving time, foundation of association with business promoting, and improvement as a particular hypothetical space.

OBJECTIVES

1. To think about the behavior of buyers concerning social showcasing.

2. To discover the readiness of the buyers to pay more for social advertising.

3. To discover mindfulness about eco-accommodating condition.

HYPOTHESIS

1. Purchasers know about social advertising.

2. Purchasers will pay more for eco-accommodating items.

LITERATURE REVIEW

Sliva, Bhuptani, Menon and D'Sliva (2011)has made an attempt to comprehend the use example of internet based life among youth in the city of Mumbai. It additionally went for assessingthe impact of web-based social networking on the buyer purchasing conduct. Results from the examination showed that online life is a critical device for systems administration among adolescents.

Bashar, Ahmad and Wasiq (2012)has completed an observational research to comprehend the viability of internet based life an advertising instrument and an exertion has been made to investigate the degree online life helps shoppers in purchasing basic leadership. Consequences of paper recommended that The medium is becoming quick and holds tremendous potential however is still in its incipient stage in India. Along these lines, it is the ideal opportunity for the organizations to make compelling methodologies and execute them to win bigger offer of business through this progressive medium and turn into the creative firm of coming future.

Yadav (2013) has made an endeavor to set up the centrality of informal organizations as a publicizing medium and assessed the current promoting strategies that are in pattern through certain contextual analyses and inferred that social sites are not only an instrument to interface with the differentpeople yet in addition medium to achieve the planned clients.

Bhakuni and Aronkar (2014)tried to comprehend the use example of web based life among the understudies of Gwalior city and furthermore surveyed the impact of online networking promoting on the obtaining goal of the understudies. The investigation reasoned that web based life is a quickly developing territory with huge number of youthful understudies partner with it and there is a solid positive connection between buy goal and web based life promoting.

Dash (2015)explored the important elements pertinent foronline promoting mindfulness, Motivation behind use and utilization of person to person communication destinations and presumed that undergrads are very much aware about various long range interpersonal communication locales and their utilization and ubiquity is expanding henceforth it is filling in as a decent medium to associate understudies. Thusly, promoting with the assistance of these locales can assume a vital job for web based showcasing yet it is important to guarantee item quality since client bunches are instructed

PROSPECTS FOR SOCIAL PROMOTING

Social Promoting standards could positively profit the association , the shoppers and change the financial and an ecological framework, Data Innovation has made correspondence frameworks exceptionally unique, intelligent and successful. So the entire world has turned into a Worldwide Town. Two patterns emerge: the blast of our capability to impart momentarily and greatly over the globe and, firmly lined up with our capacity to make networks of our decision. In future social advertisers should embrace data innovation to fabricate compatibility with target gatherings, picking up help of the majority to social change crusades, wellbeing advancement battles and making mindfulness in regards to condition assurance for themselves and who and what is to come

FINDINGS

1. Out of 50 respondents 90% individuals think social advertising is powerful method for achieving promoting objective
2. 85% individuals are utilizing web-based social networking as promoting channel however 15% individuals are not utilizing social medias as advertising channel
3. 90% individuals know about social showcasing yet 10% individuals are not as yet mindful of social promoting
4. 40% individuals think social showcasing need less assets however half individuals still think it require more assets and 10% individuals think it requre no assets
5. 90% individuals are utilizing social promoting as a mean of low maintenance work and 10% are not utilizing social showcasing as a mean of low maintenance work

CONCLUSION

This writing survey scanned for meanings of social promoting.

Social advertising is as yet developing as a free scholastic field. So far couple of hypotheses have been produced yet less writing is accessible on its application. The standards of business showcasing are connected in social advertising.

The primary focal point of social promoting has been moved from conduct change to change in frame of mind of target group of onlookers. Through consolidation of internet based life, social promoting entered another stage. Be that as it may, in our general public there is computerized isolate.

Along these lines, social promoting need to concentrate on the intended interest group living outside the advanced world to address their social issues Social showcasing is being connected the world over and India is no exemption.

FUTURE SCOPE

From the writing audit it is discovered that more examination is required to comprehend impact of dread, danger, and disgrace requests in social marketing. Celebrity embrace has been fruitful in business showcasing. Adequacy of big name support as an advertising instrument in social promoting should be investigated. Consolidating thoughts from various fields like, business promoting and sociology, the social showcasing might be built up as a demonstrated instrument for advantage of the general public in a manageable and financially savvy way

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19.

A STUDY ON INNOVATION CAPABILITIES AND ITS RELATIONSHIP WITH FIRM COMPETITIVENESS: A CONCEPTUAL FRAMEWORK

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ABSTRACT

In today's rapidly changing environment, firms have to adapt to the dynamic conditions and be open to innovations in order to survive. Having a competitive advantage in the market, has become imperative and innovativeness is vital to achieve that status. Technological innovation capabilities make it possible for firms to response to changes rapidly and to acquire technological innovation strategies and innovative outputs. Innovation capability is defined as a comprehensive set of characteristics of a firm that facilities and supports its technological innovation strategies. An audit to evaluate the ICs of a firm may trigger improvement in its future practices. Such an audit can be used by the firm for self-

assessment or third-party independent assessment to identify problems of its capability status. This study aims at developing a conceptual framework for innovation capabilities within a firm and how the firm can capitalise on these capabilities. The extensive literature review is undertaken to identify the key innovation capabilities that a firm must target to focus and strengthen on for better firm competitiveness.

KEYWORDS

Innovation Capabilities, Firm Competitiveness

INTRODUCTION

Recent developments of the World Trade Organization and other international trade agreements have forced industries worldwide to face a new era of intense global competition. With the increase in competitive pressure, the need continuously adapt, develop and innovate has become a basic building block for organizational excellence. If businesses don’t innovate in a dynamic environment, they tend to stagnate in their growth and eventually go out of business. Many studies have shown that technological innovation couldbring positive impacts, enhancing the competitiveness of firms (Dierickx and Cool, 1989; Guan, 2002). Sofar we have seen a growing amount of interest from industry, academics and governments on how innovationscould be better managed. For example, the UK Department of Trade and Industry (DTI) sees technicalinnovation as one of the drivers of national competitiveness and explores means to encourage companiesto develop and improve their innovation management processes and performance.

During the central planning era of China, research was conducted by research institutes; resultant products were manufactured by factories, and then distributed by distributors. Manufacturing firms had neither the mandate nor incentive to introduce innovation and change (Naughton, 1990). Over the past two decades, the transformation of the Chinese economic system from a centrally planned to a free market economy has had great impact on the Chinese innovation system (Brockhoff and Guan, 1996; Liu and White, 2001a,b). The Chinese government in comparison to its peers, has made tremendous progress towards a more effective and efficient national innovation system under its central planning. The transformation included reforming the R&D funding system, changing government legislation and its administrative system, changing the evaluation system, and redistributing innovative activities among actors (i.e. research institutes, manufacturing firms, universities and government departments). The economic and enterprise reforms over the last 20 years have significantly improved the development, diffusion and implementation of technological innovation in Chinese firms (Guan and Ma, 2003). A major thrust has been the attempt to co-locate R&D activities with implementation i.e. for manufacturing firms to undertake R&D. The central government provides many incentives to firms to establish in-house R&D departments, and these units have increased dramatically, from 7000 in 1987 to over 24,000 by 1998 (China Science and Technology Statistics, 1992, 1998). In 1999, 242 large-scale research institutions, which were previously directly controlled by the State Economic and Trade Commission, one of the most powerful entities in the State Council, became S&T-intensive enterprises (China S&T Development Report, 2000). After2000, over 5000 applied research institutes, formerly financially supported by the Chinese government, no longer received any money from the government for their operations. These results have been the emergence of a new ‘national innovation system’ that integrates government S&T efforts with the business activities of industrial enterprises (Liu and White,2001b). The formation of this new innovation system has greatly increased China’s incomparable innovative capability to develop and capitalize on technology, including its capability to assimilate and improve upon technology transferred from the advanced economies(Lu and Lazonick, 2001).

However, the legacy of decades of top-down, central government control over all aspects of the economy still impacts the business philosophies of many companies. The success or failure of the innovation system in place does not only depend on a firm’s innovation capabilities, but also on its financial allocation and decisions of the planning authorities and on political priorities. To improve the technological innovation management processes and performance, there needs to be present an audit that could trigger improvement in a company’s practices. Such audits can be used by companies for self-assessment or third-party independent assessment to identify the gaps and locate the problems of their capability status and processes. This paper aims to develop such an auditing framework for firms that can help to determine the subtle links between innovation capabilities and firm competitiveness; and to enable the auditor to determine whether good practice is in place.

Innovation capabilities (IC)

Technological innovation capabilities are considered as the one of the key factors of competitive advantage (Guan & Ma, 2003: Yam et al., 2004). Technological innovation capabilities are skills to adapt to unexpected technological change, develop new products and use new technological processes in order to meet current and expected future needs (Adler &Shenbar 1990). Wang, Lu and Chen (2008) argue that technological innovation capabilities is a multidimensional concept. Technological innovation capabilities defined as firm’s special assets Guan and Ma (2003) facilitate and support firm’s technological innovation strategies (Burgelman, 1996).According to Adler and Shenbar (1990), four types of ICs are identified, including:(1) The capacity of satisfying market requirement by developing new products; (2) The capacity of manufacturing these products by using appropriate process technologies; (3) The capacity of satisfying future needs by developing and introducing new products and new process technology; (4) The capacity to respond to an unanticipated technology activity brought about by competitors and unforeseen circumstances.

According to Peteraf (1993), a firm’s heterogeneous resource portfolios (including human, capital, and technology resources) are responsible for observed variability in its financial returns. These are a firm’s specific competencies that contribute substantially to the sales growth and competitive advantage. There would have to be a causal connection between a firm’s resources and performance. Dierickx and Cool (1989) argue that firms should attempt either to imitate high-performing resources or to develop alternative resources that could produce similar benefits. Thus, the improvement of TIC as key firm’s resources can be beneficial to a firm (Guan and Ma, 2003). For example, Lawless and Fisher (1990) found that successful technological innovation helps firms to gain market position and realize more long-term returns. Yam et al. (2004) found that TIC is positively related to new product introduction and innovation sales.

Burgelman et al. (2004) defines IC as a comprehensive set of characteristics of an organization that facilitates and supports its technological innovation strategies. These are special assets or resources that include technology, product, assets, or knowledge, experience, and organization (Guan and Ma, 2003). Lall (1992) defines IC as the skills and knowledge needed to effectively absorb, master, and improve existing technologies, and to create new ones. Evangelista et al. (1997) regards R&D activities as a central component of the technological innovation activities of firms and as the most important intangible innovation expenditure. Not only does successful technological innovation depend on technological capability, but it also requires other innovation capabilities in the area of manufacturing, marketing, organization, strategy planning, learning, and resources allocation (Yam et al., 2004; Romijn and Albaladejo, 2002).

The researchers defined technological innovation capabilities in a variety of ways and as a multifaceted and complex construct. Christensen (1995) used asset approach. According to his study scientific research asset, product innovative assets, process innovative asset and aesthetic design assets are explained as the elements of technological innovation capabilities. Chiesa, Coughlan and Voss (1996) used two methods to assess the innovation capability of an organization – a process audit and a performance audit. The process audit focused on the individual processes necessary for innovation which includes concept generation, process innovation, product development, technology acquisition, leadership, resourcing, system and tools. used process approach and indicate that technological innovation capabilities involve organizational process and activities. Technological innovation capabilities are formed by concept generation capability, product development capability, process innovation capability, technology acquisition capability, leadership capability, the deployment of resources capability and capability in effective use of systems and tools.

A study framework for innovation audit

We drew on existing research in innovation management to develop the content of the audit of technical innovation. Studies which identified characteristics of technically progressive firms and factors associated with success or failure in innovation contributed to the audit framework to be developed. Cooper (1980) suggested three variables which are related to the context of innovation—the nature of the product, the market environment and the existence of potential product–technology synergy. Rothwell (1992) provided a good summary of key factors that emerged in many innovation management studies, which are highlighted below.

- Good internal and external communication.
- Treating innovation as a corporate wide task.
- Implementing careful planning and project control procedures.
- Efficiency in development work and high quality production.
- Strong market orientation.
- Providing good technical service to customers.
- Presence of certain key individuals as technological gatekeepers.
- High quality management.

Cooper (1996) further established that there were three critical success factors for drivers of new product performance:

- High quality new product process.
- Adequate resource commitment.
- A clear and well-communicated new product strategy.

Various researchers and institutions adopted various components to audit a firm's TICs. For instance, the innovative capabilities audit framework proposed by Burgelman et al. in 1988 (2004) included five audit dimensions:

- Resource availability and allocation.
- Capacity to understand competitor's innovative strategies and industry evolution.
- Capacity to understand technological developments.
- Structural and cultural context.
- Strategic management capacity.

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Christensen (1995) classified TICs into science research asset, process innovation asset, product innovation asset and esthetics design asset. Bobe and Bobe(1998) adopted a checklist method for benchmarking innovation and practices in three European Union countries, namely, Germany, the UK and France. Similar to that advocated in the OSLO manual (OECD,1997), the method addresses:

- The national innovation systems context.
- Innovation and firms’ strategy.
- Organizational structures and the organizational moves linking production, marketing and design.
- Origin of technological resources.
- Management of human resources.
- Global innovation trends.

Chiesa et al. (1996) developed a model for auditing a firm’s innovation capability which introduces two methods to assess an organization—a process audit and a performance audit. The process audit focuses on the individual processes necessary for innovation and the extent to which best practice is in place. The performance audit focuses on the effectiveness of the individual processes and of the overall process of innovation, in terms of their impact on competitiveness. Based on extensive literature review, Chiesa et al identified the sub-processes and elements that made up the innovation process. The full set of sub processes is summarized as concept generation process, product development process, production process, technology acquisition process, leadership process, resource provision process and systems and tools provision process.

In the performance audit, performances of each of these processes as well as the global result of theinnovation process are measured.Similar to Chiesa’s approach, our innovation auditmodel includes both a capability audit and a performanceaudit. Integrating the findings of relevantliterature mentioned above, activities, or processes,or characteristics that are found to be associatedwith innovation success and failure are put forwardas audit elements. These elements are then groupedunder seven capability dimensions. The functionalapproach is adopted in that each dimension, exceptlearning capability, represents a separate function ofthe organization—R&D, manufacturing, marketing,organising, resource allocation and strategic planning.In a relatively backward economy like China, wheremost firms are far from the modern managementfrontier, practitioners would find the asset concept(Christensen, 1995) or process concept (Burgelmanet al., 2004; Chiesa et al., 1996) difficult to comprehend.The functional approach therefore has twoadvantages. First it is easy to understand, and second,it facilitates the multi-informants approach for thesurvey.Learning is an added dimension that has not beenexamined explicitly in previous innovation capabilityresearch. Learning capability was defined as ‘thecapacity to generate ideas with impact, across multipleboundaries, and through specific managementinitiatives’ (Yeung et al., 1999); and ‘the ability ofan organization to learn the lesson of its experienceand to pass those lessons across boundaries and time’(Ashkenas et al., 1995). Innovation is a fragile and vulnerableactivity and some organizations suffer from aninability to sustain innovation over the long term. Thecapacity to sustain innovation has been associated withorganization learning (Senge, 1990; Leonard-Barton,1992, 1995). Learning therefore has an important roleto play in technological innovation.

Capability audit

The technological innovation capability (TIC) is the multi-purpose set of organizational qualities that support and facilitate the organization's technological innovation strategies (Burgelman et al., 2004).
Technological innovation capabilities are special resources that include technology, products,processes, information, experience and organization. Developing technological innovation is likely to be beneficial

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for companies that are looking to improve their capabilities and will propel them toincrease competitiveness. Successful new product inputs might provide companies with the potentialto obtain a position in the market and long-term gains when compared to a lack of new input (Yam etal, 2004: 1124). TICs which are part of organization's dynamic capabilities are characterized as theability of firms to mobilize organizational resources and activities such as firm's expertise, technicalsystems, values and norms, for strategic purposes (Wu and Chen, 2010). TICs have variousdefinitions in the literature. For instance; Lall, (1992) who focuses on the classification of TIC, proposes the following definition; TIC is the knowledge and skills to assimilate, grasp and modify the existing technology and to create new technology. Similar to the definitions of TICs, many studies in the literature evaluating TICs have observed that researchers utilize various components. Our study particularly utilizes; the dimensions from the research of Yam et al., (2004) who have examined TICs in seven different dimensions namely; learning capability, R&D capability, resource allocation capability, manufacturing capability, marketing capability, organization capability and strategic planning capability.

Particularly, TICs encourage organizations to invest and remain active in R&D operations which in turn contribute to creation of new technological product and processes more rapidly and successfully than transferring it from external sources (Huang, 2011). Parallel to this argument, firms enhancing their TICs, effectively integrate, transfer and homogeneously utilize resources for the organization level collaborative efforts of creating new products and processes (Wang et al., 2008). Concurrently,TICs strengthen internal and external communication allowing efficient information flow andcollaboration within the value chain. This, leads to better resource availability and allocation, as wellas opportunity to recognize competitor's innovative strategies and technological developments (Yamet al., 2004). Hence TICs enhance successful technological innovations which serve for theorganizations to continuously adapt to changing environment, supporting technological innovationperformance and having a significant impact in the achievement of competitive advantage (Guan etal., 2006).

Successful technological innovation depends not only on technological capability, but also on other critical capabilities in the areas of manufacturing, marketing, organization, strategy planning, learning, andresources allocation. According to Adler and Shenbar (1990), four types of TICs are identified, including(1) the capability of satisfying market requirement by developing new products; (2) the capability of manufacturing these products by using appropriate process technology; (3) the capability of satisfying futureneeds by developing and introducing new products and new process technology, and; (4) the capabilityto respond to an unanticipated technology activity brought about by competitors and unforeseen circumstances.These capabilities exist in a firm and at corporate levels.

Chiesa et al. (1996) developed a technical innovation audit framework encompassing several main parts, such as product innovation, product development, process innovation, technology acquisition, leadership, and resourcing. That framework focused on core processes and enabling processes to delineate technologicalinnovation. However, as Chiesa et al.'s (1996) suggest, more evidences are needed to test the validity of the framework (e.g. overlapping between product innovation and development). Other areas such as learning, organizing, and strategic planning that were important for a firms' innovation capability should also be stressed.The innovative capabilities audit framework proposed by Burgelman et al. (1988) included five audit dimensions resource availability and allocation; capacity to understand competitor innovative strategies and industry evolution; capacity to understand technological developments; structural and cultural context; strategicmanagement capacity.

This study follows an audit framework proposed by Yam et al. (2004) to investigate the TIC and their impacts on innovation performance in electronics manufacturers. The framework was developed by reviewing existing literature in innovation capabilities (Burgelman et al., 2004; Chiesa et al., 1996;

Cooper, 1996; Christensen, 1995; Rothwell, 1992), conducting a focus group discussion of senior executives from innovative firms in Beijing region, and then statistically testing the framework through a large-scaled questionnaire survey in Beijing (Yam et al., 2004). Revisions were made based on their comments. A brief description of seven dimensions is given below, and a list of auditing elements are presented in Appendix A.

Technological innovation capabilities (TIC). The framework measured TIC in seven dimensions:
(1) *Learning capability* is the capacity to identify, assimilate, and exploit new knowledge essential for a firm's competitive success.
(2) *R&D capability* refers to a firm's ability to integrate R&D strategy, project implementation, product portfolio management, and R&D expenditure.
(3) *Resource allocation capability* is the firm's ability to mobilize and expand its technological, human, and financial resources in the innovation process.
(4) *Manufacturing capability* refers to the ability to transform R&D results into products, which meet market needs, in accordance with design request and can also be manufactured in batches.
(5) *Marketing capability* indicates the capacity to publicize and sell the products on the basis of understanding consumer's current and future needs, customer's access approaches, and competitors' knowledge.
(6) *Organizing capability* is the capacity to constitute a well-established organizational structure, cultivate organizational culture, coordinate the work of all activities towards shared objectives, and influence the speed of innovation processes through the infrastructure it creates for developmental projects.
(7) *Strategic planning capability* is the capacity to identify internal strengths and weaknesses and external opportunities and threats, adopt different types of strategies that can adapt to environment changes for the excelling in the highly competitive environment.

Firm Competitiveness

In the globalized world, the concept of the competitiveness has gained and has been gaining an unprecedented importance in the recent years. After 1970s, there occurred an increase in foreign direct investments of the countries causing a change in the business segment of the firms. Before 1970s, the activities of the firms were concentrated on the manufacturing sector with the primary products; however, during and after 1970s, the activities of the firm gave its place to technology intensive manufacturing and services sector. Therefore, 1970s can be regarded as the turning point in the view of globalization. Furthermore, during 1980s, many developing countries started to be more liberal in their economic policies. Privatization, increasing market economy, financial liberalization and the attempts of the countries for the articulation to the world economy existed in these countries started to be in great demand. Then, developing countries began to be more connected to each other which brought an increasing competition in the world. Owing to these changes observed in the world economy, firms in the developed and developing countries became more efficient and they became as a serious rival at the international markets. All these developments and changes gave rise to the increased volume of trade in the world and paved the way for accelerating competitiveness and prevailing globalization. In this regard, the concept of "international competition power" gained importance in the world. This implies that in general, international competition power is explained as the share of trade volume in the world trade that a country owns.

In the matter of "competition power" or "competitiveness" of a country, competitiveness is defined as "the ability of a country to produce goods and services that meet the test of the international markets and simultaneously to maintain and expand the real income and also rise the welfare level of its citizens"

(Haque, 1995) [1]. However; the concept of competition power shouldn't be totally explained by only the ability of a country's productivity, it should also be explained by the firm level competition power.

Firm-level competitiveness is of great interest among practitioners. Nations can compete only if their firms can compete, argues Christensen of Harvard Business School. Porter says "it is the firms, not nations, which compete in international markets", (Porter, 1998). Firm level competitiveness can be defined as the ability of firm to design, produce and or market products superior to those offered by competitors, considering the price and non-price qualities (D'Cruz, 1992). The environmental factors are more or less uniform for all competing firms. Research shows that 36 per cent of the variance in profitability could be attributed to the firms' characteristics and actions (McGahan, 1999). Other pro-firm views (Bartlett and Ghoshal, 1989; Prahalad and Doz, and 1987; Prahalad and Hamel, 1990) focus on individual firm and their strategies for global operations, and resource positions to identify the real sources of their competitiveness.

The following table enlists the various competitiveness connotations cited by researchers over the years.

Table 1: Competitiveness Connotations by various authors

Authors (Year)	**Competitiveness Connotations**
Leachman et al. (2005)	Superior manufacturing performance leads tocompetitiveness
Ajitabh and Momaya (2004)	Firm's competitiveness is dependent on its ability toprovide goods and services more efficiently thanothers involved in the market place
Hitt et al. (2001)	Competitiveness comes through a process by whichone entity strives to outperform another through theuse of various resources and capabilities
Economic Times (2001)	Competitiveness is a concept comprising of thepotential, the process and the performance
DISR et al. (2001)	Competitiveness is a combination of assets andprocesses, where assets are inherited or created andprocesses transform assets to achieve economic gainsfrom sales to customers
Khalil (2000)	To be competitive, several factors must exist: thedesire to win, commitment or perseverance and theavailability of certain resources
Dou and Hardwick (1998)	Competitiveness is defined in terms of "helpingbusiness to win", "price", product range and qualityand "distribution and marketing"
Cho and Moon (1998)	Competitiveness refers to the relative position of anorganization against its competitors
Waheeduzzaman and Ryans (1996)	Competitiveness involves different attributes likecomparative advantage and/price competitivenessperspective, strategic and management perspective, aswell as historical and socio-cultural perspectives

Pace and Stephan (1996)	Competitiveness is the ability of the organization tostay in business and to protect the organization'sinvestments, to earn a return on those investmentsand to ensure jobs for the future
Ramasamy (1995)	Competitiveness is the ability to increase marketshare, profit and growth in value added and to staycompetitive for a long duration
Chaharbaghi and Feurer (1994)	Competitiveness is the ability to persuade customersto choose their offering over alternatives and ability toimprove cost process capabilities

Yinghong and Wang (2011) noted that collaboration is paramount in competitive price advantage which helps maintain better services through efficient distribution channels. Kristal et al. [2010] discovered thebenefits to enterprise performance by use of a combination of an ambidextrous supply chain strategy with competitive capabilities. Therefore, enterprises must always be searching for ways to improve their technical and technological skills and capabilities in R&D [Chumaidiyah E, 2012] and take advantage from the market's requirements. Multiple researchers agree that high performance organizations continually improve their selves by use of state-of-the-art technologies which helps companies create sustainable competitive advantages while increasing operational efficiency [Porter M.] Oh and Rhee [2010] are in agreement from their Korean automotive supplier research which concluded that flexibility, engineering and modularization capabilities have positive influences on collaboration in new car development which, in turn, positively affects competitive advantage of carmakers. Research in Taiwan concerning the semiconductor industry (TSI) by Wang and Chiu [2013] indicated that a competitive edge entailed speed, cost, flexibility, and quality. This was driven by policy formulation, bridging institutions, public infrastructure, vertical disintegration, entrepreneurship, and human capital. However, leadership depended on the development of additional core competencies to increase competitiveness. Verma and Jayasimha [2014] also suggested that technology, value creation, sustainability and brand strategy helped increase competitive advantage withproduct innovation and product quality being key elements. Antonio et al. [2009] researched competitive capabilities and concluded that product innovation, product quality, delivery, flexibility and customer services could be significantly improved with better internal integration.

Based on the literature research, firm competitiveness can be defined through seven dimensions, which are defined as below:

1. *Technology Structure and Innovativeness:* Defines the firm technological infrastructure and innovative adaptability in place, how unique is the product in comparison to its domestic and foreign competitors and its capability for technical upgradation
2. *Market Structure*: Defines the extent of expansion of the firm to domestic and global markets, the firm position in the market in terms of dealing with potential rivals and developing synergies with similar producers/ suppliers
3. *Flexibility*: Defines how quickly and efficiently the firm can bring changes in product design , swings in volume, product mix and product diversification , as per the market requirements
4. *Production Structure*: Defines the efficiency of scale of production of the firm, its ability to handle raw material bottlenecks, and the capability of the firm to match global standards for production
5. *Cost*: Defines how cost effective is the firm in its production and its ability to harness cost advantage in manufacturing.
6. *Quality*: Defines the level of quality of product offered by the firm in compliance with domestic and global standards. It is the degree of excellence of a particular product or service with the

global auto maker embracing this idea with the corporate slogan “*Quality is Job 1*”. Quality is also concerned with product longevity and strength, as well consumer satisfaction in the after-sales service process and through advertisement through word-of-mouth.

7. *Customer Service*: Defines the quality of customer service provided before and after sale of the product, and the extent of customer base developed through wide distribution access in place.

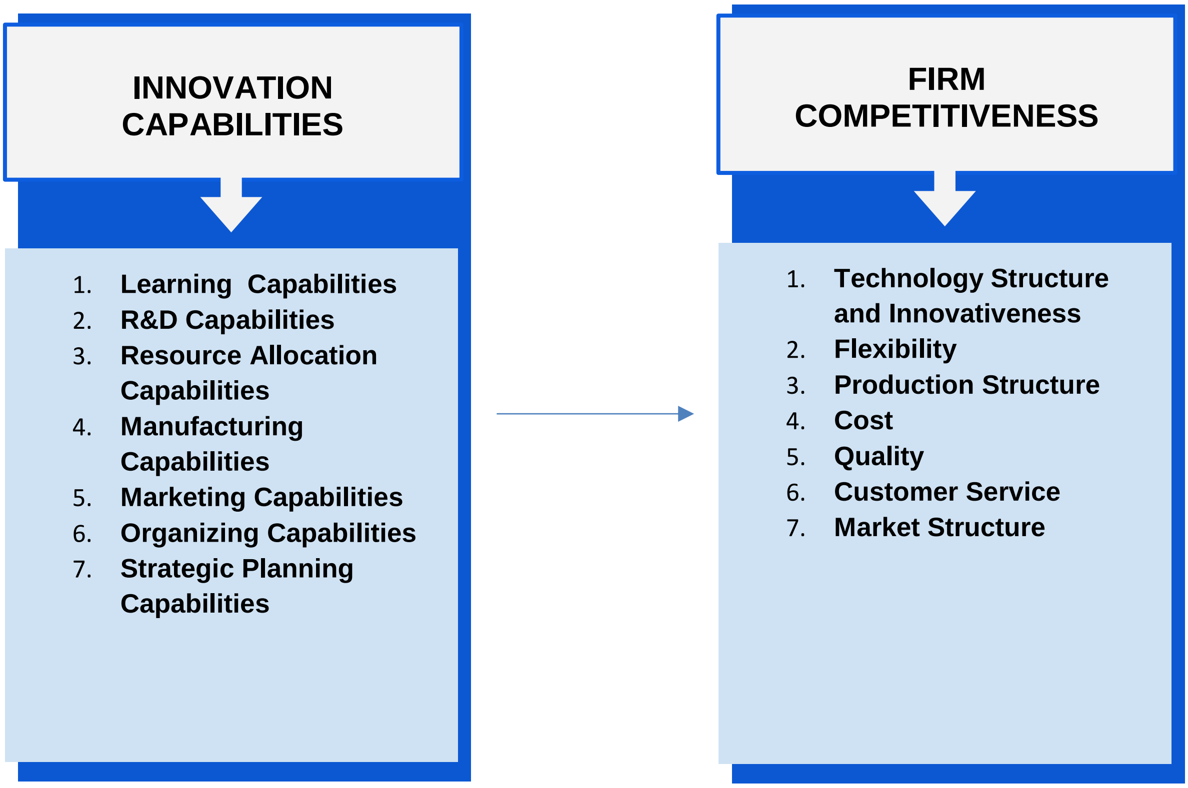
A brief description of seven dimensions is given above, and a list of auditing elements are presented in Appendix B

Linkage between Innovation and Firm competitiveness

Recent decades of innovation research has demonstrated that innovation plays a critical role in determining the long-term survival of organizations (Ancona and Caldwell, 1987), enhancing an organization’s success (Higgins, 1995), and sustaining its competitive advantages (Porter, 1990). Nevertheless, key issues of innovation management have so far only been linked in a descriptive manner to competitive and economic outcomes at national level (OECD, 2010; Schmoch et al., 2006; Lundvall, 1992) and to the performance of innovation systems at the regional level (Cooke et. al., 1997; Cooke, 2001). It is, however, at the level of the firm that one will be able to analytically examine the influence of innovation management on performance most directly. Still, firms exist in a complex environment including a wide array of sources of knowledge for innovation and crucial but intricate processes of learning that delivers the final innovation (Vega-Jurado et al., 2009; Amara and Landry, 2005).

It is thus widely recognized that learning involves both the development of absorptive capabilities at the level of the organization and the use of knowledge from a variety of sources. The role of external sources of knowledge for innovation has been increasingly emphasized in the analysis of innovative behavior (e.g., von Hippel, 1988; Block and Keller, 2009) and in studies of evolutionary economics and systems of innovation (Lundvall, 1992; Edquist and Hommen, 1999; Edquist, 1997). The external sourcing or knowledge for innovation has also been prominently highlighted in theories of organizational learning in knowledge-based firms (Leonard-Barton, 1995; Cohen & Levinthal, 1990; Grant, 1996), and in the emerging theories of open innovation (Chesbrough, 2006, 2003). The theoretical implications of these approaches is that innovation depends on the leveraging of organizational capabilities and resources – both those that have been accumulated by internal functional units and those that can be acquired through contacts with other organizations such as suppliers, customers, universities, research institutions and the like (Grant, 1996; Verona, 1999). Evolutionary theory suggests that diverse sources of information allow firms to create new routines through combinations of technologies and knowledge, leading to more opportunities to dynamically innovate and select competitive technology (Nelson and Winter, 1982). Organizational learning theory likewise suggests that innovation is an interactive learning process involving the generation, adoption, implementation and incorporation of new ideas and practices internally and externally (Cohen and Levinthal, 1990; Dodgson, 1993; Hitt et. al., 2000). The outcomes of organization learning thus generates the knowledge and skill needed for firms to select, acquire, maintain, adapt, improve and develop competitive capabilities (Hamel and Prahalad, 1994). Such knowledge and capabilities further prepares the firms to better understand, evaluate and exploit external knowledge in the future (Cohen and Levinthal, 1990). More recent theories of open innovation further elaborates on the use of both internal and external ideas and paths to market, which increases the number of possible innovations and the ways that firms can capitalize on these innovations (Chesbrough, 2006, 2003). Finally, the systems of innovation theories maintain that innovation is rarely made merely on the basis of resources available within a firm, but are developed within a context of institutions, government policies, competitors, suppliers, customers, value system, and social and cultural practices that affect the innovation activities (Edquist, 2005).

Figure 1: Linkage between Innovation Capabilities and Firm Competitiveness



In a world of increasing competition and technological change, the generation and diffusion of innovations increasingly rely upon new technological knowledge which is generated not only by learning processes within internal R&D department, but also by interactions with sources of innovation in the systems of innovation (Tidd, 2006; Equist, 2005; Caloghirou al.et., 2004; Romijin and Albaladedjo, 2002). Thus, a critical component of successful innovation is the ability of a firm to exploit and utilize external knowledge from different sources of innovation (Lin et. al., 2002). However, the relationship between sources of innovation and a firm's capabilities, and the role of this relationship on performance, is seldom examined in the literature. Such relationships are most usefully analyzed with reference to theories concerning firms' resources or capabilities (Barney and Clark, 2007), organization learning theories (Cohen and Levinthal, 1990) and ultimately the theoretical propositions associated with the concept of systems of innovation (Edquist, 2005; von Hippel, 1988; OECD, 2008b; Fagerberg, 2005; Nelson and Pack, 1999).

A firm's competitiveness roots in its possession of special assets and resources that are valuable, heterogeneous, and difficult to be imitated and substituted. These would safeguard the firms' position in the areas of strategy and technology management. Bobe and Bobe (1998) adopted a checklist method for measuring TIC practices in three European Union countries, namely, Germany, the UK, and France. Similarly OSLO manual (OECD, 1997) proposed the following measurements, such as the national innovation systems context; innovation and firms strategy; organizational structures and the organizational moves linking production, marketing, and design; origin of technological resources; management of human resources; global innovation trends.

CONCLUSION

Innovation is a complex technological, social, and economic process. Therefore, success is not measured through just one or two factors and no factor could be effective alone. As such, no management or technical tool or instrument can establish an efficient environment for innovation. In

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fact, what we obtain in research is a collection of different factors which should regularly establish and improve an innovation environment so as to guarantee the innovation success in an organization (Barnano, 2005). Innovation capacity completes as the result of several relationships and communication among organizational, resources, qualifications, and connections with other organizations (Hii& Neely, 2000). Therefore, the innovation capability of a firm is not the result of one of its abilities but it flows from a collection of abilities and other capabilities, which means an internal potential for generation of new ideas, identification of new market opportunities, new services and products through resources and capabilities of a firm. The purpose of the above study was to conduct an in-depth literature research to identify the key dimensions that would define innovation capabilities of a firm, and based on the literature acquired through case studies, anecdotes, and consultants' frameworks, it can be defined through seven dimensions. These 7 dimensions are defined as learning capability, research & development capability, resource allocation capability, manufacturing capability, marketing capability, organization capability and strategic planning capability.

The purpose of this systematic review is to synthesize peer reviewed articles published in the area to develop a conceptual framework and to aid future research .The study also focussed on main factors that define firm competitiveness and through an extensive literature the following seven dimensions were identified: technology structure and innovativeness, flexibility, production structure, cost, quality, customer service and market structure.

Strategy researchers and practitioners have shown interests in the increasingly important role of ICs on a firms' competitiveness, but existing literature still relies heavily on with little solid empirical findings.Recent research shows that one of the most dynamic capabilities that lead to strongest competitive advantage in the organizations is innovation capability. The innovation capability is connected with to other organizational capabilities. The innovation capability is defined as a great ability to provide innovative services and products continuously through the organizational capabilities and capacities.The main aim of the systematic literature review is to understand how firms develop their innovation capability for achieving competitive advantage. The recent rapid changes in technology, consumers' taste, preferences, and general market condition means that post-industrial organisations' survival and success depend on capability to be innovative. Therefore, it has become imperative to study the extent of relationship between the firm's innovation capabilities and its level of firm competitiveness. Once the nature of this relationship is identified, it would make it easier for firms to capitalise on their innovation capabilities in the most effective way to enhance the firm competitiveness. The future scope of research lies in developing this relationship in various industrial sectors.

Appendix A

1. Learning Capability
- Your company does not encourage work teams to identify opportunities for improvement
- Your company adopts accessed knowledge into your daily activities
- Your company understands its core capabilities and match them with market needs
- Your company cultivates learning readiness and invests on learning.
- You company systematically monitors technology development trends
- Your company has the capacity to assess technologies relevant to firm's business strategies

a) Research and Development Capability:
- Your company links the R&D plans to the corporate plan and technology competence
- Your company has cross sectional screening of R&D project plans
- Your company establishes project targets, phase standards and project managing regulations

b) Resource Allocation Capability:
- Your company trains for human resources in programmed phases
- Your company selects key personnel in each functional department into the innovation process
- Your company provides steady capital supplement for innovation activity.
- Your company has flexibility and diversity of capital origins

c) Manufacturing Capability:
- Your company’s manufacturing department has ability in transforming R&D output into production
- Your company has capable equipment operating skilled manufacturing personnel.
- Your company has system in place for continuous improvement of existing manufacturing system
- Your company adjusts the production process according to the requirement of R&D process designing

d) Marketing Capability

- Your company has an effective marketing intelligence system
- Your company selects and tests innovation ideas, product concepts, product prototypes and customer preferences according to customer requirements and competitive goals
- Your company tracks customer satisfaction levels
- Your company provides after service and technological assistance

e) Organising Capability
- Your company has high-level integration and control of the major functions with the company.
- Your company has good coordination and cooperation of amongst all the departments such as R&D, marketing and manufacturing
- Your company cannot handle multiple innovation projects in parallel

f) Strategic Planning Capability:
- Your company is highly adapted and responsive to changes in external environment
- Your company has a clear plan —a road map of new product and process with measurable milestones.
- Your company has high capability in identifying external opportunities and threats.
- Your company has high capability in identifying internal strengths and weaknesses.
- Your company has accurate connection between technological strategy and business strategy

Appendix B

Technology Structure and Innovativeness:
- Product design is developed as per market requirements
- Your company has sufficient preparedness to upgrade to new technologies
- There has been a high Research and Development expenditure
- Low technology competitiveness in comparison to domestic competitors
- Low technology competitiveness in comparison to Foreign competitors
- High degree of collaboration with Indian/ Foreign companies for technology up gradation

Flexibility:
- Your Company makes rapid design changes and introduces new products quickly
- The company changes the product mix quickly
- The company has a low scope for product diversification

Production Structure:
- Your company faces a shortfall of raw materials
- There are some infrastructure bottlenecks that hinder overall production performance
- The effective average product concept-to-launch time is good
- Your company has high degree of capability to develop domestic production base for global requirements

Cost:
- Cost competitiveness of firm in comparison to domestic rivals is high
- Cost competitiveness of firm in comparison to foreign rivals is high
- Presence of major impediments to cost advantage

Quality:
- Compliance with national/ global standards
- Positive impact of brand image on quality of product
- Rejection of product by customer due to lack of quality
- Presence of incidental factors that lead to poor quality production
- Quality parameters of raw materials has an impact on the product

Customer Service:
- The company provides timely delivery of products to customer
- The company provides excellent and accurate information, technical assistance and after sale service
- The company provides wide distributions access to product
- The company provides products satisfactory to customers

Market Structure:
- The proximity of domestic competitors acts as a threat
- The proximity of foreign competitors acts as a threat
- There is a probability of rivals to grab regular dealers
- The company has an effective strategy to explore markets for new dealers/ suppliers/ retailers
- Synergies with other similar producers/suppliers has an impact on the product

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20.

A REVIEW OF ETHICAL AND SUSTAINABILITY CONCERNS OF FAST FASHION

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ABSTRACT

Fast fashion is a concept related to low cost clothing that is very similar to luxury fashion trends. It helps to satisfy the inherent desire in consumers for luxury garments. However, this trend has some alarming impact on sustainability. This industry is a major contributor to global warming due to high carbon footprint and usage of non-renewable sources of energy. This trend also raises ethical concerns related to unfair labor practices and increasing consumerism.

The paper tries to critically evaluate the issues underlying fast fashion industry from business ethics and sustainability perspectives. It also attempts to provide suitable recommendations in order to deal with the identified issues from the point of view of governments, producers and consumers.

KEYWORDS

Business Ethics, Fast Fashion, Sustainability, Renewable Energy, Luxury Brands

INTRODUCTION

Traditionally, fashion came from the catwalks and was dominated by luxury specialists like Gucci and Louis Vuitton. The emergence of fast fashion retailers such as Inditex's Zara and Hennes & Mauritz AB (H & M) has made it accessible to a wider audience at lower prices.

Today, all brands, from internal labels such as Myntra and Amazon to the largest Indian fashion retailers such as FBB and VMart, even local labels, sell fashion at prices lower than fast fashion brands.

According to MarketLine, a business information company global apparel sales have been growing at the rate of 4.78% a year since 2011, valued at $1.4 trillion USD in 2017, the market shows a potential increase of 5.91% for the next two years. As per the report sales should reach a staggering $1.65 trillion USD in 2020 which is a 60% increase from 2011. The reason for this growth spurt is due to the rising GDP levels which enable people to spend more money on items of luxury rather than necessity.

The Merriam-Webster dictionary (2018) defines fast fashion as “an approach to the design, creation, and marketing of clothing fashions that emphasizes making fashion trends quickly and cheaply available to consumers”.

Essentially, it is low-cost apparel based on current, high cost luxury fashion trends, with the intention of affordability, increased disposability and further consumption (Fletcher, 2008). Previously, the standard turnaround time from presentation at a catwalk to availability for consumers to purchased was approximate six months (Ghemawat & Nueno 2006). With the emergence of FF, this has been significantly reduced to a matter of weeks as companies thrive on fast cycles: rapid prototyping in batches with large variety, more efficient production, transportation, delivery, and merchandising (Skov, 2002; Anon, 2016).

Fashion today is the second largest polluter in the world after the oil and gas industry. With over 80 billion garments produced each year and a 400% increase in the amount of clothes purchased from 20 years ago. The questions must be asked, what is the impact of this type of this industry on the climate emergency? and, what are the ethical considerations in this industry?

The paper tries to critically evaluate the issues underlying fast fashion industry from business ethics and sustainability perspectives. It also attempts to provide suitable recommendations in order to deal with the identified issues.

ENVIRONMENTAL ISSUES

Cotton, polyester and nylon are the major inputs for this industry. Polyester overtook cotton as the most used fabric in the textile industry in the early onset of the 21st Century. It is a petroleum by-product. The production of polyester results in the emissions of heavy metals, greenhouse gases and nitrous oxide. Most polyesters use antimony as catalysts, which are carcinogenic in nature. Nylon, like polyester is also a petroleum by-product, releasing tonnes of toxic gases in its making. Both the materials needless to say are non-biodegradable.

Cotton is a thirsty crop whose production has great repercussions on land as well as water. 2.5% of the world’s arable land is dedicated to grow cotton. Cotton consumes approximately 198 trillion litres of water annually and 11% of the pesticides used globally.

One of the major concerns for fast fashion industry is related to use of energy and green house emissions. The industry is highly resource intensive and uses large amount of water and fossil fuels in the washing and dyeing processes. Apparel represents 6.7% of global climate impacts (Quantis, 2018). Future implication for the planet if this figure grows or is not reduced is catastrophic (Attenborough 2018). In 2015, polyester released more than 706 billion kgs of CO_2 emissions globally. To put it in smaller terms a single polyester T-shirt produces 5.5kgs of CO_2.

Chemicals and their related toxicity brings another issue which is related to the dyeing of clothes. This toxic water goes to the natural water supplies. This has hazardous impact on human and animal health. Conventional dyes present extreme health to workers and consumers including skin rashes, nausea, difficulty breathing, irregular heartbeat, seizures and behavioural difficulties for some children (Europa, 2006). Washing of polyester and nylon clothes release half a million metric tons of microfibers annually. These tiny particles of fibres add to the plastic levels in our oceans and pose a threat to marine life.

The waste produced goes to the landfills and fabrics like polyester take millions of years to decompose. Imact can also come from gas and leachate formation include fires and explosions, vegetation damage, unpleasant odours, landfill settlement, groundwater pollution, air pollution and eventual global warming (Science Direct, 2018).

Another important dimension is the emission of green house gases in the transportation process. Fast fashion asks for fast turnaround leading to frequent refilling of stores with latest tends as frequently as a fortnight. With production facilities located across the globe, the fast fashion companies and spending a huge amount on the air transport of garments leading to high carbon footprint of this industry.

BUSINESS ETHICS RELATED ISSUES

The fashion industry is labour-intensive and hosts one third of its manufacturing in Asia.

some of the implications are poor working conditions for factory workers in developing countries (including below poverty line wages and long hours) and health and safety risks, including factories located in vulnerable buildings and exposure to harmful

chemicals (dyes)(Morgan, 2015).

Another important concern is the use of child labour in the manufacturing process. According to ILO, 170 million children are engaged in child labour and a major proportion of it is employed with the fashion industry.

According to the campaign *Labour Behind The Label*, workers in India reported verbal harassment, gender discrimination, and unspecified wage deductions. As if all this is not enough, the danger of death lurks around. The collapse of the Rana Plaza factory in Bangladesh was a shocking wake up call for the fashion industry. That incident killed at least 1,132 people and injured more than 2,500 and is considered to be one of the worst industrial disasters in history, it unearthed the working conditions of garment workers in Bangladesh and other third world countries.

The fast fashion brands are staring their production facilitioes in Africa. Labour outsourcing to Africa has potential ecosystem impacts with inherent poor infrastructure potential increasing waste and human toxicity (Quantis, 2018). Removing labour from Asia also has concerns re employment loss.

Exclusivity of designs leads to unethical practices from the side of brands also. Luxury fashion brand Burberry incinerated stock worth 38 million USD last year leading to anguish of investors and consumers. This is a common yet ethically alarming practice in luxury brand to burn unsold garments and even fabric rolls. The reason that comes is that becoming too widely available at a cheaper price leads to decline in full price sales. Also, there is fear of designs being stolen and black marketing.

Another important issue is the underlying consumerism. The ‘fast fashion’ business model encourages the notion of disposability (Fletcher, 2008; Joy et al. 2012) while the combination of disposability, low prices and limited product runs in turn encourages impulse buying and leads to systemic overconsumption (Presley & Meade, 2018) and the creation of what Tokatli (2008) calls “mass exclusivity”.

The implications of this overconsumption on a sector that has been noted as one of the of the most environmentally damaging industries (Fletcher, 2013) is far reaching as it adds a multiplying effect to each of the unsustainable practices noted earlier, leading to an unnecessary increase in waste, a systematic decrease in resources and a reduction in the Earth’s ability to regenerate (Bernardes et al. 2017).

RECOMMENDATIONS

The problems of fast fashion are multifold and deep rooted. However attmpts are being made to bring down the harmful impact. However efforts are needed from all stakeholders like governments, producers, consumers and the society.

The first facet for the recommendations is the material itself. Use of organic cotton should be encouraged which consumes less or no pesticides. The concept of circular economy should be used by producers which encourages recycling and reuse of material and contributes to zero loss. Governments should make laws favoring such businesses and provide tax and other incentives to encourage such practices.

Next recommendation is usage of eco friendly dyes. Cost of product to consumers may increase however demands from millennials may be higher to sustain the cost as these dyes are not contributing to health concerns and global warming and the devastating of our planet.

Another important facet is the use of fossil fuels. A shift is needed from fossil fuels to solar energy over coal or natural gas to derive heat Effective way to achieve 2030 UN SDGs is to impose industry-wide science-based targets, focused on renewable energy and energy efficiency across supply chains (Quantis, 2018).

Globalization of the fashion industry weakens the control of governments. Governments are exposed to different global corporations with differing ethical values towards bribery, corruption and taxation (Crane and Matten, 2010). Government incentive programmes to benefit early adaptors of solar technology are in existence locally and globally. Further economic encouragement via technical research and development, industrialized support and government model projects should all be expanded (ScienceDirect, 2018).

From the peoples' perspectives a very important dimension is extension of life of garments and smart consumption. Life of garments can be improved by using good quality raw material and effective designing. Handlooms should be encouraged as they mostly use natural fibers and provide good employment opportunities. They also provide time tested designs thus consumer is assured of the fabric not going out of fashion soon. Garments should be suitable for use in multiple ways with different styling options. Smart consumption examples include leasing clothes and take-back schemes. Leasing of clothes is gaining popularity in India though some social media handles giving a good business option which leads to sustainability.

Strengthening of labour laws and increased vigilance on corruption can bring down the instances of inhuman labour practices and eliminate child labour.

Above all, more awareness in the population regarding the harmful effects of fast fashion can lead to less consumerism and better utilization of natural resources. Consumers will start appreciating firms which are ethical by buying their garments and punishing the firms involved in unsustainable and unethical business practices by avoiding their products.

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21.

BUSINESS VALUE CREATION THROUGH DEVELOPMENT OF SUSTAINABLE BUSINESS STRATEGIES AND MODELS: CASE STUDY OF ITC LTD

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ABSTRACT

This paper is based on secondary research seeking answer of how Business Value Creation can happen by developing sustainable business strategies and models. ITC Ltd. has been selected to study how this can happen and creating a template against which other businesses can be compared. Started in 1910 the company is great example of creating value through sustainability. It is in FMCG, Agri-business, Hotels, Paperboards and Packaging and Information Technology Company. In 2017-18 ITC won the ‘Best Practices Award’ for Integrated Watershed Development and Social & Farm Forestry, Exemplary Contribution to Society & Environment in Water, and Green Build Leadership Award. Its business value creation is vouched its returns Compound Annual Growth Rate since 1996 is 22.4% (as in March 2018). Gross Sales Value is Rs. 67082 cr, ITC’s contribution to the Central and State Governments represents 80% of Value-Added for the year 17-18, and ITC’s FMCG Product reach every 2nd household in India. Sustainable development models and value chains have supported creation of 6 million sustainable livelihoods. It is unique on this scale in the world to achieve and sustain continuously the 3 key global indices of environmental sustainability of being 'water positive' (16 years), 'carbon positive' (13 years), and 'solid waste recycling positive' (11 years).

The strategies identifies behind the success are: Its philosophy of all-round value creation is backed by strong corporate governance policies and systems, World class and internationally competitive businesses , synergies derived by blending the diverse skills and capabilities residing in its various businesses, being ideal corporate citizen and a committed CSR, Investment in physical infrastructure and expanding markets, Creation of 50 energetic and popular brands across categories and Responsible Luxury- Greenest Hotels, deep understanding of the Indian consumers, wide distribution network, agri-sourcing skill, Supply chain management, breakthrough innovation game-changing products, food products of regional preferences, high quality, and highest food safety standards.

KEYWORDS

Sustainable Business Strategies, Value Creation, Corporate Governance, Environmental sustainability

INTRODUCTION

ITC is great example of creating value, it started its journey in 1910 as Imperial Tobacco Company of India Limited as Indian Tobacco Company Limited in 1970 as the company’s ownership became progressively Indianised and then further to I.T.C. Limited in 1974. The full stops were removed and finally it was renamed to ITC Limited in 2001. Its business is diversified into five segments mainly – Fast Moving Consumer Goods (FMCG), Agri-business, Hotels, Paperboards and Packaging and Information Technology.

Management Team

As per ITC Report and Accounts 2018, its Board of Directors include Mr. Yogesh Chander Deveshwar as its Chairman and the Managing Director Mr. Sanjiv Puri, Executive Directors include Mr. Nakul Anand, Mr. Rajiv Tandon (CFO) and Nine others as Non-Executive Directors.

Accolades for company in 2017-18

Chairman Mr Y C Deveshwar was honoured with the CII President’s Award for Lifetime Achievement Award by Economic Times as well as Business Today. Together with the Lifetime Achievement Awards from Business Standard & CNBC, he is the only industry leader to be recognised by all major media institutions.

ITC won the ‘Best Practices Award’ from United Nations Global Compact Network India for two major game-changing initiatives of the Company – Integrated Watershed Development and Social & Farm Forestry.

ITC won the ASSOCHAM Award for Exemplary Contribution to Society & Environment in Water.

ITC Hotels Division was conferred the ‘2017 Greenbuild Leadership Award’ by the U.S. Green Building Council (USGBC).

ITC has won the prestigious Porter Prize 2017 for ‘Excellence in Corporate Governance and Integration’ and for its exemplary contribution in ‘Creating Shared Value’ (2017).

ITC conferred the prestigious ‘World Business and Development Award 2012’ at the Rio+20 UN Summit for its Social and Farm Forestry Initiatives.

Vision and Values The ITC Vision Sustain ITC's position as one of India's most valuable corporations through world class performance, creating growing value for the Indian economy and the Company's stakeholders. The compelling Vision of enlarging contribution to society has propelled ITC to engage in its unique endeavours to create benchmark Triple Bottom Line performance.

The ITC Way

ITC is a board-managed professional company, committed to creating enduring value for the shareholder and for the nation. It has a rich organisational culture rooted in its core values of respect for people and belief in empowerment. Its philosophy of all-round value creation is backed by strong corporate governance policies and systems.

ITC's Core Values

ITC's Core Values are aimed at developing a customer-focused, high-performance organisation which creates values for all its stakeholders**.**

Trusteeship

As professional managers, they are conscious that ITC has been given to all in 'trust' by all our stakeholders. They will actualise stakeholder value and interest on a long term sustainable basis.

Customer Focus

They are always customer focused and will deliver what the customer needs in terms of value, quality and satisfaction.

Respect for People

They are result oriented, setting high performance standards for themselves as individuals and teams. They will simultaneously respect and value people and uphold humanness and human dignity.

They acknowledge that every individual brings different perspectives and capabilities to the team and that a strong team is founded on a variety of perspectives.

They want individuals to dream, value differences, create and experiment in pursuit of opportunities and achieve leadership through teamwork.

Excellence

They do what is right, they do it well and win. They will strive for excellence in whatever we do.

Innovation

They will constantly pursue newer and better processes, products, services and management practices.

Human Rights Policy

To Ensure Respect for Human Rights Policy across the Supply Chain- ITC nurtures an internal working environment which respects human rights without prejudice. Likewise, it expects its business partners to establish a human rights compliant business environment at the workplace. Policy to Prevent Discrimination at Workplace-ITC acknowledges that every individual brings a different and unique set of perspectives and capabilities to the team. A discrimination-free work place for employees provides the environment in which diverse talents can bloom and be nurtured

Nation Orientation

Being aware of its responsibility to generate economic value for the nation has always remained one of its core values. creation of huge value for India by successfully competing to MNCs and saving huge foreign exchange outflow as royalty ITC does not compromise in complying with applicable laws and regulations at all levels in pursuit of its goals.

Mission Statement

“To enhance the wealth generating capability of the enterprise in a globalising environment, delivering superior and sustainable stakeholder value”

ITC's Corporate Strategies:

• Make different drivers of development by building up an arrangement of world class organizations that best matches authoritative capacity with circumstances in residential and fare markets.

• Pursuing World class competitiveness in all businesses, maintaining Best-in-class, and Blending the core competencies and leverage ITC umbrella strengths.

• Keep on focusing on the picked arrangement of FMCG, Hotels, Paper, Paperboards and Packaging, Agri Business and Information Technology.

• Benchmark the soundness of every business completely over the criteria of Market Standing, Profitability and Internal Vitality.

• Make conveyed initiative inside the association by supporting capable and centered top administration groups for each of the organizations.

• Consistently reinforce and refine Corporate Governance procedures and frameworks to catalyze the entrepreneurial energies of administration by striking the brilliant harmony between official flexibility and the requirement for successful control and responsibility.

- Create distributed leadership within the organisation by nurturing talented and focused top management teams for each of the businesses.

Exemplary achievements through sustainable strategies, creating outstanding Professional company:

• Leading Fast Moving Consumer Goods (FMCG) marketer in India, Established several world-class brands in the last 10 years. It has created 50 energetic and popular brands across categories

• ITC's 10 year Value Addition ~ Rs. 2.5 lakh crores (US$ 47 billion). Its returns are to the tune of Compound Annual Growth Rate since 1996 is 22.4% (as in March, 2018). Gross Sales Value is Rs. 67082 cr, ITC's contribution to the Central and State Governments represents 80% of Value-Added for the year 17-18, and ITC's FMCG Product reach every 2nd household in India. It is also among top Taxpayers in country. Pioneer of green building movement in India: Established over 23 green buildings

• ITC has set a long-term goal at generating Rs 18,000-crore revenue from agri-business by FY21

• ITC & its Group Companies employ over 32,000 people directly; Sustainable development models and value chains have supported creation of ~6 million sustainable livelihoods

• Only enterprise in the world of comparable dimensions to have achieved and sustained the 3 key global indices of environmental sustainability of continuously being 'water positive' (16 years), 'carbon positive' (for 13 years), and 'solid waste recycling positive' (for 11 years)

LITERATURE REVIEW

The case study of leading FMCG and Agri- products co. ITC, an Indian Company selected has demonstrated that following sustainability practices company has achieved it's returns are to the tune of Compound Annual Growth Rate (CAGR) since 1996 is 22.4% (as in March, 2018). Gross Sales Value is Rs. 167082 cr and at the same time Only enterprise in the world of comparable dimensions to have achieved and sustained the 3 key global indices of environmental sustainability of continuously being 'water positive' (16 years), 'carbon positive' (for 13 years), and 'solid waste recycling positive' (for 11 years). ITC won the 'Best Practices Award' from United Nations Global Compact Network India for two major game-changing initiatives of the Company – Integrated Watershed Development and Social & Farm Forestry. It's contribution towards triple bottom line apart from business is e-Choupal: 4 million farmers empowered, Afforestation: Over 6,80,000 acres greened, Watershed Development: Nearly 8,75,000 acres covered, Livestock Development: Providing animal husbandry services in 7 states and 25 districts Solid Waste Management: Well-being Out of Waste (WoW) programme covers

77 lakh citizens, Women Empowerment: Over 61,000 rural women benefitted, Primary Education: Reaching over 5,60,000 children, Skilling and Vocational Training: Covering over 55,000 youth, Health & Sanitation: Over 31,000 toilets built, Pioneer of green building movement in India: Established over 23 green buildings Renewable energy: Over 43% of total energy consumption.

Eccles, Robert G., Ioannou Ioannis, and Serafeim George (2014) has in their work compared of matched sample of 180 companies who adopted sustainability policies and other which did not in 1993 and comparison made in 2011 there is significant variation in subsequent accounting and stock market performance across the two groups of firms in the long run. In particular, we track corporate performance for 18 years and find that *High Sustainability* firms outperform *Low Sustainability* firms both in stock market as well as accounting performance. We find that *High Sustainability* firms also perform better when we consider accounting rates of return, such as return-on-equity (ROE) and return-on-assets (ROA) and that this outperformance is more pronounced for firms that sell products to individuals (i.e., business-to-customer [B2C] companies), compete on the basis of brand and reputation, and make substantial use of natural resources.

Thorpe Jodie and Prakash-Mani,Kavita (2003) based on an analysis of more than 240 case studies from over 60 countries in developing countries markets based on business case that many businesses in emerging markets have improved their competitiveness and gained valuable business benefits from initiatives that help progress towards sustainable development: good corporate governance, sound environmental practice, and social and economic development. The study confirms that there are compelling commercial reasons to take action. It shows positive results.

O'Rourke Dara, and Ringer Abraham (2015) recorded 40,000 online purchase interactions an empirical analysis of the impact of sustainability information , on consumer purchase intentions and how this influence varies by health, environment, and social responsibility issues, product category, type of consumer, and type of information. The study finds a significant impact of certain types of sustainability information on purchase intentions, varying across different types of consumers, issues, and product categories. Direct users—

those who intentionally sought out sustainability information—were most strongly influenced by sustainability information.

Goucher-Lambert Kosa and Cagan Jonathan (2015) in their study studied how knowing a product's environmental impact affects preference for that product's disparate attributes. Environmental impact information was a dependent variable based on a life cycle analysis calculation using the current product configuration being shown to the participant. Adding this information raises the decision to one of a social or moral choice. Results show that when participants are provided with this additional piece of information, their preference for form, function, and price attributes of a product is greatly impacted. In particular, we find that for the products chosen here, the importance of functional attributes increases in the context of environmental impact metrics.

OBJECTIVE AND METHODOLOGY

The study wants to find answer of how Business Value Creation can happen by developing sustainable business strategies and models. The study is based on secondary Research. ITC Ltd. has been selected to study how this can happen and creating a template through which businesses can be compared.

ANALYSIS AND DISCUSSION

ITC: Creating value through positioning among Companies, as globally benchmarked, competitive with socially Conscious

• The company intends to invest USD 3.2 billion over the next five to seven years across its different businesses. The investment plans aim at positioning each of the businesses in the ITC portfolio as a leader in its respective market. It would also go towards consolidation of the company's leadership position in the paperboards / paper business with the addition of an integrated pulp and paper facility. Investments are also planned for expansion of ITC's pioneering e-choupal rural sourcing / distribution network and setting up the rural hypermarket chain under the Choupal Saagar store brand. ITC's International Business Division is one of the largest Indian exporters of agri-products and is a preferred supply chain partner to companies like Coca Cola, Mitsubishi etc.

• Foreign exchange earnings of the ITC Group during this period amounted to nearly US$ 2.5 billion, of which earnings from agri exports constituted nearly 65%. These earnings from linking the Indian farmer with world markets represent well over 2% of the country's agri exports. ITC's investments of over Rs.6000 crores towards enhancing the competitiveness of its businesses support direct employment to the tune of 32,000 across the Group and indirect employment across the value chains of nearly 5 million people, whose livelihoods are substantially linked to their association with ITC.

ITC: Creating World-Class Indian Brands:

• Within a relatively short span of time, ITC has built 25 mother brands, many of which are market leaders in their segments. This vibrant portfolio of brands represents an annual consumer spend of nearly Rs.16,000 crore today.

• Today, ITC's FMCG products reach every second household in India. In terms of annual consumer spend, Aashirvaad is today over Rs.4000 crores; Sunfeast over Rs.3500 crores; Bingo! over Rs.2000 crores; Classmate & YiPPee! are over Rs.1000 crores each and Vivel, Mangaldeep & Candyman are over Rs.500 crores each. These world-class Indian brands support the competitiveness of domestic value chains of which they are a part, ensuring the creation and retention of value within the country.

• ITC's FMCG brands have achieved impressive market standing in a relatively short span of time. Today, many of ITC's products have assumed market leadership – Aashirvaad is No. 1 in Branded Atta, Sunfeast is No. 1 in Premium Cream Biscuits, Bingo! is No. 1 in the Bridges segment of Snack Foods, Classmate is No. 1 in Notebooks. Other ITC brands are also gaining significant consumer franchise – YiPPee! is No. 2 in Noodles, Engage is No. 2 in Deodorants and Mangaldeep is No. 2 in Agarbattis and No. 1 in the Dhoop segment.

ITC: Creating Value for Indian Consumers delivering superior and differentiated products

ITC Master Chef Super Safe spices that are tested for over 470 pesticide residues and the ITC Master Chef Super Safe prawns that are Individually Quick Frozen and undergo over 240 tests to conform to the best international standards offering consumers and future generations a safer and better product. The Aashirvaad Sugar Release Control Atta – a low Glycaemic Index atta, and Sunfeast Farmlite biscuits, Farmland Naturally Low Sugar potatoes, among others.

ITC: Food Product Policy at ITC

It is ITC's policy that its food products should provide nutritious, tasty, hygienic, affordable, and convenient options to the consuming public. ITC will offer food products across multiple categories, price points, delivery formats and segments as dictated by the needs of the consumer. They create and sustain R&D focus in development of new products and processes, and follow the highest standards of hygiene.

ITC: Building World-Class Assets for India for creating enduring value:

It is developing world-class manufacturing and hospitality assets having enduring value. An investment outlay of Rs.25,000 crores has been laid to support the Company's projects in manufacturing, hospitality, distribution and agri-backend. ITC is investing in creating 20 Integrated Consumer Goods Manufacturing & Logistics facilities for its FMCG businesses.

They have set an ambitious target of ramping up revenue from the consumer goods segment (other than cigarettes) to Rs.1 trillion by 2030 making them the largest FMCG in India.

ITC: Sustainability is its core value and through it creating societal and business excellence and putting India in forefront:

ITC's businesses create sustainable livelihoods for over 60 lakh people, many of whom represent the weakest in the society.

The philosophy of 'Responsible Competitiveness' makes ITC the only company in the world to attain the global environmental distinction of being carbon positive, water positive and solid waste recycling positive for over a decade. Over 43% of the total energy requirement of the Company is met from renewable sources. ITC's sustainability initiatives and social investments programmes, such as the celebrated e-Choupal, Social & Farm Forestry, Watershed Development, Animal Husbandry, Women Empowerment, Vocational Training, Primary Education, Health and Sanitation and Solid Waste Management have had a transformational impact on rural India. These interventions are also aligned to the United Nation's Sustainable Development Goals.

ITC: Sustainable Value Creation setting benchmarks for creating itself as an Exemplary National Enterprise:

ITC is the leading FMCG marketer in India, a pre-eminent hotel chain and a globally acclaimed icon in green hoteliering, the clear market leader in the Indian Paperboard and Packaging industry, a pioneering trailblazer in farmer and rural empowerment through its Agri Business and a global exemplar in sustainable business practices. ITC's investments and multipronged initiatives in supporting agricultural and rural development will further contribute to doubling of farmers' income. ITC's commitment towards a paradigm of growth that is sustainable and inclusive will continue to shape a better and secure future for the nation.

ITC: Detail of its sustainable businesses and enormous social value and impact created:

Empowering the small farmer

• The ITC e-choupal initiative is a powerful illustration of linking business purpose with a larger societal purpose. It has potential to empower the small farmer and thus engender rural transformation.

• The ITC e-choupal leverages the power of the Internet to empower the small and marginal farmer with a host of services related to know-how, best practices, timely and relevant weather information, transparent discovery of prices and access to other facilities.

• These made-to-design hubs also serve as warehouses, and as rural hypermarkets for a variety of goods.

• This infrastructure project now comprises about 6000 installations covering nearly 36,000 villages and serving over 4 million farmers.

Social Forestry and Agro forestry led rural Renaissance

• Social Forestry (SF): Targeted at small and marginal farmers, the SF programme is designed to provide food, fuel and fodder security through plantations to small farmers. In 2017-18, the programme greened 39,504 (cumulative 2, 95, 065) acres in 17 districts and 6 States. Out of this, the area under agro-forestry

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was 19,683 acres. Including the Farm Forestry programme of the Paper Business, the total area greened is over 6, 83,000 acres.

• They have tree-to-textbook value chain and this lead to significantly enlarged contribution towards raising living standards in rural hinterlands.

• So far, more than 149 million saplings have been planted in nearly 41,000 hectares under ITC's farm and social forestry programmes, providing over 18 million person days of employment. This accounts for over 91% of the pulp wood requirements of the organization’s mill at Bhadrachalam. They have scaled up the forestation endeavour to cover over 100,000 hectares by planting 600 million saplings over the time, creating over 40 million person days of employment among the disadvantaged.

• This initiative is leading to conservation of natural capital as well. Increasing green cover, moisture conservation, groundwater recharge, significant reduction in soil erosion and enrichment of depleted soils are some of the direct environmental benefits.

ITC: Contributing to Natural Resource Management The objective is to achieve (i) water security at watershed level in factory catchments by maintaining a positive water balance; and (ii) drought proofing the agri-catchments to minimise risks to livelihoods arising from unexpected weather episodes. Implemented in 42 districts covering 14 States, 98,180 (cumulative 8, 74, 496) acres of watershed area was achieved in 2017-18. 2,341 water harvesting structures were constructed during the year creating 29.29 lakh kilolitres of fresh Rain Water Harvesting (RWH) potential.

ITC: Creating sustainable rural livelihoods

Animal Husbandry:

The sustainable livelihoods initiative of ITC creates alternative employment for surplus labour and decrease pressure on arable land by promoting non-farm incomes. The programme for genetic improvement of cattle through artificial insemination to produce high-yielding crossbred progenies has been given special emphasis. 211 Cattle development centres, spread over 25 districts in 7 States, were functional during the year 17-18 for rendering animal

husbandry services with the aim of increasing productivity of milch cattle and thereby household incomes. 2.02 lakh artificial inseminations were conducted leading to live births of over 0.79 lakh cross-bred progenies.

.***Women Empowerment:***

The initiative for the economic empowerment of women has also registered significant progress. To date, over 20,100 women have been organised under self-help groups. This initiative provided a range of gainful employment opportunities to poor women supported with capacity building and financial assistance by way of loans and grants. Ultra-poor women in the core catchments have access to sustainable sources of income through non-farm livelihood options

ITC: Contributing to rural community development

Creating Future Capabilities Education:

This programme provides children from weaker sections access to education with focus on improved learning outcomes. Operational in 22 districts of 12 States, during the year, the programme covered 46,891 children (cumulative 5, 58,758), while 162 government primary schools were provided infrastructure support.

Vocational Training: This programme provides training in market linked skills to youth to enable them to compete in the job market. 11,619 (cumulative 55,324) youth were enrolled under different courses during the year of which 40% were female and 37% belonged to the SC/ST communities. The programme is operational in 28 districts of 17 States. Programme of the ITC Hospitality Management Institute, which is a comprehensive undergraduate programme on hospitality services.

Sanitation: To achieve the objective of zero open defecation, 7,494 (cumulative 31,473) Individual Household Toilets (IHHT) were constructed in 24 districts of 16 States in collaboration with the respective State Governments/ District Sanitation Departments. In addition, 23 community toilets were constructed /renovated in Bihar, West Bengal and New Delhi. Along with sanitation infrastructure development, equal focus was given to awareness campaigns to create demand and drive behavioural change.

The Swasth India Mission covered nearly 14 lakh children from around 3,300 schools in 18 towns during the year. Additionally, access to hand-washing was enabled through the unique 'ID Guard' initiative to over 3.5 lakh children in 1,000 schools. Nearly 1.36 lakh beneficiaries were covered under Mother and Child Health initiative aimed to improve the health.

Solid Waste Management (SWM): ITC’s waste recycling programme, ‘WOW – Well Being Out of Waste’, helps in the creation of a clean and green environment and promotes sustainable livelihoods for waste collectors. During the year, the programme continued to be executed in Hyderabad, Coimbatore, Chennai, Bengaluru, Delhi, Muzaffarpur and major districts of Andhra Pradesh. The quantum of dry waste collected during the year was 50,196 MT from 562 wards including over 5000 tonnes of multi-layered laminates and thin films. The entire plastic waste collected was sent for recycling including cementing kilns as alternate fuel.

The programme covered 13 lakh additional citizens this year taking the total to 77 lakh citizens cumulatively. The Programme creates sustainable livelihoods for 14,500 waste collectors by facilitating an effective collection system in collaboration with municipal corporations. In addition, another programme on solid waste management under the Mission Sunehra Kal initiative has spread to 13 districts of 8 States covering 98,000 households and collecting 7,603 MT of waste during the year. This programme focuses on minimising waste to landfill by managing waste at source. Home composting was practiced by 2,516

households. In 2017-18, 5,711 MT of waste was composted and 616 MT of waste recycled and only 17% of the total waste was sent to landfills.

ITC: Improving Sustainability & Enhancing Value-Chain:

Only 10% of India's agri-produce, including milk, is processed. Colossal agri-wastage occurs, particularly in perishables, for this reason that ITC is exploring the opportunity to invest in a state-of-the-art cold-chain to cover farm produce, including fresh, frozen and dehydrated fruits and vegetables. Towards this end, the physical infrastructure being developed by it will be utilised to establish cost-effective regional cold-chains across the country.

Such new opportunities will further strengthen ITC's leadership across the farm-to-fork value chain, enabling greater value realisation to the farmer, reduction of wastage, and a year round availability of high-quality products for the consumer.

ITC: Value creation through creating Intellectual property in form of series of patents:

ITC has invested substantially in creating intellectual capital through a globally benchmarked ITC Life Sciences & Technology Centre in Bengaluru. This centre is driving science-led product innovation with a world-class team of 350 highly qualified scientists. In a short span of time, over 750 patent applications have been filed. The intellectual property so created will strengthen leadership of company's brands across different business line.

ITC's Life Sciences Centre to deliver products of the future aimed at nutrition, health and wellbeing by leveraging upon the knowledge gained from its other related businesses like Agri-Packaged Foods and Personal Care products.

ITC: World class IT services:

The IT arm is one of the fastest-growing Infotech companies in the mid-tier segment. The company is Digital full services global player with 9 development centres.

FINDINGS

ITC has grown its businesses by adopting sustainable approach. First through example of e-Chaupal we come to know that successful FMCG business in food is developed through developing supply chain and assuring quality and assured supply with developing relations with farmers in a win-win situation where farmers know the best price they can sell the produce and ITC gets the good quality of produce for its various products, another important point is getting through some innovative solution which can lead to win-win solution to a challenging issue. Its agri –forestry and social-forestry has helped it to have supply of wood pulp for its paper plant project and at the same time maintaining the moisture and other conditions for having enough yields at the same time helping forestation and millions of marginal farmers, again a win-win situation. Integrated Watershed Development has also helped at all fronts social as well as business. Its Hotels have made their own benchmarks and unique identity by being green and helped boost its Hotel business in premium segment. The company’s unique initiatives in field of women empowerment, Primary Education, Skilling and Vocational Training, Health & Sanitation have helped in creating its corporate image as a strong brand; along with this initiative it has created other powerful 50 brands in minds of people and this has created immense goodwill as Indian powerful company. Its energy initiatives and achievements of “generating 43% of its own energy consumption, being carbon, water and solid waste recycling positive” have made it a formidable company who at one end is cutting its costs and other end impact-fully contributing to environment and generating immense goodwill of people.

The other studies under literature survey also underlines through study of 360 companies, 240 cases of developing countries businesses that Companies following sustainable policies lead to immense Business Value creation. Studies of 40000 purchase transactions and green product co. has definite impact on consumers who are aware of environmental issues and business value is created by being in green products producing, and sustainable policies following businesses.

CONCLUSION

The above findings leads to conclude that for further studies we can have hypothesis/ template through which other businesses can be compared 1) Innovative solutions to challenging problems can lead to win to win to both business and society 2) Taking concrete steps to stop depletion of natural resources and working for helping augmenting natural resources if incorporated in business model will be good both for business and planet. 3) Innovative steps to save energy lead not only to reduction of cost for company but also can help in cause of stopping global warming and reversing the trend. 4) Socially conscious and proactively working to mitigate contemporary problems of society leads to immense goodwill for company at market place and motivation for its own people to work vigorously. These can be studied by Business firms, Associations, Government, NGOs at much wider scale and profitable businesses developed to solve problems of people and planet.

FUTURE WORK

The above conclusion leads us that future work based on the paper should be done by Business firms, Associations, Government, NGOs at much wider scale and consequence to it profitable businesses should be developed to solve problems of people and planet.

LIMITATIONS

• The study is based on in depth study of ITC Ltd. and only a few other studies because of limited time available for paper.

• Empirical study could not be conducted among wider sample based on hypothesis build in the paper.

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22.

RIGHT TO INFORMATION ACT (RTI): ISSUES AND CHALLENGES

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ABSTRACT

Right to Information (RTI) Act was enacted in India in the year 2005. This law empowered Indian citizens to seek information from Public Authorities, thus making the Government and its functionaries more accountable and responsible. RTI has helped many people especially at the grass root level such as public distribution system, public works etc. In this research paper the issues and challenges related to this act is studied. Data for research is collected through secondary sources.

KEYWORDS

Empowered, citizens, accountable.

INTRODUCTION

Right to Information (RTI) is act of the Parliament of India to provide for setting out the practical regime of the right to information for citizens and replaces the erstwhile Freedom of information Act, 2002. Under the provisions of the Act, any citizen of India may request information from a "public authority" (a body of Government or "instrumentality of State") which is required to reply expeditiously or within thirty days. The Act also requires every public authority to computerize their records for wide dissemination and to proactively certain categories of information so that the citizens need minimum recourse to request for information formally.

This law was passed by Parliament on 15 June 2005 and came fully into force on 12 October 2005. Every day, over 4800 RTI applications are filed. In the first ten years of the commencement of the act over 17,500,000 applications have been filed.

In this study an attempt is made to identify issues and challenges in the implementation of this act

LITERATURE REVIEW

It is close to four years since the act was enacted. To what extent has it been a success? What-being, as it is, in its infancy-are the problems it is facing? At the Observer Research Foundation are keen to do our mite for the spread and growth of the RTI, the purpose of which is the betterment of the life of the common man. With this in mind, ORF requested the Chief Information Commissioner, Mr. Wajahat Habibullah, who has nourished the growth of the RTI since its birth, to come and enlighten us on the enabling Act and its situation today.

Using secondary and primary sources, this study tries to explore the current status of Right to Information (RTI) Act in Bangladesh, identify challenges and prospects and provide policy recommendations to Government of Bangladesh. This can be helpful for policy makers and implementers to focus on certain areas which ultimately can help increase transparency in governance in Bangladesh. In addition, this study will significantly contribute to understanding of Right to Information in Bangladesh as well as add to RTI literature which can be useful for similar nations.

ISSUES OF RIGHT TO INFORMATION ACT:

- **Low level of awareness:**
  Section 26 of the Act states that the appropriate Government may develop and organize educational programmes to advance the understanding of the public, especially disadvantaged communities, regarding how to exercise the rights contemplated under the Act.

- **Non-availability of User Guides for RTI implementation for information seekers:**
  Under Section 26 of the RTI Act, the appropriate Government is obliged to publish and distribute user guides (within eighteen months of enactment of the Act) for information seekers. However, it is found that the Nodal Departments have not yet published these guides in most of the states.

- **Standard forms for RTI application:**
  While the Act does not necessitate having a standard application form, some States have provided a standard form using Section 26(3) (c) of the RTI Act. The standard form helps in getting basic information such as address/ contact numbers, form in which information is requested etc. Then it is helpful for the Public Authority to identify the nature of frequent information requests so that it can be provided as a suo-moto disclosure as per Section 4(2) of the Act. Till now, only 2-3 States have prescribed a standard form.

- **Inconvenient payment channels for submission of application fees:**
  In the absence of clear guidelines and instructions, PAs have chosen a subset of the allowed payment channels, and majority of PIOs use cash and demand drafts, which causes inconvenience to citizens.

- **Third party Information:**
  Public Information Officer is bound to give written notice to such third party within five days from the receipt of the request intimating that he intends to disclose the information or record or part thereof and invite 306 Section-2(n) of the Right to Information Act, 2005. The third party to make submissions in writing or orally whether such information should be disclosed

or not and the third party is required to make representation against the proposed disclosure within ten days from the receipt of such notice.

- **Poor quality of information provided:**
  Poor quality information supply due to lack of knowledge and indifferent attitude to the person engaged in supplying information under RTI Act. The role of the Information Commission assumes importance in maintaining a process to continuously identify the Public Authorities that do not possess adequate processes and infrastructure for compliance to the RTI Act and making them comply with the provisions of this Act as per Section 19(8)(a).

CHALLENGES OF RIGHT TO INFORMATION ACT

- **Information Commissions are burdened with huge pendencies:**
  One of the biggest challenges today is that the central information commission is headless. It’s a matter of great concern because it weakens the RTI regime. There are huge pendencies in the various information commissions and in the Central Information Commission.

- **The attitude of the government of India:**
  Some of its agencies refuse to disclose the required information and this is another big challenge to encourage public authorities to participate in the development and organization of programmes referred to undertake such programmes themselves.

- **Rejection rate:**
  The rejection rate is very high. The Commission does not have enough power for getting responses to its questions. Some State laws (but not the Central Act) allow applications to be rejected if the information requested has already been published, for example, as a book or on the internet. In such cases though, you should still direct the requester to where they can find the information, rather than simply sending them a rejection notice.

- **Lack of trained officials:**
  The Information Officers do not necessarily get the right training. According to Section 26 (d) of the Central Act all Public Information Officers (PIOs) and Appellate Authorities need to be fully trained on what their responsibilities are under the law, how to manage applications/appeals and of course, how to apply and interpret the law .

- **Improving Records Management:**
  The right to information is records - papers, documents, files, notes, materials, videos, tapes, samples, computer printouts, disks and a range of other things. Without an effective system for creating, managing, storing and archiving records, implementation of RTI laws will be more difficult. It will be harder to reply to applications within the time limits set by the law, if the information requested cannot be located in a timely manner. It will also undermine the law if information has been stored so badly that the records are no longer in a fit state to be inspected or copied.

- **Raising Public Awareness of The Law:**
  Right to information laws are special because they rely on public participation - if the public don't make applications then the law will just gather dust. it is important for the Government to

take a proactive role in promoting the Act and making the public aware of the law and how they can use it.

Section 26(2) of the Central Act also requires that the Central and State Governments produce a User's Guide in official languages. It should be a clear and simple guide containing practical information to facilitate the effective exercise of rights under the law, and it should be disseminated widely in accessible formats. The Guide should be updated on a regular basis, as necessary.

- **Time limits:**

Under section 7(1) of the Central Act, PIOs must respond to applications as expeditiously as possible as and no later than 30 days.

However, if confidential third party information is involved, the PIO has to wait 10 days to allow the third party time to make a representation regarding whether the information should be disclosed. This means that the PIO has up to 40 days to make a decision).

Significantly, section 7(1) also requires that an application must be processed within 48 hours if the information requested relates to the life or liberty of a person.

CONCLUSION

RTI has definitely helped in better governance. Even though it has been 7 years, but still the act has not been used to its full power because of many reasons like less awareness, rejection rates, lack of training, time limits and other relevant issues and challenges.

There are no amendments in the law since the time it has been passed even though there is a need to change. RTI needs to be filled in specific format for seeking some information and not discussing consumer disputes in it.

Apart from, training of PIOs, to serve the public and prevent the soul of the act is indispensable if we man to cultivate the democratic values through the use of RTI.

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23.

EFFECT OF MERGER AND ACQUISITION ON ORGANISATION'S PROFITABILITY AND PERFORMANCE

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ABSTRACT

The prospect of increasing profitability and market share by merger has continued to exercise a more immediate and seductive appeal to organizations despite of the high risk attached. To gain competitive advantages organization has to restructure its activities as per the demand of time by using any form of corporate restructuring such as through Mergers. In this research effect of merger on the profitability of the organization is studied in respect of its performance and profitability. For this purpose secondary data is collected from different websites.

KEYWORDS

Profitability, Market share, competitive, restructure, performance

INTRODUCTION:

A merger is an agreement that unites two existing companies into one new company. There are several types of mergers and also several reasons why companies complete mergers. Mergers and acquisitions are commonly done to expand a company’s reach, expand into new segments, or gain market share. All of these are done to please shareholders and create value. Merger and acquisition has a great impact on performance and profitability of the companies.

In the past few years, India has seen a tremendous growth in number of mergers and acquisitions with more than 1,000 M&As in the year 2017 alone. These digits are highest in the current decade. Government’s steps to strengthen Indian economy and improve global ranking in World Bank’s Ease of Doing Business, have created a merger storm in the nation. With Alibaba’s acquisition in Paytm and the much heated Walmart-Flipkart merger has shown the rise of foreign investors’ interest in the Indian market. Further, with time lined and eased procedures in merger laws in the country, India will not only attract foreign investors but will also strengthen its position and help in making India the hub for foreign cross-border mergers.

LITERATURE REVIEW:

The study is to find out the major issues associated with pre and post merging situations where cultural shock arises and employees and management clashes to fulfill their desires moving in two different directions. This paper also analyse the present training methods to cope up with the environment and the up bringing situations and some alternatives are also suggested to make any merger/ acquisition a successful event for the company. The study is to find out the major issues associated with pre and post merging situations where cultural shock arises and employees and management clashes to fulfill their desires moving in two different directions. This paper also analyse the present training methods to cope up with the environment and the up bringing situations and some alternatives are also suggested to make any merger/ acquisition a successful event for the company. the study is to find out the major issues associated with pre and post merging situations where cultural shock arises and employees and management clashes to fulfill their desires moving in two different directions. This paper also analyse the present training methods to cope up with the environment and the up bringing situations and some alternatives are also suggested to make any merger/ acquisition a successful event for the company.

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This paper has focused on the performance of Indian Airline Companies after the consolidation of Airline sector in year 2007-08. The main objective of this paper is to analyze whether the Indian Airline Companies have achieved financial performance efficiency during the post merger & acquisition period specifically in the areas of profitability, leverage, liquidity, and capital market standards. Paired sample t-test has been performed to determine the significance differences in financial performance standards two year before and two year after the merger activity. In general, Airline Companies merger in India does not bring significance difference on the financial performance after the merger. The finding of this study shows that there is no improvement in surviving Company’s return on equity, net profit margin, interest coverage, earning per share and dividend per share post-merger & acquisition.

OBJECTIVE

To study pre and post Merger performance of the companies.

RESEASRCH METHODOLOGY

The study is analytical and quantitative in nature. The secondary information is used for the analysis of the problem. Data is collected from various sites from internet

RESEARCH ANALYSIS

<u>MICROSOFT & LINKEDIN</u>

MEASURES	PRE-MERGER	POST-MERGER
RETURN ON ASSETS (%)	9.08	9.75
RETURN ON EQUITY (%)	22.09	29.37
RETURN ON INVESTMENT (%)	14.81	16.36

GROSS MARGIN (%)	61.6	61.9
EARNING PER SHARE(USD)	2.56	3.25

DELL AND EMC CORPORATION

MEASURES	**PRE-MERGER**	**POST-MERGER**
RETURN ON ASSETS (%)	**1.53**	**2.01**
RETURN ON EQUITY (%)	**5.56**	**7.31**
RETURN ON INVESTMENT (%)	**4.16**	**4.36**
GROSS MARGIN (%)	**65.8**	**71.6**
EARNING PER SHARE	**1.89**	**2.31**

CONCLUSION

This study shows there is increase in performance and profitability of the company post merger and acquisitions.

The result shows that there is insignificant improvement in return on assets, return on equity, return on investments, gross profit, earning per share post-merger in case of both the merger and acquisition.

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24.

MILK BASKET: A SUSTAINABLE & INNOVATIVE BUSINESS MODEL

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ABSTRACT

Changes in business models are recognised as a primary approach to realise innovations for sustainability. Modern business approach aims at successful adoption of sustainable business models. The paper aim to study the business model of Milkbasket, a subscription based asset light micro delivery service to understand business model innovations that is capable of enhancing organizational, economic, environmental and social performance. Milkbasket claims to have achieved positive unit economics within nine months of its operations whereas several other on-demand grocery startup shutdown their operations because of poor unit economics and no sight of profitability in the long run. The paper explores the possibility of Milkbasket to be able to survive the tough competition in the long run. Does the company need to re-evaluate its goals and operational strategies or they need more aggressive strategies or modify their business model further to sustain in the future

INTRODUCTION

Milkbasket was planning their new innovative venture when the shutdown news of Jewelskart, Bagskart and Watchkart websites launched exclusively for the sale of jewels, bags and watches respectively by Peyush Bansal were making rounds.. The news on the VC circle dated January 8th 2015 reported that Peyush Bansal had shut down his three operation not because of the lack of funding but to concentrate on the growth of Lenskart, the eyewear business where he foresee phenomenal growth prospects. There were many other failures as well; Local Banaya was one such online grocery start-up that winded up its operations after three years of execution (Sahay, 2015).

All School Stuff.com was founded by Manoj Chandra and Ankur Garg to supply educational and school products was shut down in 2014 after running for three years due to lack of funding and competition from bigger e-commerce companies like Flipkart, Snapdeal etc. It was a crucial discussion, as the team was planning to venture into on-demand delivery based start-up that deals in single commodity, i.e. milk. The e-commerce platform by them was dominated by large multi-product retailers like Flipkart, Snapdeal, Amazon etc along with few online grocery start-ups that supplied all kind of grocery and milk products to the customers.

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So the entire discussion was whether to start an E-business and venture into an o n-line delivery business of single commodity or not? Will they be able to find dedicated customers for their services? Funding, profitability, scalability, sustainability and so forth, the issues were many to be addressed.

E- BUSINESS

E- Business is a term coined for an enterprise that conducts business electronically unlike the conventional means. E-business uses information and communication technologies (ICT) to sell goods and services via internet either dealing in business to business (B2B) or business to consumer (B2C) transactions (Daniel et al., 2002) . The term 'e-commerce', 'e-business' and 'e-tailing' are generally used interchangeably.

Electronic Retail marketplace creates both excitement and concerns within the business community. On one end it facilitates communication between firms and customers and gives tremendous opportunities to expand their businesses both in the existing and new markets. But on the other end there are concerns related to financial viability, designing attractive websites, efficient systems for payment and delivery, retaining customers interest and make online retailing more attractive and lucrative than conventional shops (Jones, 2002)**.** Hence it is a tricky preposition that needs to be strategically handled; else the system collapses in no time.

E-BUSINESS IN INDIA

The E-commerce sector in India has recorded 34 percent growth (CAGR) over 2009-2014 to reach $16.4 billion and is expected to touch $38 billion by 2016. E-Tailing that comprises of online retail and online market place has recorded a CAGR of 56 percent during the same period and reached $6 Billion in 2015. [4] At present the e-travel accounts for major 70 percent share of the e-commerce. The e-commerce market in India is aided by the rising internet penetration backed by mobile internet and availability of cheaper smart phones. India currently has 243 million internet users compared to 279 million in US, but these users account for mere 19 percent of the total population whereas in US it adds up to 87 percent of the population hence the statistics itself indicate the potential for growth (PWC, 2015). E-tailing in India is picking up pace with rapid growth of mobile commerce (m-commerce).

Mr. Rawat, Secretary General Assocham, "the customer is connected 24x7 through their smart phones, tablets and other mobile devices which is leading to a gradual evolution of e-commerce into mobile commerce and there is an issue of convenience which also leads to impulsive buying" (Assocham, 2016) . By 2020, E-tailing is estimated to account for 3 percent of the total retail with a rise in online orders from 5 million per month in 2013 to 12 million per month in 2016 (Table1).

COMPETITORS

On-demand delivery start-ups surfaced as the most favourite sector for the investors in the early 2015 but the latter half of 2015 witnessed many of them shutting down or being taken over by the bigger fishes in the market. The mergers & acquisitions (M&A) of the technology based start-ups in India almost doubled from 69 in 2014-15 to 146 in 2015-16.[6] Experts believe that M&A activity could further accelerate in 2016-17 owing to serious funding constraints, hyper- competition driven by investor money and weak business fundamentals of certain struggling sectors; on-demand delivery start-ups being one of them (CB Insights, 2016). The funding for the on –demand category start-ups has contracted down to $1.7 Billion in the Q1 2016 from $17.9 Billion in 2015 (Table 2) but with the strong fundamentals and business strategies Milkbasket is all set to enter the long run.

Currently there is no complete solution which focuses on the demand driven sales scenario of the milk products and breakfast items. Hyper locals like Grofers and Bigbasket are already in the market but

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they primarily cater groceries and vegetables unlike Milkbasket that expertise in milk products delivery early in the morning along with other products that are ordered the previous day before 11:59 pm midnight without any delivery charges. The promise of '7 AM drop off delivery' is their USP. The minimum basket size is an important criterion to wave off delivery charges with other online retailers but with Milkbasket the customer does not have to bother about this and can conveniently place an order for even one product as per the requirement.

ONLINE PLAYERS

Gurgaon based Grofers, the food and delivery hyper local founded by Albinder Dhindsa and Saurabh Kumar started its operation in December 2013. It is on-demand delivery service that connects consumers with local stores across 17 cities in India. Grofers has since inception followed an aggregator model by teaming up with existing merchants to supply products to the end consumer but now it is tweaking its business model to inventory- led one. Grofers promises to supply grocery, vegetables and fruits to its customers in 90 minutes by charging Rs. 50 delivery fee for the orders below Rs. 350 (Financial Express, 2016).

BIGBASKET

Bangalore based Bigbasket was founded by five young entrepreneurs in December 2011. It today operates across 18 cities in India and plans to expand its operations to another eight cities by this year end. Big basket supplies over 15,000 products ranging from groceries, fruits and vegetables, dairy products, and other personal household products. Bigbasket holds inventory of products whereas other hyper locals allow shoppers to book products on their app from neighbourhood stores and then delivers them (Poovanna, 2016). Being an inventory based model, it extracts high margins compared to other hyper locals that operate on wafer thin margins.

ZOPNOW

Aditya Birla Group has recently ventured e-commerce based home delivery business in the food and grocery segment with ZopNow as their technology partner. ZopNow, the largest grocery hyper local market in India caters to Aditya Birla's More Mega store customers in Bangalore, Hyderabad, Gurgaon, Pune, Mumbai and Kolkata. According to Mukesh Singh, Founder & CEO, ZopNow, their company is catering to the hypermarket format whereas other online companies like grofers have been servicing local corner shops for online deliveries. ZopNow also has a partnership with HyperCITY retail store with an asset-light strategy to deliver groceries to their customers. It does not own warehouses rather it provides technology and logistics to hypermarkets for their e-commerce operations with promised delivery of goods to the customers within three hours of order placement Chatterjee , 2016).

Peppertap and Local Banaya the online grocery delivery services have temporarily shut down their operations in the recent past. The hyper local businesses operate on wafer thin margins and faces tough competition in the market place. The article that appeared in Livemint on October 10, 2015 reads that Local Banya has temporarily suspended its operations to upgrade its technology and services Peppertap suspended its operations on account of heavy discounting and inability to sustain profitable in the long run (Pahwa & Peermohamed , 2016).

OFFLINE PLAYERS

Local corner shops/Neighbourhood stores- The local corner shops or the neighbourhood stores also cater to the day to day needs of the customers. They generally keep a runner boy to deliver goods to the households in the neighbouring societies but it is not a fool proof arrangement. As most of the times the delivery gets delayed or the shop keeper refuses to deliver on time due to lack of work force. Being located in the neighbourhood, mornings and evenings are the times when people generally walk up to the shop to buy daily supplies.

DAIRY INDUSTRY

India the world's largest milk producing nation accounts for nearly 20 percent of the global milk production which is largely consumed domestically. The Indian dairy industry which is presently recording 10 percent annual growth is highly fragmented into organized and unorganized sector capturing 20 and 80 percent market share respectively. The Rs.75,000 Crores Milk is consumed across all demographic population; from new born child to old age people in various forms of beverages and as an additive in food products. Indians largely consume unpackaged loose milk but the increasing health and safety concerns the consumption of packaged milk has increased from 21 percent to 28 percent for the last 5 years (Maheshwari, 2014).

Indian households consume 46 percent milk in the liquid form and rest in the form of milk products like curd, cheese, butter etc (Table 3). The lack of proper cold storage facilities and transparent milk pricing system adversely affects the retail consumption and escalates milk prices in the domestic market. The growing population in urban areas with higher disposable income and health consciousness attitude has resulted in unparallel demand for processed and packaged dairy products. The unorganized market is dominated by vendors and milk dealers dominate where the former generally procures milk from producers and sells them to urban households, while the latter supplies milk to private processing units The urban households allocates approximately 18 percent of their household consumption expenditure towards milk and milk products which is expected to rise with the growth in income.

THE PROBLEM THEY WANTED TO SOLVE. WHY IS IT A PAIN AREA?

Modern life style in highly urbanized context creates extra demands for the supply of existing daily need products in the market. The demand for dairy products in particular, is phenomenally increasing in highly dense clusters in new colonies regardless whether the customers are located in the marketplace/ downtown or far flung habitations. The Indian diary production is growing at the rate of about four percent per year but the demand is almost twice the production due to the obvious reason of rapid rise in population especially the growing middle class population (McKinsey,2007).

Staying in the posh society of Gurgaon does not rid you off the day to day hassles. The biggest one was unpredicted milk delivery in the morning. The local vendor is sometimes short of milk or does not have a specific type of milk; the milk is low in quality; delivery van gets delayed and the endless problems continue. If the day starts with hassles the repercussions are felt the whole day. The milk on time was the biggest challenge among others that Anant, the co-founder of Milkbasket felt while adjusting back in India from London, UK.

RATIONALE

What do you do when you witness and experience a pain area at your home every morning? That was the idea generation point for new age entrepreneurs Ashish, Anant, Anurag and Yatish. They all came together to eliminate a common pain area once and for all! The vision started when promoters saw that not only they but almost everyone in the society was facing trouble getting the preferred variety of milk for their families on time. Every morning starts with suspense, whether the milk man will deliver fresh milk on time or not? There were too many local runs in the mornings and evenings to the corner shops fetching milk. Grocery stuff could be stocked for a week or fortnight but dairy products like milk needs daily replenishment.

The present milk delivery system was highly fragmented with unpleasant experiences coupled with compromising quality and time. As the saying goes "If it's in your heart it is worth taking risk" was the way forward for entrepreneurs.

BIRTH OF MILKBASKET

Coming from different backgrounds, qualifications and experiences ranging from customer service to engineering and Information Technology; four energetic individuals came together with one goal to ‘Remove the Basic Pain Area’ which led to the birth of Milkbasket. By now it was clear that timely fresh quality milk was need of an hour as well a window of opportunity to test entrepreneurship.

In India usually everyone prefers fresh milk delivery in the morning; it’s so engraved in the system that could be called a part of the rhythm of Indian culture. The whole idea of Milk basket was to promise a timely morning delivery of the milk. Till date going to nearby corner shops to buy milk and milk products was very common for almost everybody. Milk was the first step and team wanted to disrupt this buying behaviour. The aim was to make evening or morning walks more cherish able without bothering to carry back heavy milk or milk products. The thought was indeed noble!!In Gurgaon like in any other city the whole seller deliver milk to the local vendor around 4:30 am to 5:00 am early in the morning and which is then supplied to the customers almost till 10 am without regulating the temperature and compromising with the quality.

Milkbasket is a subscription based asset light micro delivery service that started its operation with the motive to fulfil daily household needs of the customers. It not only got variety of packed branded milk under one umbrella but they expanded the market for milk horizontally by including cow milk, buffalo milk, organic milk, farm fresh milk etc with the aim to provide unique experiences to the customers. The operation of Milkbasket commenced on 1st March 2015 by putting up a canopy at the entrance area of Orchid Petal in Gurgaon for registering customers, it is the society where the co-founders Ashish and Anant reside. It’s a huge society with more than 1000 families.

REACHING OUT TO TARGET CUSTOMERS

A cosmopolitan city like Gurgaon in NCR caters to wide mix of population ranging from expats to working couples and senior citizens. Internet savvy population living in upscale condominiums of Gurgaon was Milkbasket’s target audience who wanted convenience and quality coupled with premium service experience. The company wanted to create a niche market where the demand was inelastic. According to Anurag, the co-founder of Milkbasket most of the time while coming back late from office we remember or get a call from home to buy milk bread etc but by that time either the shops are closed or running out of stock as they have no proper storage options for the goods with low shelf life.

Traditionally, Indians are accustomed to the concept of USE & PAY model especially for milk and milk products, where the consumer consumes first and pays the vendor at the end of monthly cycle or pay immediately only for the product that they have purchased. The corners shops generally provide credit facilities to their loyal neighbourhood customers. The Milkbasket wanted to disrupt the buying behaviour by reversing payment model i.e., PAY & USE, which was totally unheard of in this category! Here the challenge was to introduce a new concept of prepaid milk delivery system to consumers. As the saying goes "If your mind can conceive it, you can achieve it". To promoters surprise the concept was readily acceptable given the fact that it was an irresistible offer to be let down by consumers. The first booking was made with a prepaid signup of INR 5,000/- and rest is history now. Milkbasket follows ‘drop off’ delivery model with the idea of not disturbing anyone in the wee hours by ringing the door bell. In this model delivery boy drops off the consignment at the door step every morning 7 am resulting in cutting off delivery time - since there is no customer interaction in this approach. Milkbasket deliver goods early in the morning when there is less traffic by appointing cheap part time workers for only 2 hrs. The delivery boys are no other than the drivers , maintenance staff of the society and at times college students who would like to make additional pocket money before leaving for college as it is a good option to supplement their income.

Milkbasket’s focus was to shift from supply driven sales scenario to demand driven sales. Customers in past must have compromised on one or more of their buying preferences which would have lead to wrong market trend analysis. For example, customers compromise and buy full cream milk instead of the toned milk or Amul milk instead of Mother Dairy milk giving the false impression about the demand of the product in the market.

SYSTEMATIZING SERVICES

The target market comprising of the tech savvy high income residents of premium condominiums readily accepted their app based model of systematizing milk delivery. The app was made by Anant Goel, the CEO of Milkbasket and could be downloaded easily on any android or IOS supported mobile phone. Being a PAY and USE model, the customers after topping up their accounts can anytime place or alter their orders till midnight, 11:59 PM with promised milk delivery next morning before 7 am. They can set vacation time offs or create repeat orders as per their convenience.

Their service is unique as customers now have a reliable source of timely milk delivery without compromising on the quality of the milk. Milkbasket has its own warehouse and storage facility in Old Gurgaon area and owning logistics in a way ensures total control on the operations. The Milkbasket app daily send text alerts on the registered mobile numbers of the customers after successful delivery of products in the morning and also notifies in case of late delivery due to unforeseen circumstances. Milkbasket expanded their product base to include other milk products, bread, butter and other daily breakfast stuff on the feedback of the customers within three months of its inception, a truly demand driven scenario as they envisaged. Over the time with the customers’ inputs and feedbacks they re-designed their offerings and today cater some 5000 odd products on the popular customers demand. Customers have found this system of delivery very comfortable as they can order the stuff after the daylong work schedule and even just before going to bed at night. There are items that could be ordered till midnight for the next day 7 am delivery but for others there is restriction on order placement before 7pm beyond that the item will be delivered next to next morning. Customers keep adding products to their carts the whole day for the next day 7 am delivery. Milkbasket does not charge any delivery fee hence the customers have flexibility to place an order without bothering about the minimum basket size.

STRATEGY

With aim to increase customer base Milkbasket always followed customer first approach. Whenever there is a complaint regarding any discrepancy of the product the amount is immediately credited back to the client's account without asking any questions, the team is extremely sensitive to such alerts. Milkbasket never stops taking order and ensures that the order is delivered on time even if the customer account is negative. Their service is so prompt and reliable that they have 95 percent customer retention, apart from 5 percent customers who left them mainly due to relocation issues.

In order to increase wallet share Milkbasket increased product offerings thereby ensuring a wider range of daily consumable products. New products are added depending on query analysis and client feedback. For instance bread, eggs, cheese etc as an offering is in high demand during morning hours and at the same time it offers higher profit margin compared to milk. After ensuring maximum wallet share for milk category, Milkbasket penetrated further into other categories of products on popular demand by the customers to capitalize their wallet share further. Milkbasket realized that practically it was not feasible to stock the entire inventory without knowing the consumption pattern, so they tied up with local stores such as Needs etc and entered into a hybrid Model. Milkbasket now offers wide range of products from milk to daily groceries, farm fresh vegetables and fruits through a hybrid inventory model to maximize product margins while controlling costs. One employee is placed at these local stores and the moment any consumer places order on the ‘app’ the same is flashed at his instrument and the order is immediately picked up from the vendor. Milkbasket also owns inventory for hot moving consumables such as wheat flour (ITC, Ashirwad Brand), breads and other milk products. Apart from milk, milk products and few other in-house stocked goods, the orders for the next day morning delivery are accepted only till 7PM. With a single aim to make the experience more friendly and flexible the registered customers can place order for various products till a certain time everyday without bothering about quantity, price or delivery charges. Currently Milkbasket serves 20000 odd families across 62 clusters (societies) in Gurgaon.

ORGANIZATION ASPECTS

At present Milkbasket has a full time staff of about 20 members which was 5 at the time of inception and the morning delivery team comprises of primarily temporary staff which work for only 2-3 hrs and leave once the distribution cycle is completed for the day. This lean structure ensures low cash burnout ratio and drop off model with recyclable bag ensures non- recurrent packing cost. Technology friendly app ensuring faster communication and owning logistics ensures total control on the operations. The Milkbasket server compiles all the demand data received till 11:59 pm midnight and sends the order requests related to milk and milk products to the respective dealers of Amul, Mother Dairy Nestle etc for the procurement. The order is directly delivered by the companies to their warehouse early in the morning 2:30 am to 4:00 am which is then sorted and packed to be delivered to individual customers before 7 am. Since magnitude of clientele is huge, Milkbasket relies heavily on technology. Each client has a unique bar code which is pasted on the delivery pack ensuring the right delivery of the product. Milkbasket ensures high standard of customer care which has actually translated into spreading the word across other potential customers and has worked in their favour. They spent very little on advertising through pamphlets in the initial few months of its inception.

Milk basket owns their own warehouse to store milk and other products. There is an inbuilt margin on the MRP of milk and milk products. Apart from milk other products are being sold on MRP to maximize profit margin and sustain business. Customers do not bother about the petty discounts as convenience and assurance of timely delivery is their prime concern. Minimal expenses on advertising, delivery, temporary part time staff wages resulted in low cash burn rate unlike other online retailers is the mantra to success and are expecting to reach break-even in another one year. Milkbasket started its operation with 25 households in one society 15 months back is now catering some 20,000 households in 62 different posh societies in Gurgaon.

CONCLUSION

Milkbasket is going string with its sustainable innovative business model. Many businesses shut down due to losses but they went strong due to their positive unit economics. Milkbasket wants to strengthen its roots in Gurgaon market before expanding to other geographies by expanding its offering portfolio to cover all daily needs of the customers. They hope to achieve operational break-even during this period and become profitable over one and a half year. According to Yatish, the co founder of Milkbasket, the new age mantra to success lies in listening to customers about their needs and then creates a minimum viable product as a proposed solution to their problem. The promise of business-model innovation has long captivated the sustainability field and generated plenty of hype. But all the talk has yet to yield many real business-model changes and the future look forward to to see this most-awaited revolutionary change for the betterment of the mankind.

LIMITATION

The study was largely limited to the published sources of information, though the meetings are scheduled with the co-founders and we expect more clarity going forward on their business growth.

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Table:1 Ecommerce and E-tail growth in India ($ Billion)

Year	E tail	Ecommerce
2009	0.4	3.8

2010	0.6	5.3
2011	1	7
2012	1.5	9.5
2013	2.3	12.6
2014	3.5	16.4
2015	6	23
2016 (E)	-	38
2017-20 (E)	20	CAGR(40-50%)

Source: E-Commerce In India: Accelerating Growth. PWC Report 2015 Available at: http://www.pwc.in/assets/pdfs/publications/2015/ecommerce-in-india-accelerating-growth.pdf accessed May 28, 2017.

Table:2 Global On-Demand Quarterly Financing Data (Q1 11 to Q1 16)

	Investment	Deals
Q1'11	$93	12
Q2'11	$142	15
Q3'11	$194	13
Q4'11	$112	10
Q1'12	$49	17
Q2'12	$186	19
Q3'12	$99	14
Q4'12	$262	22
Q1'13	$121	19
Q2'13	$193	24
Q3'13	$431	30
Q4'13	$421	31
Q1'14	$285	30
Q2'14	$2,054	46

Q3'14	$1,575	41
Q4'14	$3,436	51
Q1'15	$5,184	59
Q2'15	$3,341	70
Q3'15	$7,344	73
Q4'15	$2,029	42
Q1'16	$1,307	56

Source: The On-Demand Crash: Funding Drops For Second-Consecutive Quarter,CB Insights, May 2, 2016Available at: . https://www.cbinsights.com/blog/on-demand-funding-trends-q1-2016/ , accessed on May 26, 2017.

Table:3 India's Dairy Product Mix

Products	Percentage
Fluid Milk	46.00%
Ghee (Clarified Butter)	27.50%
Butter	6.50%
Yogurt	7.00%
Khoa (partially dehydrated condensed milk)	6.50%
Milk Powder	3.50%
Paneer (Cottage Cheese)	2%
Others, including cream & ice cream	1%

Source: IUF Dairy Division Available at:
http://cms.iuf.org/sites/cms.iuf.org/files/Indian%20Dairy%20Industry.pdf accessed May 30, 2017.

25.
GREEN MARKETING: A STRATEGIC TOOL FOR DEVELOPING SUSTAINABLE COMPETITIVE ADVANTAGE

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ABSTRACT

In the modern era of globalization, it has become a challenge to keep the consumers in fold and even keep our natural environment safe. This is the biggest need of the time to promote and disseminate new decisions and innovations that lead to green marketing environment and sustain competitive company position in the market.

With the rapid globalization implementation of principles of green marketing into organizational system became need of the business to obtain feasible competitive advantage. Green marketing is based on the CSR principle according to that green marketing is a marketing of products which are environmentally friendly and environmentally sound.

This paper focused on application of green marketing approach in business organization, green marketing intervention strategies and sustainable development with an emphasis on green marketing intervention strategies to environmental problems facing the world today. The review indicates that organizations can benefit from green marketing strategies through gaining distinctive competitive advantage and at the same time protect the environment to achieve sustainable development. The weaknesses and the future of green marketing as a discipline and future directions for researchers are also reviewed.

KEYWORDS

Green marketing, Sustainable competitive advantage, sustainable development, green marketing strategies.

INTRODUCTION

With the rapid globalization and emerging tainted environment and environment related issues, the concept of green marketing came into focus. According to the American Marketing Association, green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. The concept of green marketing depicts a way of business wherein the product development, marketing, services and consumption of products happen in such a manner that is less unfavorable to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc. Now a day's consumers are becoming more aware about the increasingly contaminated environment and becoming sensitive towards the consumption of those products which are less harmful for their health and environment too. Therefore, in recent years the demand for organic, green products and services has been emerged increasingly.

Due to high concern of people for environmental protection a new format of business has been emerged as Green Business. The industries who aver that they are environment friendly and are concerned about society are known as green industries, their marketing philosophy is termed as green marketing and their environment friendly products are called as green products. With offering green products it is also suppose that it will give companies a competitive advantage over their competitors as people these days have a positive attitude for green products. It is believed that green marketing could be a strategic move towards gaining sustainable competitive advantage over competitors. Companies that develop new and improved products and services with environmental impacts in mind give themselves access to new markets, substantially increase profits and enjoy competitive advantages over those marketing non-environmentally responsible alternatives. There are several suggested reasons for firms to be increase the use of Green Marketing. The importance of green marketing can be expressed by the following five possible reasons;

1. It is the moral obligation of organization to be more socially responsible.
2. Green marketing gives an opportunity to the Organizations that can be used to achieve its objectives.
3. Competitors' environmental activities force firms to change their environmental Marketing activities.

5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior.

7. Governmental policies and regulations are forcing firms to become more responsible towards environmental issues.

OBJECTIVES

1. To explain the concept of green marketing and its requirement in business.
2. To explain green marketing approach as a strategic tool to gain competitive advantage.
3. To define the challenges in application of green marketing approach.

MATERIALS AND METHODS

This is a theoretical research paper, where secondary information produced by different authors and researchers has been used. For obtaining necessary information, various books, journals as well as websites have been explored by the researcher which has been mentioned in the reference section.

CHALLENGES IN APPLICATION OF GREEN MARKETING

Despite the numerous benefits of green marketing it is not without constraints/challenges.

1. New Concept -In Indian mostly in urban areas consumers are getting more aware towards their foodie habits and dietary patterns. They are focusing more on organic and natural products which can reduce the harm of environmental disorder and preferring more green products than others. But it is still a new concept for many of people. The consumer needs to be educated and made aware of the environmental threats that would harm to their health also. The new green movements need to reach the masses and that will take a lot of time and effort and cost.

2. Patience and Perseverance The organizations should adopt it as a strategic movement to reach new markets. The organizations need to view the environment as an obligation and should try to keep it clean and judicially utilize major long-term investment opportunity, the marketers need to look at the long-term benefits from this new green movement. It will require a lot of patience and no immediate results. Since it is a new concept and idea, it will have its own acceptance period.

3. Avoiding Green Myopia The first rule of green marketing is focusing on customer benefits i.e., the primary reason why consumers buy certain products in the first place. Do this right, and motivate consumers to switch brands or even pay a premium for the greener alternative. It is not going to help if a product is developed which is absolutely green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. Also if the green products are priced very high then again it will lose its market acceptability

4. Need for Standardization It is found that only 5% of the marketing messages from Green campaigns are entirely true and there is a lack of standardization to authenticate these claims. There is no standardization to authenticate these claims. There is no standardization currently in place to certify a product as organic. Unless some regulatory bodies are involved in providing the certifications there will not be any verifiable means. A standard quality control board needs to be in place for such labeling and licensing.

5. In general all the green marketing strategies are expensive and difficult to implement in the short run.
6. The environmental benefits are intangible, indirect or insignificant to consumers. For example, consumers cannot see the emissions being spared when they use energy saving appliance.
7. Environmental benefits are difficult to measure or quantify. Some strategies (e.g. promotion) are subject to manipulation. For example some marketers use false environmental claims in order to gain competitive advantage.
8. The success of green marketing depends on several stakeholders who must work as a team. These include; general public, employees, retailers, government, environmental groups, and suppliers. Any group can derail the exercise.
9. The costs saved through recycling are doubtable.

STRATEGIES FOR APPLICATION OF GREEN MARKETING

1. Communicate your values. Many sustainability leaders adopt the strategy to communicate the core values to establish emotional connections with the customers. This is also called "purpose marketing" or "pro-social marketing," values-based marketing avoids hard-sell ads in favor of soft-sell campaigns. With this organizations can pass on the values to the customer and also prepare them to be loyal customer through get connected with their emotions.

2. Green your marketing practices. Paper with recycled and/or sustainably harvested content and printed with soy-based inks reduces environmental impacts, as does the use of electronic media to replace printed marketing. But media is the fifth-largest industry in the U.S., and with its growth comes attention to the environmental impacts of server farms, networks, computers and mobile devices. Green marketing practices gives a competitive advantage over others as it helps in securing positive attitude of customers towards organizations image. It built goodwill and give strength to the company which in turn recovers the cost introduces in the earlier phase of application of green marketing practices.

3. Establish links with organizations working for sustainable development- Organizations such as the Institute of Sustainable Communication's Strategic Advertising Partnership. To explore ways to develop lifecycle-analysis product-category rules that would enable standardized reporting and verification of environmental impacts.

4. Radical transparency

Provide access to the details of products and corporate practices and actively report on progress. Organization need to get radical. Provide all information’s with "radical transparency." This will leads to a jump on competitors and regulators and score points with consumers by disclosing as much as possible.

5. Include Eco-labels. A handful of eco-labels the chasing-arrows recycling logo, Energy Star and USDA's Certified Organic gain much of attention among people those are concerned with environmental safety. The packaging with symbols influences the potential customer to proceed and make purchase.

6. Environmental product declarations. EPDs provide detailed, third-party-verified explanations of a product's life-cycle impacts. It generates awareness among people regarding excellence certificate issued by ISO 14025. The EPD shares the results of three separate life-cycle assessments to assess impacts in North America, Europe and Asia, and describes the certifications from different countries.

7. Empower consumers with solutions by demonstrating to consumers how environmentally sound products and services can help consumers protect health, preserve the environment for future generations.
8. Provide performance reassurance of green-based products, as many consumers perceive them to be inferior to conventional products.
9. Consider a suitable mix of media. For instance environmental consumers are more receptive to messages conveyed through direct marketing, community programs, public relations, and packaging and Appeal to consumer self-interest by bringing out the benefits of green products to both actual consumers and potential consumers.

To change of consumer behavior from consumption culture to ecologically concerned consumers or encourage green consumption is the task of the marketer to redirect the needs of the consumer towards consumption that is ecologically least harmful (Ottman, 1997). This redirection can be achieved through market research, and promotion. According to Our Common Future, a publication of World Commission for Environment and Development (WCED) (1987), sustainable development requires the promotion of values that encourage consumption standards that are within the bounds of the ecological environment(Ottman, 1997). The fact that
Marketing during the past few decades has been so successful in increasing societal consumption and in meeting human needs, make us confident that it will also be successful in redirecting consumption (Polonsky et al, 1997).

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KNOWLEDGE MANAGEMENT: PERFECT TOOL FOR ORGANIZATIONAL GROWTH

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"To share an asset, usually it must first be divided. But knowledge is one of the few assets that multiplies when shared." Gaurav Dalmia

ABSTRACT

Acquiring, storing and distributing knowledge is an important element in any business organization. Everyday people working in organization need knowledge and also make use of and create it. A firm should have well defined objectives to be achieved and needs to identify its core competency and areas lacking behind which needs to be known to achieve the goals and targets formulated. Organizations should also identify a good number of significant knowledge that needs to be transferred and shared with the one who needs it. Basically, knowledge that organization possess is nothing but its employee's know-how and all what is accumulated in various depository like various folders, emails, files, documents and so on. Though its difficult to identify the area of knowledge as it is with the experts deep in their mind and experience. It exists as a fluid mix of frames experience, values, contextual information and expert insight to comprehend expensive knowledge. This chapter review different literature and also interpreted knowledge management in different fields, identifying the scope and importance of knowledge management. This chapter also provides a comprehensive summary of different views of knowledge and knowledge taxonomies and their implications with a view to know several important research issues surrounding the knowledge management processes and its role

KEYWORDS

Knowledge management, tacit knowledge, innovation, competitive advantage, explicit knowledge.

INTRODUCTION

Organization is nothing but a body of knowledge which comprises of various inter-related departments. But at the same time, the organizations are unaware, whether it exists or not as ;its difficult to access and also the people having expertise knowledge are unwilling to share due to the competitive environment. This is the only reason why universities can never able to make an experience manager as its difficult to dig out expert knowledge from the persons mind and document it for further usage. But if it could be done so, then it is the best way to transfer the knowledge of an expert and by using it a beginner can also become an expert. This kind of knowledge is called tacit knowledge.

The objective of this chapter is to facilitate knowledge management by studying and knowing

1. Whether organizational culture promote knowledge creation
2. How outside knowledge is useful for internal use
3. What effective mechanisms to be used.
4. How the transfer of knowledge can take place.
5. How to encourage people for the application of knowledge available
6. How to bridge the knowledge gap
7. What factor are responsible for creating gap and measures to eliminate

SCOPE OF KNOWLEDGE MANAGEMENT

People argue about the scope of knowledge management. Generally, it comprises of understanding what type of knowledge firm needs in order to be more competitive in both, short and long term, which depends on companies corporate strategy. It is always in debate regarding understanding of what knowledge the firm actually possesses and whatever the knowledge is found is helps in getting the right knowledge of the right people at the right time making sure that valued knowledge is not misplaced, for example, if key employees leave or retire and creating an environment where new relevant knowledge can be created to achieve this knowledge, necessities to ensure that an organization has the precise organizational culture where people actually wants to share, work in partnership, associate and learn, has the true processes for direction and classification of knowledge has the right processes and environment where people work in partnership, learn and renovate these could include various cross functional project teams, employee rotation, across department common with documentation requirements, master apprentice relationships and so on. Ultimately, it has the right technology infrastructure that delivers and categorized knowledge to whomever require it, at the right time and associating the whole progressions in environment and culture for the transfer of tacit knowledge. Therefore, in this context, the role of technology, is a fiercely debated issue and it is something that we will return to later. We can also find an in-depth discussion of knowledge management to say that if technology is properly designed and aligned to the processes in the firm thereby executed in a way that does not interrupt the existing culture and practices, but supports them, then it can be a very valued tool in the transmission and sharing of knowledge. So, Knowledge management is all about establishing and generating the right organizational processes, environment, culture and technological infrastructure. It helps us to understand what we know, relative to what we need to know and then share, protect and further develop key knowledge and knowledge assets.

The framework of the knowledge management can be used for enhancing and exploiting knowledge, sharing experiences and learning good practices. Now question arises, "can we really do apply knowledge management"? As it resides in the heads of employees and is shared primarily through conversation. Therefore to have effective application of knowledge management, we can manage the environment in which knowledge can be created, discovered, captured, shared, distilled, validated, transferred, adopted, adapted and applied. Therefore to create business value, we need to make certain arrangements, so that, the knowledge can rapidly superfluities as below :

- The favourable conditions
- Adequate resources
- Implementation of Plan of action and
- Immense leadership

The methodology provides a great number of tools and techniques that help organizations to learn before, during and after activities. From these interventions the organizations can have multiplied benefits, if they are shared more extensively as good practices either through people-networks or through the capture and codification into regularly updated knowledge products.

LITERATURE REVIEW

In this business world of 21st century knows as the era of knowledge things are changing. More and more research and development is taking place. According to Friedman, 2005, it is now moved to period of knowledge as from earlier which was period of natural resources.

Jelenic, 2011; Khan, 2014 emphasized that knowledge is one of the greatest important and extremely appreciated asset and service. Knowledge has become one of the important economic resource apart from natural and capital resources and labor factor.

Schultze 2002, Bhojaraju, 2005, established that knowledge has turn out to be center to transform the global economy, by creating and utilizing it considering as main source in organizations.

Carneiro, (2000), Kakabadse, (2003) analyzed that in global economy, to bring innovation knowledge has developed as main significant basis for economic growth of organizations which can be referred as information.

According to Marwick (2001), Alavi, (2005) knowledge management is nothing but it is the information which is possessed in the minds of the people and their understanding and the experience they have.

Walsh & Merlo, (2016), asserted that knowledge contains information, skills and expertise. The knowledge is distributed to make it noticeable in order to show the role of knowledge in organizations and inspire employees to recommend behaviors like that of knowledge sharing and building knowledge infrastructure.

Ansari et al., 2012; Karimi & Javanmard, 2014 laid emphasis on proper management functioning. Without that knowledge is obsoleted. Thus, organizations need to implement and apply a series of processes for them to manage their knowledge.

Gold (2001), had defined that knowledge management as the capability to manage knowledge such as gathering internal or external knowledge of organizations, converting them to new idea or strategy and applying them and protecting them.

Lytras (2002) has stated that KM is a systematic, explicit and application of knowledge that help the organizations to make best use of organizations' knowledge and gain effective returns from the knowledge. It also helps in creating new capabilities, encourage innovation increase value to the customer.

Leidner (2006) & Lin (2015), from their study come up with the view that knowledge management is a process of capturing, storing, sharing and using knowledge. Moreover, according to, Schultze & Leidner (2002), it can also be defined as a systematic process for gathering, organizing and communicating both tacit and explicit knowledge of employees which can be used in their works.

Kankanhalli (2005) & Greiner (2007), studied that organizations by turning to knowledge management initiatives and technologies will able to sustain, increase, and influence their knowledge resources.

Newell (2004) & Alavi (2005), emphasized that, in order to use the knowledge effectively and efficiently, the goal of knowledge management is to enable the organizations to be aware of their knowledge and shape the knowledge.

Griffiths and Lemenyi (2008) studied and analyzed that KM helps business organizations to create, share as well as produce combined information, approaching and experience and combine them with knowledge from external sources, and put all this knowledge to use in solving business problems.

Halawi, 2005, defined Knowledge management as a managerial activity that develops, transfers, transmits, stores and applies knowledge, and also provide members with real information to act wisely and make right decisions, enabling them to fulfill organizational goals.

Assumptions

- Organizations accomplish goals and objectives only if they work more effectively and efficiently
- Business organizations have more faith on benefits derived from knowledge management rather then that provide time-based

Framework of knowledge management (collison and parcel)

- Avoiding controls on re-invention in large as well as international organization,
- speed up the absorption process subsequent with merger and acquisition
- Identifying, confining as well as allocation of good-quality practices in the organization
- Tracing out various organizational barriers that set back the organization and dealing with them
- Building carefree and supporting system
- building a learning environment with continuous improvement

Steps involved in of knowledge management process

- Setting of common organizational goals
- Focus on knowledge base learning
- Connecting learning activity to knowledge bank.
- linking the people (who hold key knowledge) and system and
- Right leadership behaviors

FOUR MAJOR ELEMENTS IN KNOWLEDGE MANAGEMENT PROCESS

1. **Knowledge Creation:**

This process involves new implementation of knowledge or replacing the current content within the organization’s explicit and tacit knowledge. It requires the organizations to search for new knowledge and information, both inside and outside of the organizations. The organizations can acquire new knowledge through imitation, benchmarking, replication or outsourcing. This process has been considered as important role as it generates new knowledge within organization and this can be switched to key success factor and continuous innovation.. Knowledge is able to be created, shared and enlarge through collaborative processes within organizations.

2. **Knowledge Storage:**

Both explicit and tacit knowledge obtained by individuals within organizations should be stored. The organizations should arrange and manage the knowledge thus it can be accessed easier. When the knowledge is integrated, it helps to reduce the redundancy thus enhance efficiency. Knowledge storage is not only vital for effectiveness of usage but also vital for reusing the knowledge.

3. **Knowledge Dissemination or Knowledge Transfer:**

This process involves sharing and exchanging knowledge among individuals or network of individuals, a group of people to the organizations and individual to explicit sources. During the process, the organizations must ensure that the knowledge is transformed from tacit knowledge to explicit knowledge to prevent the loss of tacit knowledge

4. **Knowledge Application:**

This process involves the usage of knowledge in adjusting the strategic direction, solving the problems, making decision, improving the efficiency and reducing costs.. The individual can make use of the knowledge possessed by other individuals without actually learning that knowledge. However, if the organizations want to capitalize the knowledge, they should know how the knowledge is created, disseminated and used as these processes are the basic for an effective organizational knowledge management.

Benefits and Strengths of knowledge management framework are

- More Deliverance
- Better recognition and relocate good practices
- Leading to improved product development and continuous improvement
- Prevention from repeated mistakes
- Helps in identifying the gap and measures to overcome
- Improving and finding new ways of sharing knowledge
- Realistic move for a wide range of organizations.

It is accepted largely that knowledge, is one of the vital and imperative assets for a business organization. Awareness about that is what keeps managers going. Information shared is knowledge acquired. Managers always need to be informed and to inform creating a bigger picture of the importance of communication in organization. Loopholes in organization can only be identified through sharing information with the relevant stakeholders or concerned parties.

CONCLUSION

Sharing information is then the beginning of an organization’s knowledge management process. The practice of organizing, storing and sharing of vital information for the benefit of ever individual is key to the success and performance of any organization. It is important for organization to share information across internal organizational boarders. Also they need to consider regarding the usage of knowledge like who will going to use and how, what benefits can be derived, how the target group can be beneficial, how the information will be transformed for the required purpose.

"Organizations invest too little in developing leadership behaviors and competences of their employees”

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SOURCE OF INFORMATION FOR CHILDREN: A STUDY ON SELECTED CHILD-CENTRIC PRODUCTS

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ABSTRACT

Children are the centre of attraction for families. They play a very important role in the family purchase decision. They have demands of their own and they don’t hesitate to place their demands in front of their parents. Children these days have knowledge about the market, the varieties of products available. They come across various socialization agents such as television, family, friends, school etc. Internet is another information seeking media for kids.

This paper aims to analyse the most source of information for children for 10 categories of products (Toys/Games, Eating out, Beverages, Gift Items, Games Parlour/Fun Zones, Clothes, Gift Items, Confectionery, Sports Items, Stationery, Accessories). We would also analyse whether the source of information vary across age and gender of the child. The study was conducted on 102 children in age group of 6-12 years. The area of study would be Delhi The sample was collected using convenience sampling technique.

INTRODUCTION

Children are one significant group of consumers that marketers can’t ignore. They are not only mere customer but also very significant influencer. As per census 2011, India has 29.5% of the population below the age of 15. It means India has large number of young consumers and they constitute major part of the population. The role the child play in the family purchase decision has changed over the period of time. They play a very important role in the purchase of product of their use and also in case of household products. Children these days are more informed about the market and the products available. They place their demands in front of their parents and in case their demands are not fulfilled, they even make use of pester power to get the demand fulfilled. Pester Power is the nagging ability of the child to get their demand fulfilled by asking times and again.

The influence of the child in the purchase process varies according to the gender, age, socialization process, parenting style and children awareness about various products. Past research has found that children's relative influence varies with product type, decision stages, and product sub decisions (e.g., Ahuja 1993; Belch, Belch, and Ceresino 1985; Foxman and Tansuhaj 1988).

Indian kids wield an annual spending power of Rs, 22, 594 crores as per Turner New Gen Study. This amount exceed the GDP of countries like Maldives, Bhutan and Aruba. This indicates the need of marketers to focus on this segment. There has also been increase in the amount of pocket money given to the child. This in turn increase their spending power and more discretionary power to spend their money in their own ways.

Ward (1974) was the first one to define Consumer Socialization. He defined Socialization of children as “processes by which young people acquire skills, knowledge and attitudes relevant to their functioning as consumers in the market place”. Bush and Simons (1981) defined socialization as "the ways in which individuals learn skills, knowledge, values, motives and roles appropriate to their position in a group or a society”. Extant research has over the years clearly established the role of mass media, namely television, parents and peers, as prime influences on socialization.

The socialization process can be divided into two classes of influences, one being cognitive factors and the other one is termed as environmental factors. Cognitive factors are the age related factors. There are many skills that the child acquire as they grow. The environmental factors consists of agents like family, television, friends, school, retail store etc. With the passage of the time the societies have witnessed many changes. The children these days are exposed to commercial messages in variety of ways, They are more exposed to commercial setting as they frequently visit the market place. Internet is another important media of information. The usage of internet has increased manifold over the period of time. It is becoming another important agent of socialization for children. They spend lot of time on tabs and mobiles and are unprotected from information available online. Internet users have more influence on the family purchase decision and they are more active participant in the family decision making (Belch,2005; Kaur and Medury, 2011)

LITERATURE REVIEW

Ying Fan & Yixuan Li (2010) conducted a study on Chinese children in age group of 10-13 years to find out the source of information for new food products and children attitudes towards these sources. It was concluded that the television was considered to be the most important source of information for children. As far as the trust level is concerned interpersonal sources of information were trusted more. Parents were considered to be the most credible source of information about the new food product.

S. Jeevananda & Sunita Kumar (2012) in his study revealed that the degree of influence is more in case both parents are working. The degree of influence by child is more in case of nuclear family than in case of joint family. The degree of influence of children also vary by product. The influence was found to be the most in case of bicycle. The children use method of asking nicely most of the times to get their demands fulfilled. Children mostly get money on their birthdays and holidays.

Ying Fan Yixuan Li (2010) concluded in his study that there is relationship between number of hours a child spent watching television and attitude of children towards the product being advertised on it. The relationship was found to be strong and there was desire in the minds of the children to buy the product advertised on television.

Chan and McNeal (2003) conducted a study on Chinese parents to understand parents attitude towards advertisement. Parents were found to have negative attitude towards the television advertisement

Dotson (2005) Children are inclined to irrational and market based factors in case they have more money available. In case the money available with them is less they are more inclined to rational parental influence because in that case they have to depend on their parents to buy things.

Baldassarre, F & Campo, R (2015) concluded that there is strong relationship between children exposure to television and their propensity to request. The parents feel guilty for not spending much time and neglecting the child and they compensate this by agreeing to the request made by the child.

Buijzen and Valkenburg (2000) confirms in their study that children who watch more television are more likely to ask for the advertised products.

Yukti Ahuja (2018) conducted a study on children in the age group of 8-12 years of age to analyze the influence of reference group, media and individual factors on purchase intention. Family has the highest influence on the children. Teachers also have relatively high influence on kids. But as far as purchase intention is concerned siblings influence and peer influence has the most impact on the children.

Yukti Ahuja (2018) found in her study that the internet has the highest influence on the purchase intention of kids in the age of 8-12 years. Television influence was found to be comparatively lower.

Deval Godhani (2012) With regard to source of information for the children friends and peers are the most important source of information for children followed by advertisement. Family members are another important source. Internet also has major role to play as a source of information for children.

OBJECTIVES

1. To find out the most important source of information for children.
2. To analyse whether the source of information vary by the age of the child.
3. To analyse whether the source of information vary by the gender of the child.
4. To analyse the source of information in case of 11 categories of child- centric products.

RESEARCH METHODOLOGY

The study was conducted on parents having children in the age group of 6-12 years. The method used for collection of data was questionnaire method which was filled by either of the parent (mother/father). The sample size for study was 102. The sampling technique used by convenience sampling. The area of study was metro city Delhi.

FINDINGS

The reliability of the data was checked by using Cronbach's alpha which is measure of internal consistency. The alpha value came out to be 0.793 which is acceptable. The same has been shown in Table 1 below

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.793	11

Demographic profile

The children for the study was in the age group of 6-12 years of age. The age wise detail of the children are shown in table 2. There were 22 children of 6 years of age, 12 of 7 years, 17 of 8 years, 21 of 9 years, 12 of 10 years, 8 of 11 years and 10 children of 12 years of age. Both girls and boys were considered for this study. The total number of girls for study were 52 and total number of boys were 50 as shown in table 3. The birth order of the child for study is also shown in table 4 below.

Table 2: Age of the Child

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6 years	22	21.6	21.6	21.6
	7 years	12	11.8	11.8	33.3
	8 years	17	16.7	16.7	50.0
	9 years	21	20.6	20.6	70.6
	10 years	12	11.8	11.8	82.4
	11 years	8	7.8	7.8	90.2
	12 years	10	9.8	9.8	100.0
	Total	102	100.0	100.0	

Table 3: Gender of the Child

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Girl	52	51.0	51.0	51.0
	Boy	50	49.0	49.0	100.0
	Total	102	100.0	100.0	

Table 4:Birth Order of the Child

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Youngest	32	31.4	31.4	31.4
	Middle One	1	1.0	1.0	32.4
	Eldest	32	31.4	31.4	63.7
	Single Child	37	36.3	36.3	100.0
	Total	102	100.0	100.0	

Family purchase decision

There are three ways in which purchase decisions are made- Children can make independent decision, family make consensual decision or parents make all decision. For our study their role was only considered for child-centric products that would be finally used by children. About 20.6% of the respondents make independent decision. In case of 16.7% of the cases parents make all the decisions. Parents play a very important role in deciding what the child will buy or not buy. Family make consensual decision in case of 62.7 % of the cases. This highlights the role of children in purchase decision. Consensual decision is when there is agreement among family members (parents and child) about the product to be purchased. Their opinions and are taken into consideration while purchasing the child-centric products. Table 5 cross tabulation of age of the child and the family purchase decision. There were 17 cases where parents make all the decision. Out of these 15 children were in the age of 6-8 years and only 2 in age group of 9-12 years. Child as young as 6 years are also taken into consideration for making purchase decision as shown in table 5 where in case 14 children in age of 6 years family make consensual decision.

Table 5: Age of the Child * Family Purchase Decision Crosstabulation

Count

		Family Purchase Decision			Total
		Children make independent decision	Family make consensual decision	Parents make all decision	
Age of the Child	6 years	3	14	5	22
	7 years	1	6	5	12
	8 years	1	11	5	17
	9 years	2	18	1	21
	10 years	5	6	1	12
	11 years	3	5	0	8
	12 years	6	4	0	10
Total		21	64	17	102

Source of Information for children

Children spend lot of time glued to television, watching videos on mobiles, laptops or playing games.

They also interact with their friends and school friends on almost daily basis. The parents also take their children out for shopping and they have access to the information about the products available in the market. Family is the first point of contact for them. They start observing the parents purchase behaviour from the age as young as 6 months (McNeal, 2007). When asked about the most important source of information for children retail store were found to be the most important source (27.5%), followed by family (18.6%), friends (16.7%), television (15.7%), internet (13.7%), school (7.8%). This become even more important for retailers to give proper and complete information to the children.

Table 6: Most Important Source of Information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Television	16	15.7	15.7	15.7
	Family	19	18.6	18.6	34.3
	Friends	17	16.7	16.7	51.0
	School	8	7.8	7.8	58.8
	Retail Store	28	27.5	27.5	86.3
	Internet	14	13.7	13.7	100.0
	Total	102	100.0	100.0	

Age of the child and source of information

H1: There is significant difference between the age of the child and the source of information for them.

This hypothesis was tested using one-way ANOVA. The significance value is .000 which is below 0.05 and therefore we accept H1. It means that there is statistical difference between the age of child and the most important source of information for them.

Table 7: ANOVA

Most Important Source of Information

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	104.561	6	17.427	8.499	.000
Within Groups	194.782	95	2.050		
Total	299.343	101			

Gender of the child and source of information

H2: There is significant difference between the gender of the child and the source of information for them.

To understand whether the most important source of information vary by the gender of the child. One-way ANOVA result as shown in table 8 shows that the significance value is above 0.05 which means that there is no statistical difference in the gender of the child and the most important source of information for them.

Table 8: ANOVA

Most Important Source of Information

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.954	1	3.954	1.339	.250
Within Groups	295.389	100	2.954		

Total	299.343	101			

Source of information in case of selected child-centric products

The table 9 and 10 shows the most important source of information in case of 10 categories of child-centric product. Television is the most important source in case of beverages. Family play very important role as a source of information in case of eating out. Most of the information about games parlour, stationery and sports items comes from friends. Friends are also important in case of information about toys/games (30.4%). In case of stationery items school has a major role to play. Children normally demand the stationery items their schoolmates bring to school. Retail store has a very major role to play. It is considered to be the most important source in case of toys/games, gift items, clothes, confectionery, stationery and accessories. Internet is used for getting information in case of toys, gift items, games parlour, clothes and accessories.

Table 9: Source of Information for Child-Centric Products

Product/Source of Information	**Toys/ Games**	**Gift Items**	**Eating Out**	**Beverages**	**Games Parlour**
Television	2.0	0.0	12.7	29.4	8.8
Family	15.7	37.3	72.5	43.1	4.9
Friends	30.4	13.7	2.0	2.9	46.1
School	2.0	1.0	0.0	1.0	0.0
Retail Store	48.0	46.1	12.7	23.5	36.3
Internet	2.0	2.0	0.0	0.0	3.9
Total	100.0	100.0	100.0	100.0	100.0

Table 10: Source of Information for Child-Centric Products

Product/Source of Information	**Clothes**	**Confectionery**	**Sports Items**	**Stationery**	**Accessories**
Television	8.8	12.7	2.0	0.0	8.8
Family	25.5	29.4	13.7	7.8	11.8
Friends	9.8	9.8	47.1	31.4	28.4
School	0.0	0.0	1.0	24.5	0.0
Retail Store	51.0	47.1	35.3	36.3	48.0
Internet	4.9	1.0	1.0	0.0	2.9
Total	100.0	100.0	100.0	100.0	100.0

CONCLUSION

Children are now being targeted by marketers as separate segment. They have information about the market. They also gather information through the various socialization agents. Each agent has a specific role to play. The marketers need to understand how the children gain information about the various child-centric products so that accordingly they can make plans to send across the information to the children. Family and friends have very important place in the life of child as consumer. They trust and get influenced by friends easily. Internet usage is also increasing among the children and they also have knowledge about the online shopping sites and also ask their parents to buy product online. So marketer have to make promotional plans in such a way that they are able to reach children in the right manner. Retail stores are very important source of information for children and have over-powered the other sources. So marketers must focus on providing information to the children via retail stores. This source become even more important these days because the frequency of children going out for shopping with parents has increased and they participate in the family purchase decision.

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28.

DETERMINANTS OF DEBT MATURITY IN INDIAN CORPORATE SECTOR

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ABSTRACT

The debt maturity literature establishes that the agency cost hypothesis, signalling hypothesis, liquidity risk hypothesis, matching hypothesis, and tax hypothesis jointly determine debt maturity in corporate sector. Using panel OLS regression methodology on panel data of 308 firms drawn from BSE 500 for 10 years spanning 2007 to2017, this research examines comprehensively the determinants of debt maturity in the Indian corporate sector. The growth option, firm size and leverage have significant impact on the debt maturity decisions. However, the research finds that the firm quality, corporate tax rate and asset variance are not important determinants of corporate debt maturity. The regression results establish that the debt maturity decisions are influenced by agency cost hypothesis and maturity matching hypothesis. Conversely, the research findings fail to establish that the debt maturity principles such as the signalling hypothesis, liquidity risk hypothesis and tax hypothesis determine the debt maturity in the Indian corporate sector.

KEYWORDS

Corporate Finance, Debt Maturity, Capital Structure, Leverage, Information Asymmetry

INTRODUCTION

Debt maturity - the composition of short-term and long-term debt in the capital structure of a firm, is a significant financial decision, which can magnify the risk-return profile of the shareholders and market value of the firm. The debt maturity choice is not only a device for magnifying the market value of the firm by increasing the interest tax shield of debt but also a strategic tool for mitigating agency conflicts, information asymmetry and liquidity risk. Therefore, the extant literature on debt maturity establishes that agency cost hypothesis, signalling hypothesis, liquidity risk hypothesis, matching hypothesis, and tax hypothesis rationally determine the debt maturity decisions in corporate sector.

Agency cost hypothesis suggests that debt maturity is one of the instruments that firms extensively exploit to mitigate the agency problems caused by conflicts of interest between shareholders and bondholders over exercising growth option including underinvestment and risky asset substitution. (Jensen and Meckling (1976), Myers (1976), Smith and Warner (1979)) The modern financial markets are characterized by the information asymmetry, which creates informational differences between markets and corporate managers. If the managers are systematically informed about the quality of the firm, they will issue the type of securities that market overvalues most. Hence, the debt maturity choice is a signalling mechanism and insider’s valid signal to the asymmetrically informed market about the quality of firms. (Flannery (1986), Diamond (1991), Barnea, Haugen, and Senbet (1980))

The liquidity risk hypothesis establishes that debt maturity choice of a firm is the result of a trade-off between the borrowers’ preference for short-term debt due to asymmetric information and liquidity risk. Therefore, debt maturity is non-monotonically related to credit risk; borrowers with highest and lowest credit rating prefer short-term debt than the borrowers with intermediate ratings. (Diamond (1991), Flannery (1986), and Goel and Wang (2009)) The matching hypothesis is based on the conventional maxim of matching maturity of assets and liabilities, where long-term assets are financed with long-term debt and short-term assets are financed with short-term debt. The maturity matching is a hedging and risk management mechanism that reduces the cost of financial distress and bankruptcy risk due to the non-synchronization of cash inflows and outflows from the assets. The empirical literature also establishes that the maturity matching is a strategic device for mitigating agency cost problems, information asymmetry and liquidity risk. (Morris (1976), Myers (1977))

The trade-off theories envisage that optimum debt maturity of a firm is determined by the trade-off between the tax advantages of debt, and the cost of bankruptcy and financial distress. (Brennan and Schwartz (1984), Kane, Marcus and McDonald (1985), and Brick and Ravid (1985)) The tax hypothesis proposes that the market value of the firm can be augmented by adopting appropriate recapitalization strategies during high asset volatility by harnessing the prevailing corporate tax rate and term structure of interest rate. As a result, the corporate tax rate, term structure of interest rate and asset variance are important determinants of corporate debt maturity.

The debt maturity literature postulates that the agency cost hypothesis, signalling hypothesis, liquidity risk hypothesis, matching hypothesis, and tax hypothesis determine the debt maturity decisions in organizations. However, these theoretical models and empirical evidences on debt maturity principles are largely based on the corporate experience of developed economies. Since, the magnitude of the economic parameters varies from developed to developing and under developed economies, the generalization of the debt theories and models have become meaningless and irrelevant. Hence, the main objectives of this research is to find out the determinants of debt maturity and empirically verify the debt maturity principles in Indian corporate sector.

This research paper is organized into six sections. The first section gives an over view of the research. The second section provides review of literature. The third section explains the objectives and research methodology. The fourth section empirically investigates the determinants of debt maturity. Fifth section discuss the findings of the study and the Sixth section concludes the research.

LITERATURE REVIEW

This section presents a review of the major research works on the debt maturity, which brings out the theoretical explanations and empirical evidences on corporate debt maturity.

1. DEBT MATURITY

The debt maturity may be broadly defined as the composition of short-term and long-term debt in the debt capital structure of firms. This paper has adopted balance sheet approach as suggested by Barclay and Smith (1995), Johnson (2003), Deesomsak, Paudyal, Pescetto (2005) for measuring the debt maturity. The debt maturity (DEBTMAT) has been defined as the ratio of long-term debt (LTD) to total debt (TD). The long-term debt is the debt that maturing in more than one year, excluding that portion of long-term debt matures in current year.

$$DEBTMAT = \frac{Long\ Term\ Debt\ (LTD)}{Total\ Debt\ (TD)} \qquad (1)$$

2. AGENCY COST HYPOTHESIS

The corporations are characterized by agency principal relationship among various stakeholders. The separation of ownership and management in corporations lead to conflict of interests between managers and shareholders, and bondholders and shareholders, Jensen and Meckling (1976). The conflict of interests between the stockholders and bondholders over the exercise of growth options are greater for smaller firms with more growth option in the investment opportunity set. Hence, the empirical literature has identified two proxies, growth options (GROWTH) and firm size (SIZE) for representing agency cost problems. Myers (1977) suggests that the conflicts of interest between bondholders and stockholders over the exercise of the growth option can be mitigated by employing low level of leverage or shortening the maturity of debt. The agency cost hypothesis predicts that debt maturity and growth option are inversely related. The growth option is proxied to the ratio of market value of assets to book value of assets (MV/BV). The market value of the assets is estimated as the book value of the assets plus the difference between the market value and book value of the equity shares.

$$GROWTH = \frac{Market\ \ Value\ of\ Asset\ (MV)}{Book\ Value\ of\ Asset\ (BV)} \qquad (2)$$

H1: Debt maturity is inversely related to growth options

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The empirical hypothesis suggests that debt maturity is directly related to firm size. The firm size is measured as the natural logarithm of the sales value.

$$Firm\ Size(SIZE) = Natural\ Log\ of\ Sales \qquad (3)$$

H2: debt maturity is positively related to firm size

3. SIGNALING HYPOTHESIS

The financial markets across the world are subjected to asymmetric information and the information asymmetry results in moral hazard problems, adverse selection, and high transaction cost. Leland and Pyle (1977) and Ross (1977) suggest that the managers would adjust the firm’s debt maturity to signal their assessment about the true firm quality in an asymmetrically informed financial market. Flannery (1986) establishes that the debt maturity choice of a firm is an appropriate and valid signal of the insiders’ information about the firm quality to the asymmetrically informed market. The empirical research hypothesis is that the debt maturity is inversely related to firm quality. The abnormal future earnings or the firm QUALITY is the proxy for insiders’ information about the firm quality. Firm quality is estimated as the difference between the earnings per share in current year (t+1) and previous year (t), and divided by previous year’s (t) share price.

$$Firm\ Quality = \frac{EPS_{t+1} - EPS_t}{SP_t} \qquad (4)$$

H3: Debt maturity is inversely related to firm quality

4. LIQUIDITY RISK HYPOTHESIS

Diamond (1991) argues that the choice of debt maturity trades-off the borrower’s preference for short-term debt due to private information about future credit ratings and liquidity risk. The short-term debt creates liquidity risk to the borrower because the lender may refuse to rollover the debt if bad news arrives and forces them into inefficient liquidation. The liquidity risk prevents borrowers from using short-term debt because under the premature liquidation borrowers would lose control over the future cash inflows. The good borrowers with high liquidity risk choose long-term debt even though they expect favourable information about the quality at the time of refinancing. The low rated borrowers may have no option but to choose short-term debt, despite the incentives for inefficient liquidation that it gives to lenders. Diamond establishes that debt maturity and credit risk are non-monotonically related and firms with highest and lowest credit ratings prefer to issue short-term debt and firms with intermediate ratings issue long-term debt. The empirical prediction is that debt maturity is inversely related to liquidity risk. Liquidity risk is measured as the ratio of current asset (CA) and Current Liabilities (CL)

$$\text{Liquidity risk} = LIQUIDITY = \frac{Current\ Asset\ (CA)}{Current\ Liabilities\ (CL))} \qquad (5)$$

H4: Debt maturity is inversely related to Liquidity risk

5. MATCHING HYPOTHESIS

Morris (1976) argues that firms adopt matching strategy by which the maturity of the debt is approximately matched to the maturity of the assets in the expectation that the cash flows generated by the assets will be sufficient to service debt and retire debt at the end of asset’s life. The maturity matching is like a hedging policy by which debt maturity is approximately matched with the life of the asset. Myers (1977) argues that maturity matching is an effective strategy to mitigate agency cost problems due to the conflict of interests between debtholders and stockholders by ensuring the debt repayments are scheduled corresponding with the decline in the value of asset in place. The matching principle ensures that the debt repayments shall be due according to the decline in the asset value. Thus, the maturity matching can reduce the risk of non-synchronization of cash outflows and inflows and it is a form of hedging that reduces the expected cost of financial distress.

The empirically testable research hypothesis is that debt maturity is directly related to asset maturity. The asset maturity (ASSETMAT) is the proxy to represent matching hypothesis. The ASSETMAT is equal to the value of net property, plant, and equipment (PPE) divided by annual depreciation expense (DEP).

$$Asset\ Maturity = \frac{Plant,\ Property,\ Equipment\ (PPE)}{Depreciation\ (DEP)} \qquad (6)$$

H5: debt maturity is directly related to asset maturity

6. TAX HYPOTHESIS

Corporate Tax Rate (TAXRATE): Kane, Marcus, and McDonald (1985) suggest that the optimum debt maturity involves a trade-off between the tax advantage of debt, bankruptcy cost, and flotation cost. As the higher transaction cost associated with the debt issue, the firm requires more time to amortize the debt flotation cost that gives greater optimum maturity structure. Because at lower corporate tax advantage, longer maturity is required to amortize flotation cost incurred in issuing debt. Thus, the firms lengthen debt maturity as the tax advantages of debt decreases to ensure that remaining tax advantage of debt and net bankruptcy costs is not less than amortized flotation cost. The empirical hypothesis that tax rate and debt maturity are inversely related. The tax rate is measured as the ratio of the tax paid to taxable income.

$$Tax\ Rate = \frac{Tax\ Paid\ (TP)}{Pre\ Tax\ Income\ (PTI)} \qquad (7)$$

H6: Debt maturity is negatively related to tax rate

Asset Variance (ASSETVAR): Kane, Marcus, and McDonald (1985) demonstrate that the optimum debt maturity is inversely related to the volatility of firm value. The decreasing firm value volatility reflecting the fact that with less volatile the asset variance the firms rebalance their capital structure less frequently. A low variability in firm value causes firms to avoid rebalancing their capital structure frequently due to the concerns about expected bankruptcy costs. (Ju and Yang (2006)) The empirically testable research hypothesis is that debt maturity is inversely related to asset variability. The asset variability (ASSETVAR) is proxied to the standard deviation of the earnings before interest and taxes and depreciation and amortization (EBITDA), scaled by the average book value of asset (BV).

$$Asset\ Variance = \frac{\sigma\ EBITDA}{Average\ Book\ Value\ of\ Assets\ (BV)} \qquad (8)$$

H8: Debt maturity is negatively related to asset variance

7. LEVERAGE

The capital structure theories establish that the optimal capital structure and optimal leverage of a firm is determined by the trade-off between the interest tax shields of debt and the higher bankruptcy cost. The empirical studies on the determinants of debt maturity have treated leverage as control variable while determining the debt maturity. This is especially important when dealing with tax effect, because cross-sectional differences in leverage and associated debt tax shields may accompany cross sectional difference in debt maturity, Stohs and Mauer (1996). Hence, researchers control for this effect by including measure of leverage in the empirical studies. The empirically testable research hypothesis is that debt maturity is positively related to leverage. Leverage is measured as the ratio of total debt to market value of the firm.

$$Leverage = \frac{Total\ Debt\ (TD)}{Market\ Value\ of\ Firm\ (MV)} \qquad (9)$$

H5: Debt maturity is directly related to leverage

OBJECTIVES AND RESEARCH METHODOLOGY

The main objectives of this research is to find out the determinants of debt maturity and empirically validate the debt maturity principles such as the agency cost hypothesis, signalling hypothesis, liquidity risk hypothesis, matching hypothesis, and tax hypothesis in Indian corporate sector. The empirical investigation of the determinants of corporate debt maturity is purely based on secondary data.

The data have provided by the PROWESS - Centre for Monitoring Indian Economy (CMIE). The sample is drawn from the BSE 500 index, which represents nearly 93% of the total market capitalization on Bombay Stock Exchange (BSE) and represents 20 industries. The financial firms and firms with missing observations during the sample period are excluded. The actual span of the study is confined to 10 years from 2007 to 2017. The research is primarily based on panel data and the panel data has been created by pooling cross-section and time series data. The final sample has 308 observations for cross section and 3080 observations for panel data.

The Ordinary Least Square (OLS) regression methodology is adopted for the econometric modelling of the determinants of debt maturity in Indian corporate sector. The fixed effect regression method is used for data analysis and interpretation of the result of the determinants of debt maturity. The general formulation of the within effect fixed effects linear panel data model is given below:

$$Y_{it} = \alpha_i + \beta_1 X^t{}_{it} + \varepsilon_{it} \qquad i = 1, 2, \ldots\ldots\ldots, N. \quad t = 1, 2, \ldots\ldots\ldots, T. \qquad (1)$$

where,

Y_{it} = *dependent variable,*

α_i = *unobservable time invariant individual fixed effects,*

X_{it} = *explanatory variable,*

β_1 = *regression parameter,*

ε_{it} = *disturbance term.*

This research has identified 8 explanatory variables for studying debt maturity in the Indian corporate sector. The dependent variable is debt maturity (DEBTMAT). The explanatory variables are the growth option (GROWTH), firm size (SIZE), firm quality (QUALITY), liquidity risk (LIQUIDITY), asset maturity (ASSETMAT), tax rate (TAXRATE), term structure (TERM), asset variance (ASSETVAR), and leverage (LEVERAGE).

The basic regression model is given below:

$$DEBTMAT = \alpha + \beta_1(\frac{MV}{BV}) + \beta_2(SIZE) + \beta_3(\frac{EPS_{t+1}-EPS_t}{SP_t}) + \beta_4(LIQUIDITY) +$$
$$\beta_5(\frac{PPE}{DEP}) + \beta_6(\frac{TP}{PTI}) + \beta_7(\frac{\sigma\, EBITDA}{MV}) + \beta_8(\frac{TD}{MV}) + u_i \quad (2)$$

OR

$$DEBTMAT = \alpha + \beta_1(GROWTH) + \beta_2(SIZE) + \beta_3(QUALITY) + \beta_4(LIQUIDITY) +$$
$$+ \beta_5(ASSETMAT) + \beta_6(TAXRATE) + \beta_7(ASSETVAR) + \beta_8(TERM)$$
$$+ \beta_{90}(LEVERAGE) + u_i$$

where,

DEBTMAT =debt maturity ,

α = *intercept,*

β= *coefficients for independent variables,*

u_i= *disturbance term.*

The presence of autocorrelation, heteroscedasticity and cross sectional dependence in panel data are tested by applying Wooldridge test, modified Wald test and Pesaran Cross-sectional dependence (CD) test respectively. This paper has used a non-parametric covariance matrix estimator Driscoll and Kray standard errors that produce heteroscedasticity consistent standard errors, which are robust to very general forms of spatial and temporal dependence. (Hoechle and Basel (2008)) The Hausman test is used for deciding between the random effect regression and fixed effect regression for analysis of data. The Hausman test concludes that the fixed effect regression is the appropriate method for data analysis.

ANALYSIS OF RESULTS

This section is designed to test the empirical research hypothesis on determinants of debt maturity in Indian corporate sector through the panel OLS regression analysis. This section is divided into descriptive statistics, correlation analysis, regression analysis and discussion of empirical findings.

Descriptive Statistics

The descriptive statistics, such as mean, median, standard deviation, minimum, and maximum are used to explain the basic characteristics of both dependent variable and independent variables. Table 1 contains descriptive statistics for panel data on dependent variable and independent variables for 323 firms for 10 years during the period 2007 to 2017.

TABLE 1

Descriptive Statistics of Corporate Debt Maturity for the period 2007-2017

Variables	Mean	Std. Dev.	Minimum	Maximum
DEBTMAT	.3492878	.3153512	0	0.9998
GROWTH	3.857062	4.477306	-6.1	50.72
SIZE	10.06702	1.44307	5.17	15.43
QUALITY	.1088734	.356203	-.89	3.69

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LIQUIDITY	1.555029	1.099624	.05	13.24
ASSETMAT	11.18119	5.985381	.38	55.95
TAXRATE	.2400422	.2887715	-5.11	9.48
ASSETVAR	.6820405	.1743616	0	1.2928
LEVERAGE	.2041623	.1816446	0	1.59

Source: Centre for Monitoring Indian Economy (CMIE) 2007-2017

Table 1 reveals that the debt maturity recorded mean value of 0.349 with a standard deviation of 0.315 during the period 2007 to 2017. The debt maturity has recorded high volatility across the firms. This reflects the fact that approximately 32% of the debt has maturity more than one year and the debt maturity has recorded high volatility across the firms. Indian corporate sector is characterized by moderate level of debt maturity. The mean and standard deviation of growth option (GROWTH) are 3.85 and 4.47 respectively. The high dispersion around the mean growth option explains that Indian firms have valuable investment options and subject to potential underinvestment problems as predicted by the agency cost hypothesis. The mean and median values of firm size (SIZE) are 6.86 and 6.79, with a standard deviation of 1.50, show the low dispersion of firm size around the mean.

The firm quality (QUALITY) has recorded mean and standard deviation 0.1088 and 0.356, respectively. This indicates the incidence of high variation in the future abnormal profit across the firms. The mean value of asset maturity (ASSETMAT) is 11.18 with a standard deviation of 5.985 explain that asset maturity varies widely across the sample companies. Since, the sample is composed of small, medium, and large companies representing 19 different types of industries a wide disparity in the asset maturity across the firms is not a surprise.

The mean tax rate (TAXRATE) is 0.2400 with a standard deviation of 0.2887. The result establishes that the Indian companies are subjected to high rate of taxation. The mean and standard deviation of asset variance (ASSETVAR) are 0.682 and 0.174, respectively. The low levels of dispersion around the mean asset variability reflect the fact that Indian corporate sector uses more long-term debt in the capital structure as compared to short-term debt. The value of mean for leverage (LEVERAGE) is 0.204 and standard deviation of 0.181. This shows the existence of large variation in the proportion of debt in the capital structure of sample firms.

Correlation Analysis

Table 2 presents Pearson's correlation coefficients, which establishes the nature of relation between the debt maturity and the independent variables, growth option (GROWTH), firm size (SIZE), firm quality (QUALITY), bond ratings (BOND and SQBOND), asset maturity (ASSETMAT), tax rate (TAXRATE), term structure (TERM), and asset variance (ASSETVAR).

TABLE 2

Pearson's Correlation Matrix of dependent variable and independent variables for the period 2007-2017.

VARIABLES	DEBTMAT	GROWTH	SIZE	QUALITY	LIQUIDITY	ASSETMAT	TAXRATE	ASSETVAR	LEVERAGE
DEBT MAT	1.00								
GROWTH	-0.1658*	1.00							

FIRM SIZE	0.1647*	0.0502*	1.00						
QUALITY	-0.0057	-0.0160	-0.1225*	1.00					
LIQUIDITY	-0.2035*	0.0173	-0.0781*	-0.0243	1.00				
ASSETMAT	0.1873*	-0.1490*	0.0691*	-0.0183	-0.1673*	1.00			
TAX RATE	-0.0323	0.0382*	0.0604*	-0.0035	0.0205	-0.0484*	1.00		
ASSET VAR	0.1873*	-0.1601*	0.0743*	-0.0406*	-0.0852*	0.0565*	0.0019	1.00	
LEVERAGE	0.3553*	-0.2942*	0.0376*	0.0418*	-0.0614*	0.2400*	-0.0614*	0.1013*	1.00

Source: Centre for Monitoring Indian Economy (CMIE) 2007-2017

**Significant at 5% level*

Table 2 shows the correlation coefficient on DEBTMAT and GROWTH (-0.1658*), which is significant and negative. The significant correlation coefficient on growth option strongly supports the research hypothesis that debt maturity and growth option are inversely related. The correlation coefficient on DEBTMAT and SIZE (0.1647*) is positive and significant. The insignificant correlation between debt maturity and firm size summarily accept the empirical research hypothesis that debt maturity positively relates to firm size. The correlation coefficient on DEBTMAT and QUALITY (-0.0057) is negative but insignificant. The positive and insignificant coefficient on firm quality and debt maturity rejects the empirical research hypothesis that debt maturity inversely relates to firm quality. The correlation between LIQUIDITY and DEBTMAT (-0.2035*) is significantly negative. The negative and significant correlation between liquidity risk and debt maturity indicates that the firms with higher credit risk use more short-term debt and firms with lower credit risk use more long-term debt. The correlation coefficient between the DEBTMAT and ASSETMAT (0.1873*) is significant and positive that strongly supports the empirical research hypothesis that debt maturity directly relates to asset maturity. The correlation coefficient on DEBTMAT and ASSETVAR (0.1873*) is positive and significant. The significant correlation coefficient between debt maturity and asset variance is against the direction of the empirical research hypothesis that optimum debt maturity inversely relates to asset variance. The correlation coefficient between DEBTMAT and LEVERAGE (0.3553*) is positive and significant. The positive correlation between DEBTMAT and LEVERAGE strongly supports the empirical research hypothesis that debt maturity and leverage directly relates.

Regression Analysis

Table 3 presents the results on determinants of debt maturity from the Fixed Effect Regression and Random Effect Regression specifications. The first column of the table lists the independent variables, and second column displays the hypothesized sign for the coefficient estimates and rest of the columns display the regression coefficients and standard error for fixed effect regression and Random Effect

Regression. The fixed effect regression and random effect regression coefficients with auto-correlation, heteroscedasticity and cross-sectional dependence consistent Driscoll-Kraay standard errors and t-statistics are reported in parentheses.

Table 3

Pooled OLS, Fixed Effect Regression and Random Effect Regression on Debt Maturity and Independent Variables for 323 Firms during the Period 2007-2017

Independent Variable	Hypothesized Sign	Fixed Effect Regression	Random Effect Regression
GROWTH	-	-.00609209* (.00245666)	-.00589361* (.00235652)
SIZE	+	.03239692*** (.00956455)	.03318469*** (.00896666)
QUALITY		-.04821105 (.02546616)	-.0019549 (.01116457)
LIQUIDITY	-	-.0179339 (.01045498)	-.01734921 (.01046276)
ASSETMAT	+	.00460006* (.00199094)	.00466527* (.00199181)
TAXRATE	-	-.0154098 (.02403573)	-.01677186 (.0245586)
ASSETVAR	-	-.09701633 (.05388275)	-.09255762 (.0537139)
LEVERAGE	+	.49171313*** (.06486604)	.49056984*** (.06518246)
INTERCEPT		-.00217374 (.1152702)	-.02002479 (.10864975)
R^2		.6092	.6092
F		19.03	152.66 (Wald □2)
N		3080	3080

Source: Centre for Monitoring Indian Economy (CMIE) 2007-2017

* *Significant at 10% level, ** Significant at 5% level, *** Significant at 1% level*

1. Agency Cost Hypothesis

(1) Growth Option (GROWTH): Table 3 shows that the estimated coefficient on GROWTH option in fixed effect regression is significant and negative. The significant and negative coefficient on GROWTH support the agency cost hypothesis that debt maturity and growth option are inversely related and firms with high growth options borrow short-term debt to mitigate agency cost problems including risky asset substitutions and underinvestment. This research finding is consistent with the arguments of Stohs and Mauer (1996), Alcock, Finn and Tan (2008), Jensen and Meckling (1976) and Myers (1977) debt maturity is an effective strategy for mitigating the agency problems.

(2) Firm Size (SIZE): Table 3 shows that firm SIZE has positive and statistically significant impact on the corporate debt maturity. The coefficient estimate on firm SIZE is positive and significant in the fixed effect regression, which strongly support the empirical hypothesis that firm size and debt maturity are positively related. The findings on firm size is consistent with the agency cost hypothesis, that smaller firms tend to have more growth option and more likely to experience conflict of interest between shareholders and debtholders and the debtholders tend to reduce the risk of lending to smaller firms by restricting the length of debt maturity.

2. Signalling Hypothesis

Firm Quality (QUALITY): Table 3 indicates that the firm quality is negative but has insignificant impact on the corporate debt maturity. The insignificant coefficient estimate on QUALITY in fixed effect regression repudiates the empirical research hypothesis that debt maturity inversely relates to firm quality. Insignificant coefficient on firm quality rejects the arguments of Flannery (1986) that the debt maturity choice of firm is valid signal of insider’s information about firm quality to the asymmetrically informed market.

3. Liquidity Risk Hypothesis

Liquidity Risk (LIQUIDITY): Table 3 presents the regression results on debt maturity and liquidity risk. The coefficient estimate on LIQUIDITY in fixed effect regression is significant and negative, which summarily reject the research hypothesis that liquidity risk and debt maturity are inversely related and that firms with highest credit risk issue more long-term debt and firms with lowest credit risk issue more short-term debt in the capital structure. This empirical finding is inconsistent with the liquidity risk hypothesis of Diamond (1991) that the debt maturity non-monotonically relates to credit risk.

4. Matching Hypothesis

Asset Maturity (ASSETMAT): Table 3 indicates that the estimated coefficient on asset maturity (ASSETMAT) is significant in fixed effect regression. The significant coefficient on ASSETMAT is consistent with the empirical research hypothesis that debt maturity positively relates to asset maturity. The research findings on matching hypothesis support the arguments of Morris (1976), Myers (1977) and Barclay and Smith (1995) that maturity matching is not only a hedging and risk management mechanism that can safeguard the firms from the bankruptcy risk but also an effective investment strategy for reducing agency cost problems.

5. Tax Hypothesis

(1) Corporate Tax Rate (TAXRATE): Table 3 shows the coefficient estimate on TAXRATE is insignificant and negative in fixed effect regression. The insignificant coefficient on tax rate repudiate the empirical hypothesis that debt maturity inversely relates to corporate tax rate. The research findings on tax rate invalidate the arguments of Kane, Marcus, and McDonald (1985) and Ju and Yang (2006) that the optimum debt maturity involves a trade-off between the tax advantages of debt and the cost of bankruptcy and debt issue flotation cost.

(2) Asset Variance (ASSETVAR): The estimated coefficient on ASSETVAR is statistically significant and negative, which strongly validates the empirical hypothesis that debt maturity and asset variance are inversely associated. The research findings on asset variance strongly reject the arguments of Wiggins (1990) that the higher firm value volatility induces firms to lengthen the debt maturity; the tax deductibility of default premium on debt increases with maturity and the tax shield of interest payments on long maturity debt is incrementally higher than that of short-term debt that can be earned before bankruptcy cost are faced at maturity.

6. Leverage: Table 3 shows that the estimated coefficient on LEVERAGE has statistically significant impact on the corporate debt maturity. The estimated coefficient on LEVERAGE is positive and statistically, which strongly support the empirical hypothesis that leverage is directly related to the debt maturity and the leverage and debt maturity are strategic mechanism to mitigate agency problems prevailing in corporate sector. (Jensen and Mackling (1976) Stohs and Mauer (1996), Venugopalan and Madhu (2014))

FINDINGS

The descriptive statistics establish that the Indian corporate sector is characterized by moderate level of long term debt maturity and approximately 32% of the debt has maturity more than one year. Findings on growth options and firm size explain that Indian firms have valuable investment options and are subjected to potential underinvestment problems as predicted by the agency cost hypothesis. Firm quality indicates the incidence of high variation in the future abnormal profit across the firms, which is a valid signalling mechanism about the quality of firms to outsiders. Similarly, Indian companies resort to high level of maturity matching of assets and liabilities as a safeguard against the probable bankruptcy. Descriptive statistics also prove that the Indian companies are subjected to high rate of taxation. The high asset volatility reflects the fact that companies employ more short-term debt in their capital structure. Findings on leverage show that the Indian companies employ approximately 20% debt in the capital structure. Person's correlation coefficients validate that growth option, firm size, liquidity risk, asset maturity, asset variance and leverage have significant correlation with debt maturity as predicted by the empirical hypothesis. However, the firm quality has no significant impact on the debt maturity.

The findings from regression analysis prove that the growth option, firm size, asset maturity, and leverage are determinants of debt maturity in Indian companies. This proves that Indian companies are subjected to high level of agency problems and debt maturity is an effective mechanism to mitigate the agency problems. However, the firm quality, corporate tax and asset variance have no significant influence on the corporate debt maturity decisions. The research findings prove that the agency cost hypothesis and matching hypothesis determine debt maturity decision. On the contrary, this research could substantiate that the signalling hypothesis, liquidity hypothesis and tax hypothesis jointly determine the debt maturity decision in Indian corporate sector.

CONCLUSION

The debt maturity literature establishes that corporate debt maturity structure is determined by of agency cost hypothesis, signalling hypothesis, liquidity risk hypothesis, matching hypothesis and tax hypothesis. This research paper empirically examines the determinants of debt maturity in the Indian corporate sector by using OLS regression methodology on panel data of 308 firms drawn from BSE 500 for 10 years spanning 2007 to 2017. The findings from regression analysis prove that the growth option, firm size, asset maturity and leverage are the important determinants of debt maturity. However, the firm quality, corporate tax and asset variance have no significant influence on the corporate debt maturity decisions. The research findings empirically prove that the agency cost hypothesis and matching hypothesis determine debt maturity decision. Moreover, the findings also lead to the conclusion that the signalling hypothesis, liquidity hypothesis and tax hypothesis have no influence on the debt maturity decision in Indian corporate sector.

LIMITATION

The main limitation of the research stems from the scope of the study. The debt maturity literature advocates that the corporate debt maturity be determined jointly by several country and firm specific factors. This paper has restricted the scope of the research to empirically testable and verifiable five principles of debt maturity in Indian corporate sector using the most commonly used proxies as variables.

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