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OORJA

the International Journal of Management and IT is a double blind reviewed publication of the International School of Informatics & Management Technical Campus, Jaipur. It is dedicated to the dissemination of the concepts and ideas of modern day Management and IT thereby stimulating academic fervor and search for knowledge amongst practicing managers and encouraging applied and theme-based field research in the area of Management and IT across the globe. The Journal seeks to embody the spirit of enquiry and innovation to augment the richness of existing Management and IT literature and theories. It is our humble effort to provide a meeting ground, a common platform and an open house for researchers, practitioners and academicians to share their vast repository of knowledge and information across the world.

"OORJA". is an incredibly potent term, Meaning 'energy' in Sanskrit, "OORJA" is also the name of a Vedic deity, who in many ancient and modern scriptures has been compared with Uzza (Shakti as Venus) in Arabic and Divine Energy in English. "OORJA", our Journal, signifies a confluence of diverse cultures and assorted intelligence to stir up the cerebral powers of its readers. It is envisaged to act as an energizer to replenish and refuel the reservoir of information, epitomizing the vigour and vitality that we aspire to infuse and inculcate in the process and progression of learning.

The Journal comprises a collection of research articles and papers as well as a section on reviews of new and existing publications.

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FROM THE DIRECTOR

If I sit down to read a book, it sometimes takes an alarmingly long time for my brain to inhabit into it. And I have to fight the urge to turn around on my phone every now and then until I settle with my book. Off late I have realized that my handwriting had deteriorated after too much use of a keyboard and when required to write longhand I find I am completely flummoxed by my inability to go back and rewrite and move words around which I can do when typing.

Is technology rewiring our Brains? Is Internet by any chance eroding our capacity for "Solitary single-minded concentration". Is the constant distraction of digital media damaging "creativity and deep thought" thereby interrupting our work and Family Life?

Many of us seem to be addicted to the Internet as collectively we spend almost 35 billion hours each month on web making us consume too much information simultaneously resulting in stress and reduced thinking speed and creative ability. Web addiction reduces the white matter in our brains, basically the transmitters responsible for our memory and sensory abilities. Does that mean we are exposing our brains to an environment and asking them to do things we weren't necessarily evolved to do?

Many search engines including Google are shifting our learning behavior that does not inevitably train our brains. Rather than storing the actual information we are finding, we simply learn how to find that information again when we need it. The bottom line of the current trend is that the impact of the Internet reduces our brain's ability to transmit emotional, sensory, memory and speech signals by almost 20 percent.

Scientists say juggling e-mail, phone calls and other incoming information can change how people feel and behave. Heavy Internet users are almost 2.5 times likely to be more depressed as compared to their counterparts. While many people say multitasking makes them more productive, research shows otherwise. Heavy multitaskers actually have more trouble focusing and shutting out extraneous information and they experience more stress.

As our bodies are shaped by the food we eat, our brains are shaped by what we put into them. It's not surprising that we're now more accustomed to reading short-form pieces, to accepting a Wikipedia summary, rather than reading a whole book. The claim that we're now thinking less is much more suspect. If we've lost something by not reading 10 books on one subject, we've almost certainly grown as much by being able to connect together ideas effortlessly from 10 diverse disciplines.

The saying goes, "Everything in moderation." The finest possibility for unwavering, if not prospering in, the "vitality and complexity" of the 21st Century is to unbolt our minds to an extensive range of interconnectivity. We should not over-react and utterly unplug so that we may live like pioneers again. It's not astonishing that we're struggling to find the right balance between online and offline life. It is not a new worry and so new etiquette and finest practices need to be developed to go along with the new reality.

Dr. Ashok Gupta
Director

EDITOR'S NOTE

The latest render down in midcap stocks has set alarm bells ringing. What could be the root for this abrupt thespian fall of many midcap stocks as off late they seemed to be on an unremitting upward swing?

The effortless answer that one could conjecture may be that apart from the overall fall in the markets in the case of most of these stocks, the promoters were concerned in one way or the other with stock market operations and in almost all cases overleveraging.

One of the reasons is that the promoters failed to pay when the financial companies that were on the go in lending against shares, started making margin calls. The finance companies blindly sold the shares pledged with them triggering further margin calls, and then a cascading round of selling. At the same time those midcaps with a moderately poor performance or with pitiable corporate governance have also been dragged down.

But not all midcaps were badly knocked. To be sure, in the stir several were dampened. But many that have sound business models, proficient operations and promoters who were not leveraged, have been impacted marginally.

In the Current Issue of OORJA, We are happy to present to our readers a mixed bag of portion of writings on topics as broad as "Timeliness of Financial Reporting: Evidences from Indian Power Industry" by B. Charumathi and R. Muralikrishnan to a Research bit on the "Reflection on Gaining Competitive Advantage through Employer Branding" by Dr. Pallavi Mehta.

The paper on "Key Attributes of successful Knowledge Management through Innovations: A study on Indian Automobile Industry" by Dr. K. K. Patra is indeed a good attempt towards providing a theoretical framework enabling a link between management, innovation, workplace relations and organizational practices. Dr. M. Sakthivelmurugan and Mr. V.R. Sridhar in their article on "Ethical Governance- Issues & Analysis- An Overview" highlight various issues involved in dealing with ethics in different dimensions of business. Dr. Rakesh Premi has presented an excellent analysis on the value created from the relationship between the parent and its business through his paper on "Corporate Parenting (Case in Context- Acquisition of Gillette by Proctor & Gamble)".

The paper on "Financial Decision using Accounting Concepts in the Context of Socio-Economic development: A case study about the Integrated Approach" by Dr. Dilip Sen proposes convinced strategies to increase the efficiency of market participants, thereby stirring economy of Bangladesh to growth path.

The Book Review on "Dare to lead" authored by Dr. Anil Khandelwal is an excellent foretaste to all the leaders who move ahead with an insatiable desire to learn and experiment with new ideas.

With Big Data fitting as the key basis of competition, underpinning new waves of productivity, expansion, and innovation, not just a few data-oriented managers but all the leaders need to grapple with the implications of big data, The Book Review on Big Data authored by Viktor Mayer- Schonberger and Kenneth Cukier is indeed an excellent taster of the book

We are delighted to hear that OORJA has appealed very much to our readers. We thank them for their kind words of encouragement and support. As I sign off, I look for more of your feedback and suggestions.

Happy Reading!

Dr. Manju Nair
Editor-in-Chief

OORJA

Timeliness of Financial Reporting Evidences from Indian Power Industry

Dr. B. Charumathi
R. Muralikrishnan

Abstract

The Indian economy showed a steady growth in recent years, but its GDP growth showed a dip of 6.9% in 2011-2012. It is affected by rousing inflation, weak growth in various sectors and decrease in FDI and turbulent stock markets and international market imbalances. Its power sector faces a acute crisis, in case of power demand and supply. It needs more investments to accelerate growth in the power sector which need, FDI also. But, still it has to do some progress in transparency and governance issues to get those investments. As Corporate governance became the subject of attention in recent times. Its presence is like a backbone for any corporate that emphasizes its role for survival and sustainable growth in the long run. It ensures transparency. Transparency includes the following eight concepts, namely accuracy, consistency, appropriateness, completeness, clarity, timeliness, convenience, and governance & enforcement. Out of these, Timeliness of financial reporting is one of the attribute of good corporate governance identified by the OECD and World Bank. Shareholders and other Stakeholders need information while it is fresh and with high relevance. This paper examines the timeliness of financial reporting by 16 Indian power sector companies which constitute the Power Index of Bombay Stock Exchange and compared their reporting patterns for the financial years 2006-2010. Timeliness was measured by counting the number of days that has been lapsed between year-end and the date of the auditor's report of the concerned companies. The reliable data were drawn from the Prowess (a Centre for Monitoring Indian Economy [CMIE] database) and the Annual reports of the respective companies for the years 2006-2010. This study used Chi-square test and Analysis of variance to analyze the data. There is a significant difference among the Indian public sector companies in their reporting patterns.

Introduction

The Indian economy showed a steady growth in recent years, but its GDP growth showed a dip of 6.9% in 2011-2012. The recent budget projected its growth at 7.6% in 2012-2013 although inflation remains a main concern. It is affected by rousing inflation, weak growth in various sectors and decrease in FDI and turbulent stock markets and international market imbalances. Its power sector faces an acute crisis, in case of power demand and supply. It needs more investments to accelerate growth in the power sector which need, FDI also. But, still it has to do some progress in transparency and governance issues to get those investments. As Corporate governance has always attracted significant attention in all times. Its presence is like a backbone for any corporate that emphasizes its role for survival and sustainable growth in the long run. In the present condition of globalization and liberalization, governance structures are constantly evolving, and driven by the local and the global factors. There is a debate on the issue of corporate governance, whether it should focus exclusively on protecting the interests of equity stakeholders or it should focus on non-equity stakeholders. One attribute of good corporate governance for company is maintaining transparent policies and reporting practices. In case of reporting, the foremost thing is to report the concerned information well in time, as it may be used by investors, stakeholders, regulatory authorities, decision makers, managers, professional bodies, financial analysts, and academicians etc. As audited financial statements in the annual report act as a reliable source of information available to the market, its publication should be made in time.

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Review of Literature

There are number of studies which dealt with corporate governance and timeliness of financial reporting. The highlights of few studies are summarized here. Robert W. McGee (2008) study related to Asian countries, found that India and Korea were the only countries that observed the guideline for fair and timely dissemination of information. Rajesh Chakrabarti et al (2007) described the nature of Indian corporate governance system which has both supported and derailed India's progress to the top ranks of the world's economies. While on paper the legal system is good and provides best investor protection in the world,the reality is different with slow, over-burdened courts and widespread corruption. Jayantha Rama Varma (1997) felt that the problem in Indian corporate sector is that of disciplining the dominant shareholder and protecting the minority shareholders. Charumathi.B, Murali Krishnan.R (2010) found that, the Indian IT Companies in the IT index of BSE have promptly complied with the reporting before the stipulated time of 3 months as given by the SEBI guidelines and regarding audit firms, the Indian IT companies used both Indian and foreign audit firms and in case of accounting standards, few of them has shifted to IFRS. Charumathi.B, Murali Krishnan.R (2010) found that, the Indian Sensex companies are understood as stable, but they are not good in timely financial reporting. Tarun Khanna, Krishna G Palepu (2004) found that the globalization of product and talent markets has changed corporate governance of firms in the Indian software industry.

Ray Ball, Robin.A & Gil Sadka (2007) analysed annual earnings observations from twenty-two countries supported the hypothesis that important properties of financial reporting originate in the reporting demands of debt markets, but not of equity markets. Gain and loss recognition timeliness, as well as overall reporting timeliness, are not associated with equity market size. In contrast, timely loss recognition, overall timeliness and conditional conservatism are associated with debt market size. Jesper Banghoj, Thomas Plenborg (2008) showed that more voluntary disclosure information doesn't improved the association between current returns and future earnings. Kathleen Herbohn,Vanitha Ragunathan (2008) showed that, there is no evidence of earnings management leading to an audit opinion modification. Enrique Bonsón-Ponte et al (2008) found the two factors characterizing the companies that present less audit delay are classified to sectors that are subject to regulatory pressure, such as the financial and energy sectors and the size of the company relative to its sector. Robert McGee,Tarangelo.T (2008) insisted on timeliness factor of financial reporting by using auditor's report in Russian banking system. Michael Firth et al (2009) paper documented different timeliness in disseminating sanction and enforcement information by two types of regulatory agencies in china and the different consequences that flow from them. Ann 1.-C.Chan et al (2011) exploited a unique setting to examine how an accounting regulation change affects the asymmetric timeliness of earnings. Mahmoud Al-Akra, et al (2010) investigated the impact of privatisation on the extent of corporate voluntary disclosure in Jordan and found that accounting regulation reforms and foreign investments accompanying privatisation have a significant impact on the levels of accounting disclosure in Jordan. Jing Li et al (2008) investigated the relationship between intellectual capital disclosure and corporate governance variables, controlling for other firm-specific characteristics, for a sample of 100 UK listed firms. The independent variables are board composition, ownership structure, audit committee size and frequency of audit committee meetings, and CEO role duality. Results indicated the significant association with all the governance factors except for role duality.

Statement of the Problem

India at present showed the consistent track record of economic growth in the last few years and it is on the verge of becoming one of the fastest growing economies in the world driven by many factors like multinational entrepreneurialism, robust economy and big chunk of employable and talented youth. But, it has to improve collective growth in the area of regulations. In the light of the above, the present study entitled Timeliness of Financial Reporting Evidences from Indian Power Industry assesses the timeliness factor of financial reporting followed by 16 companies present in the Power index of Bombay Stock Exchange.

Objectives of the Study

- To study the upsurge of corporate governance developments in India.
- To substantiate the importance of timeliness factor, which is one of the attribute of corporate governance.
- To analyse the compliance status of timeliness attribute in financial reporting by Indian companies which constitute the Power index of Bombay Stock Exchange.
- To compare the reporting pattern of companies, company-wise and year-wise.

Research Methodology

This is an empirical study. It used secondary data. The secondary data required were taken from the CMIE database Prowess and also from the Annual reports of the respective companies. The sample includes 16 Indian power sector companies which constitute the Power index of Bombay Stock Exchange. The study used statistical tools such as Chi Square Test and Anova. SPSS 17.0 was used to analyse the data. Timeliness of financial reporting of selected companies were measured with reference to the lag between the date on which the financial year ends and the date of auditor's report. The period of the study is 4 years, i.e. 2006- 2010.

Hypotheses

The following hypotheses are developed to test in this study.

H01: There is no significant lag in the timeliness of financial reporting of Indian power sector companies.

H02: There is no significant company-wise difference in the financial reporting of Indian power sector companies.

H03: There is no significant year-wise difference in the financial reporting of Indian power sector companies.

Corporate Governance and Regulations in India

The concept of corporate governance emerged in the late 1980s when several companies collapsed in U. K. because of inadequacy of operating control. This led to the setting up of Cadbury committee on corporate governance in 1991 by the London Stock Exchange. The concern was not much on account of collapse of these companies but because these companies were perceived to be very stable in their financial statements. The report of the committee along with the code of best practices was published in December 1992 for compliance by all the listed companies.

India, after liberalizing its economy in 1991, started to look after its corporate laws and regulations, in order to raise the investor sentiments and to enhance the shareholders' trust. Then, Govt of India incorporated Securities and Exchange Board of India (SEBI) in 1992 to regulate capital markets. It introduced a new Clause 49 in the Listing Agreement in the year 2000, specifying the principles of corporate governance to be followed by the listed companies. Thereafter, SEBI incorporated various committees' (Birla committee & Narayanamurthy committee) recommendations in Clause 49 and revised it nine times within a period from 2000 to 2008. The latest and revised Clause 49 of Listing Agreement has been introduced on 8th April 2008. The statutory and non-mandatory requirements are stipulated by the revised clause 49 of the SEBI's Listing Agreement and also the provisions required by the Companies Act, 1956. The other developments in Indian corporate law are the initiative by CII under the chairmanship of Rahul Bajaj which came with the corporate governance code in 1998, the Ganguly committee report in 2002, Naresh Chandra committee report on corporate audit and governance in 2002, Irani committee report in 2004. The recent developments include the introduction of corporate governance voluntary guidelines 2009 and the Companies Bill 2009 from the Ministry of Corporate Affairs which supersedes the Companies act 1956 is yet to be passed by the Indian Parliament.

Financial Reporting Regulations By SEBI

The Securities and Exchange Board of India (SEBI) monitors and regulates corporate governance of listed companies in India through Clause 49. This clause is incorporated in the listing agreement of stock exchanges with companies and it is compulsory for them to comply with its provisions. In order to rationalize and modify the process and formats for submission of financial results to the stock exchanges and also with a view to simplify the same, SEBI has decided to replace the existing Clause 41 of the Listing Agreement, relating to submission and disclosure of Interim and Annual financial results. Inter alia, the following amendments have also been made in the revised clause which is given below:

In respect of the last quarter, the company has an option either to submit unaudited financial results for the quarter within one month of end of the financial year or to submit audited financial results for the entire financial year within three months of end of the financial year, subject to the following:

- In case the company opts to submit unaudited financial results for the last quarter, it shall also submit audited financial results for the entire financial year, as soon as they are approved by the Board.
- In case the company opts to submit audited financial results for the entire financial year, it shall intimate the stock exchange in writing within one month of end of the financial year, about such exercise of option.
- The company may at its option have a financial year commencing on a date other than the first day of April.
- The company may at its option have quarters commencing on a dates other than the first day of April, July, October and January of a financial year.

The Importance of Timeliness Factor

The International Accounting Standards Board considers timeliness to be an essential aspect of financial reporting. Accounting Principles Board (APB) (1970) statement No.4, of the USA listed timeliness as one of the qualitative objectives of financial reporting disclosure. APB Statement No. 4 was later superseded but the Financial Accounting Standards Board continued to recognize the importance of timeliness in its Concepts Statement No. 2 (1980). The U.S. Securities and Exchange Commission also recognizes the importance of timeliness and requires that listed companies file their annual 10-K reports by a certain deadline. The OECD 1999 code on corporate governance secured the interests of shareholders by giving them basic right to obtain relevant information from corporations on timely and regular basis. In India, CII Code of Corporate Governance, 1998 clause 49 of listing agreement and Code of Conduct of Disclosure Policy, 2002 framed by SEBI emphasized on timely and frequently updated disclosure of shareholders information through company's communication media. The Committee for Investor Education and Protection in India is of the view that proper and timely disclosures are central to safeguard investors' interests. There should be law to ensure a disclosure that compels companies to disclose material information on a continuous, timely and equitable basis. Information should be disclosed on a routine and periodic basis and price sensitive information should be disclosed on a continuous basis.

Further, timeliness has been recognized to be a vital importance for the capital markets also. The investors need timely information for reducing the asymmetric dissemination of financial information and for the growth of investing community as a whole. Undue delay in releasing financial statements results in greater market inefficiency, which reduces the relevance of the documents and its information content and increases uncertainty associated with investment decisions. A lot of scandals in various capital markets of the world occur when investors do not have access to timely information. Thus, timely release of information is an essential ingredient for a well-functioning capital market. It helps in attracting capital and maintaining investor's confidence in the capital market. It reduces the level of insider trading, leakages and rumors in the market. That is why, most of the stock exchanges of the world, including London Stock Exchange, New York Stock Exchange and Dow Jones, demand a prompt release of audited financial reports from their listed companies.

Results and Discussions

Table I shows the timeliness data, viz., mean, Standard deviation and range in number of days of Indian power sector companies for the years 2006-2010. In 2006-07, in view of the norm of 90 days, 1 company (GVK Power line) has not complied with the requirement. In 2007-08, 3 companies (viz., Tata power, Power grid corporation &NLC Ltd) and in 2008-09 3 companies, (viz., NTPC Ltd, PTC India &Lanco Infrastructure); in 2009-10, 2 company (viz., Reliance Infrastructure &PTC India) had failed to disclose the annual reports on time.

Table I also shows the lapsed days between the financial year end and the date of auditor's report. The companies which disclosed their audited annual reports at the earliest after the year end but before 90 days include the following: in 2006-07, PTC India reported after 23 days; in 2007-08, GVK Power line reported after 21 days; in 2008-09, Reliance Infrastructure &Reliance power reported after 22 days; and in 2009-10, JSW Energy reported after 26 days. The average number of days taken by the Indian auto companies which complied with SEBI norm is 52 days in 2006-07, 43 days in 2007-08, 49 days in 2008-09 and 45 days in 2009-10.

Chi-Square Test is applied to test the goodness of fit by comparing the number of days taken by each company with its benchmark days. The mean number of days of reporting in each year is considered as benchmark days. Applying Chi-Square Test, the Null Hypothesis (H01) is accepted at 10% level of significance. Thus, there is no significant time lag in the financial reporting of Indian power sector companies.

Table II gives company-wise results based on Anova test. As the calculated p values for Indian power sector companies are greater than 0.05 the null hypothesis H02 is accepted. There is no significant company- wise difference in the timeliness of financial reporting of Indian power sector companies.

Table III gives year-wise results based on Anova test. As the calculated p values for Indian power sector companies are greater than 0.05, the null hypothesis H03 is accepted. There is no significant year-wise difference in the timeliness of financial reporting of Indian power sector companies.

Table IV portrays the financial reporting patterns (in number of days) of Indian power sector companies. The number of companies which report in less than 30 days limit is slightly increased first from 16.67% in 2006-07 to 21.43% in 2007-08 and then decreased to 18.757% in 2008-09 and then increased to 21.43% in 2009-10. The number of companies which report between 31-60 days limit stood steady for the years 2006-08 as nearly 58% and decreased to 43.75% % in 2008-09 and then increased to 57.14% in 2009-10. The number of companies which report between 61-90 days limit found as 16.67% in 2006-07. And then it is increased to 18.75% in 2008-09 and then decreased to 7.14% in 2009-10. The number of companies which report after 90 days limit increased from 8.33% in 2006-07 to 21.43% in 2007-08. And then it is decreased to 18.75% in 2008-09 and it is decreased to 14.29% in 2009-10.

Less than 30% of the companies reported in less than 30 days for the whole 4 years (2006-10). It is concluded that, the number of companies complying before the stipulated norm has stood as nearly 80%. But the number of companies not complying with the norms has increased for the years 2007-09, and then decreased in 2009-10 and it is found in all years.

Findings of the Study

- There is no significant lag in the timeliness of financial reporting of Indian power sector companies.
- There is no significant company-wise difference in the timeliness of financial reporting of Indian power sector companies.
- There is no significant year-wise difference in the timeliness of financial reporting of Indian power sector companies.
- Less than 30% of the companies reported in less than 30 days for the whole 4 years (2006-10).
- In total, it is found that 21 days are the shortest time taken and 235 days are the longest time taken.
- It is found that, majority of Indian power sector companies reported before 90 days.
- But, the companies which report after 90 days limit happens to be appear in all the years shows that Indian power sector companies are not good in timely reporting.

Conclusion

India is now one of the fastest growing economies in the world. The factors responsible for its growth are good business climate, multinational entrepreneurialism, huge work force and robust economy. But it can further strengthen its stand by doing some progress in governance and regulations issues. Though, majority of Indian power sector companies reported before 90 days, but there is also companies which report after 90 days limit and happens to be appear in all the years which show that Indian power sector companies are not fair in timely reporting. Hence, timely publication of results and following the best practices in corporate governance issues alone can help them to attract foreign investments and thereby,they can able to assist the country's growth than ever before.

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Table I : Timeliness data - power Index companies of BSE

Timeliness data- Power Index companies of BSE					
Sl no	**Name of the company**	**2006-07**	**2007-08**	**2008-09**	**2009-10**
		Number of days taken after year end			
1	BHEL	54	52	56	55
2	NTPC Ltd	59	58	**122**	46
3	Tata power	59	**93**	57	53
4	Reliance Infrastructure	24	27	22	**235**
5	Reliance power	NA	27	22	44
6	Torrent power	58	44	45	36
7	Power grid corporation	45	**127**	76	NA
8	GMR Infrastructure	90	50	64	53
9	NHPC	NA	NA	55	48
10	PTC India	23	32	**120**	**133**
11	Lanco Infrastructure	41	58	**119**	71
12	Adani power	NA	56	48	29
13	JSW ENERGY	NA	NA	33	26
14	GVK Power line	**208**	21	28	29
15	NLC Ltd	61	**117**	80	56
16	Crompton greaves	59	52	49	NA
Chi-Square		3.000	1.714	.875	1.429
Degrees of freedom		9	10	14	11
Asymp.sig		**.964**	**.998**	**1.000**	**1.000**
Minimum		23.00	21.00	22.00	26.00
Maximum		208.00	127.00	122.00	235.00
Mean		65.0833	58.1429	62.2500	65.2857
Mean days excluding the Non-compliance Companies		52.09091	43.36364	48.84615	45.5
Std Deviation		48.41949	32.54549	33.36365	55.52051
Total No. of Companies		12	14	16	14

Source: CMIE database Prowess and Annual reports of respective companies.
NA - Not Available Note: Results computed by using SPSS 17.

Table II : Company-wise Anova Results for Indian power sector companies

Power sector companies	Sources of variation	Sum of Squares	df	Mean Square	F	Sig.
	Between Companies	13017.804	15	867.854	.414	.966
	Within Companies	83765.750	40	2094.144		
	Total	96783.554	55			

Table III : Year-wise Anova Results for Indian power sector companies

Power sector companies	Sources of variation	Sum of Squares	df	Mean Square	F	Sig.
	Between Years	455.065	3	151.688	.082	.970
	Within Years	96328.488	52	1852.471		
	Total	96783.554	55			

Table IV : Financial Reporting patterns by Indian Power sector Companies

Table 4 -Financial Reporting patterns by Indian power sector companies					
Reporting in days	**Number of companies (%)**				**Compliance Status**
	2006-07	**2007-08**	**2008-09**	**2009-10**	
< 30	2(16.67)	3(21.43)	3(18.75)	3(21.43)	**Complied**
31-60	7(58.33)	8(57.14)	7(43.75)	8(57.14)	
61-90	2(16.67)	-	3(18.75)	1(7.14)	
Total	**11(91.67)**	**11(78.57)**	**13(81.25)**	**12(85.71)**	
> 90	1(8.33)	3(21.43)	3(18.75)	2(14.29)	**Not complied**
Total (%)	**12(100)**	**14(100)**	**16(100)**	**14(100)**	

Note: Results computed by using SPSS 17.0, Figures in parentheses are percentages

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Key Attributes of Successful Knowledge Management through Innovations: A Study on Indian Automobile Industries

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Abstract

This paper critically examines the effect of knowledge management on innovation in the automobile industries in India. While there is an extensive literature on knowledge management and its value to firm's competitiveness, there is little research and not much evidence addressing the relationship between knowledge management and innovation with respect to the automobile industries. It seems that even though in theory knowledge management studies knowledge creation and sharing, in practice knowledge and innovation literatures do not communicate. In this paper, through empirical analysis, this relationship is examined and discussed. Recommendations are also made as knowledge management is considered as one of the main determinants of innovation in the automobile industries in India. This paper seeks to provide the basis for a theoretical framework that enables a link to be drawn between management, innovation, workplace relations and organizational practices.

Introduction

"People do not manage knowledge; knowledge manages people."

Alvin Toffler

Knowledge management practices are seen as a crucial element of the global business process within organizations and a major source of competitive advantage. It enables systematic access to business data, competitive information and market demographics that support the decision making process. Knowledge management practice can be broadly defined as "the acquisition, sharing and use of knowledge within organizations, including learning processes and management information systems." It helps to transform an individual's tacit knowledge and experience into explicit knowledge that is readily accessible by others, which thereby increases the structural capital. Gone are the days when companies were seen only as physical entities that converted raw materials into tangible products. Today, physical capital is of less relative importance for creating and sustaining competitive advantages than intellectual capital. For many companies the market value of intellectual capital is now too large to be categorized as goodwill. The emerging recognition of knowledge and intellectual capital has laid the groundwork for new knowledge-based concepts, theories and practices of management.

Literature Review

Knowledge management is the systematic process of finding, selecting, organizing, distilling and presenting information in a way that improves an employee's comprehension in a specific area of interest. In the present era, knowledge management is focusing attention from "Information Value Chain" to "Knowledge Value Chain." Knowledge management is a nascent but rapidly growing practice that seeks to maximize the value of an organization by helping its people to innovate and adapt in the face of change. It has been identified as a key to maintaining the competitiveness of organizations. It also helps an organization to gain insight and understanding from its own experience. Specific knowledge management activities help the organizations in acquiring, storing

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and utilizing knowledge for such things as problem solving. It also protects intellectual assets from decay, adds to firm intelligence and provides increased flexibility. The various relationships among data, information, knowledge and wisdom are explained by taking into account the understanding relations, understanding pattern and understanding principles.

Knowledge management is dedicated to more deliberate means of people creating and sharing knowledge-data, information, and understanding in a social context to make the right decisions and take the right actions. Knowledge management has become a recognized hallmark of successfully integrated enterprises. The challenge to government organisations parallels that of their commercial counterparts-how to foster peer-to-peer collaboration and knowledge sharing while controlling the traditional tendency towards stove-piped data collection and reporting. The knowledge management synergy is achieved by effectively integrating the people, processes and technology.

Innovation management includes the management of processes to strive for novel assignments through the combination and integration of different knowledge components. Besides, next to explicit knowledge, tacit knowledge has a crucial influence on the success of innovation processes in companies. The sole application of tacit knowledge cannot guarantee an effective innovation process as organizational knowledge for innovation is created through a continuous dialogue between tacit and explicit knowledge, where four different modes of knowledge conversion can be postulated. Tacit knowledge is mobilized through a dynamic combination of the different modes of knowledge conversion in a process, which can be called a "spiral model" of knowledge creation. Tacit knowledge is an important driver in the innovation process and its application has significant impact on the innovation process and, therefore, plays a prominent role as a company resource and success factor. Compared to the work on explicit knowledge, the management of tacit knowledge is relatively unexplored. The authors of this paper want to assess the significance and implications of tacit knowledge in the innovation process. (Ragna Seidler, 2004).

Four Modes of Knowledge Conversion

The "Four modes of knowledge conversion" model is described by Nonaka and Takeuchi (Nonaka and Takeuchi, 1995). The model is based on the assumption that knowledge is created through the interaction between tacit and explicit knowledge. This means that human knowledge is created and expanded through social interaction between individuals. According to this model knowledge, transformation is interactive. In the next few paragraphs, the matrix is explained Table I.

Socialisation: From tacit knowledge to tacit knowledge. Socialisation is connected with the theories of group processes and organisational culture. Socialisation is a process of sharing experiences and so creating knowledge such as shared mental models and shared skills (Cannon-Bowers et al., 1993). In other words, team members share their personal understanding in order to plan what to improve next time they perform the task. In turn, this process helps them coordinate their actions.

Externalisation: From tacit knowledge to explicit knowledge. Externalisation is a process where tacit knowledge takes form and becomes explicit through the use of hypothesis, concepts, models or analogies. Externalisation is triggered through discussion and reflection among the team members. Members by using analogy, metaphors, drawings, and models can express their knowledge through discussions, which can lead to the design of a new product, method or a new idea for further exploration. According to Nonaka and Takeuchi, externalisation is the key to knowledge creation because it creates new and explicit concepts from tacit knowledge. Tacit knowledge many times is hard to communicate. Through the use of analogies, metaphors and other similar tools, abstract ideas can be communicated and even create new ones. These new ideas or concepts can be modelled for further development. Without discussions and contradictions, this process cannot take place. Thus, it is important that the organisational structure and culture can allow these discussions to take place. Explicit knowledge that is protected by patents and trademarks represents a property-based resource (Miller and Shamsie, 1996).

Combination: From explicit knowledge to explicit knowledge. Combination is the process of systematising concepts into a knowledge system. Individuals exchange information and combine knowledge through documents, telephone conversations, though systems such as intranet, extranet or internet.

Internalisation: From explicit knowledge to tacit knowledge. Internalisation is the process through which documented knowledge gets internalised by an individual. In other words is "learning-by-doing". When experiences through socialisation, externalisation, and combination are internalised by individuals in the form of shared mental models and technical know-how, they become valuable assets (Nonaka and Takeuchi, 1995). Competitors cannot obtain or imitate these resources for two reasons. First, due to causal ambiguity, which means that the required inputs are unknown? Second, the social complexity of the firm is difficult to replicate. (Cardinal et al. 2001).

The Knowledge Life Cycle (Figure I)

Types of Knowledge Management

The core issue of knowledge management is to place knowledge under management remit to get value from it-to realize intellectual capital. That intellectual capital can be regarded as a major determiner of the difference between a company's book price and the total value of its stock. For a successful company, this difference can be considerable, representing the difference between the way the company is seen by accountants and by the market. For example, we can distinguish between at least four different types of knowledge management.

- **Valuing Knowledge**: Knowledge is viewed as 'intellectual capital', and the focus is on quantifying and recognizing the value of the organization's knowledge base.

- **Exploiting Intellectual Property**: This appeal to firms, which are looking beyond the conventional approach based on patents etc. to more effective ways of tapping into the commercial value of their existing knowledge base.

- **Capturing Project-Based Learning**: As firms increasingly move towards innovation and project-based organization, many are recognizing the need to capture the learning from individual projects and make it available throughout the organization.

- **Managing Knowledge Workers**: The shift towards knowledge work in many sectors creates problems for traditional ways of managing and motivating employees. In many firms knowledge management reflects manager's desire to increase the productivity of knowledge workers, breaking down some of the barriers to knowledge sharing which are associated with "professionalism".

HR Aspects of Knowledge Management:

Knowledge is high value information, which at some point resided in someone's brain. Every employee is the most important resource in effective knowledge management. Every organization should create an environment and culture so that knowledge creation and sharing will be encouraged. Systems have to be put in place to extract knowledge from employees, transfer it to new brains if required and apply to business problems and decisions. In the present situation as the computers are storing data and information, knowledge requires a human to take action on it. From this it is evident that every organization has to pursue such HR policies which create a culture so as to encourage knowledge generation and dissemination. The relationship among the people, process and innovation is mentioned Figure II.

In today's post-industrial economy, knowledge management seems to be a critical success factor for any organization. It is a challenging task before every CEO, how to capitalise the knowledge. The organization should develop links between the knowledge management and general organizational design areas, such as business processes, leadership, information systems, corporate culture, human resource management and controlling. Figure III.

Indian Automobile Industries: Achievements, Prospects and Challenges

The Indian automotive sector has the potential to emerge as a leader of a new wave of emerging economy automotive innovators. India's innovation potential can only be understood in the context of the global automotive industry. Auto manufacturing is at a crossroads. The relentless rise in innovation costs, falling returns from those investments, and changes in customer preferences, have all led to a turning point in the innovation cycle. And India can potentially benefit from these changes. The automotive industry is innovation driven. Over the last 20 years, this innovation has been product-focused. According to a study of the Asian automotive industry from the Asian Development Bank, a vehicle manufactured in 2000 had, on average, approximately double the number of electronic functions of a vehicle manufactured in 19901. Yet while innovation has intensified, the sales volume to support the costs of this product innovation has failed to materialize. In the U.S., for example, average annual sales per vehicle fell by one quarter between 1980 and 19991. Price and income trends suggest that these sales volumes are unlikely to be rebuilt in the developed industrial markets – on the contrary, they are likely to fall further. In these markets, the average price of a new car has doubled over the last 20 years, but average incomes have only risen by 50 percent – and this price-income gap continues to widen2, implying further falls in sales volumes will occur if costs cannot be cut. Automotive assemblers have responded by globalizing model platforms and increasing the proportion of shared-use components and functions in order to cut costs. Yet for many of the largest OEMs this has only stemmed losses rather than securing profits. In the words of Fiat CEO Sergio Marchionne at a recent event hosted by KPMG International: "over the last 25 years, the auto industry has simply failed to cover its cost of capital".

Starting its journey from the day when the first car rolled on the streets of Mumbai in 1898, the Indian automobile industry has demonstrated a phenomenal growth to this day. Today, the Indian automobile industry presents a galaxy of varieties and models meeting all possible expectations and globally established industry standards. Some of the leading names echoing in the Indian automobile industry include Maruti Suzuki, Tata Motors, Mahindra and Mahindra, Hyundai Motors, Hero Honda and Hindustan Motors in addition to a number of others. During the early stages of its development, Indian automobile industry heavily depended on foreign technologies. However, over the years, the manufacturers in India have started using their own technology evolved in the native soil. The thriving market place in the country has attracted a number of automobile manufacturers including some of the reputed global leaders to set their foot in the soil looking forward to enhance their profile and prospects to new heights. Following a temporary setback on account of the global economic recession, the Indian automobile market has once again picked up a remarkable momentum witnessing a buoyant sale for the first time in its history in the month of September 2009.

The automobile sector of India is the seventh largest in the world. In a year, the country manufactures about 2.6 million cars making up an identifiable chunk in the world's annual production of about 73 million cars in a year. The country is the largest manufacturer of motorcycles and the fifth largest producer of commercial vehicles. Industry experts have visualized an unbelievably huge increase in these figures over the immediate future. The figures published by the Asia Economic Institute indicate that the Indian automobile sector is set to emerge as the global leader by 2012. In the year 2009, India rose to be the fourth largest exporter of automobiles following Japan, South Korea and Thailand. Experts state that in the year 2050, India will top the car volumes of all the nations of the world with about 611 million cars running on its roads. At present, about 75 percent of India's automobile industry is made up by small cars, with the figure ranking the nation on top of any other country on the globe. Over the next two or three years, the country is expecting the arrival of more than a dozen new brands making compact car models.

India is on every global automobile player's roadmap, and it isn't hard to see why India is the 2nd largest two-wheeler market in the world, 4th largest commercial vehicle in the world, and 11th largest passenger car market in the world and is expected to become the 7th largest by 2016. The last few years have witnessed revolutionary changes in the management systems and manufacturing innovations of the worldwide automotive industry. The focus has tilted away from volumes to a lower cost model as espoused by the emerging markets. Of these emerging markets, India stakes a major claim with its role in shaping and leading the outsourcing market. India has been hailed by market analysts as an emerging hub for the manufacturing industry with its focus on engineering, innovation, and overall growth leading it to the bastions of market leaders. Recently, a United Nations Development Program (UNDP) report hailed India as a powerful force in the global automobile industry, and recognized that it has the strength to sustain leadership and growth in the face of the global trading order. The growth curve of India Auto Inc. has been on an upswing for the past few years. According to the Society of Indian Automobile Manufacturers (SIAM), the Indian automobile industry has maintained a steady growth of 20 percent till May 2005, with passenger cars and utility vehicles growing around 13 percent and 16 percent respectively.

Consequent to liberalization, the arrival of new and contemporary models, the availability of financing at relatively low interest rates, and price discounts offered by the dealers and manufacturers appear to have stimulated vehicle demand and a strong industry growth. According to SIAM's projections, domestic sales of passenger vehicles (cars and utility vehicles) are set to grow at 20 percent over the next two years given the current GDP growth and exports are expected to grow at 40 percent.

India has become a preferred destination for American, European and Japanese automotive companies because they realize that in the future, auto manufacturing will require world-class, cost effective IT and engineering expertise and India has an abundance of both. Furthermore, the low cost of manufacturing and a supportive government have been the key drivers for companies shifting focus to India. Emerging economies, but India does not receive the same global attention as compared to China, yet. This fact reflects itself in the automotive industry where China has been losing ground in terms of its markets; but still continues to attract the major percentage of global investments.

Indian automobile industry has come a long way to from the era of the Ambassador car to MARUTI 800 to latest M&M XYLO. An industry is highly competitive with a number of global and Indian companies present today. It is growing at a pace of around 18% per annum for the last five years and is projected to be the third largest auto industry by 2030 and just behind to US & China, according to a report. The industry is estimated to be a US$ 34 billion industry. Indian Automobile industry can be divided into three segments i.e. two wheeler, three wheeler & four wheeler segment. Two wheeler segments enjoys 75% market share of automobile industry, followed by passenger vehicles with the 16% share of market. Three wheeler segments have merely 4% share in domestic market. The domestic two-wheeler market is dominated by Indian as well as foreign players such as Hero Honda, Bajaj Auto, Honda Motors, TVS Motors, and Suzuki etc. Maruti Udyog and Tata Motors are the leading passenger car manufacturers in the country. And India is considered as strategic market by Suzuki, Yamaha, etc. The major players have not left any stone unturned to be global. Major of the players have got into the merger activities with their foreign counterparts.

Proposition

In the post information era, every organisation adopts different strategies to survive and flourish. In order to survive, every organisation must train the employees and managers to adopt the new method which will help them to acquire new skills in order to introduce knowledge creation and sharing. Knowledge management is available everywhere but the challenge lies in how to spot them and make their best use. In the development of a sustainable knowledge base, information should be reliable and easily accessible. From the above topic it is understood that every business must focus their attention in the following key issues in order to expect a better environment in the business. Those areas are:

- Ability of the business to get the right information at the right time.
- Convert right information into effective communication

- Communication becoming a way of learning for the entities in the business system.

- To convert learning into an organizational knowledge base that is accessible across the organization, converting information into knowledge and putting it to productive use.

Critical Issues

Innovation is imperative today as a key tool for creating winning organisations globally. With many global auto players setting up operations in India in the last ten years, Indian companies are now exposed to manufacturing excellence techniques used globally. Quality and innovation is not the same thing; but they are closely related. Suppliers need to achieve global quality standards in order to become innovation partners and innovation drivers. Are Indian suppliers good enough? When global OEMs arrived in India in force in the early 1990s, they entered a market where local content requirements forced them to use Indian suppliers for up to 70 percent of content. After India's entry to the World Trade Organization, and the consequent relaxation of local content requirements, it was widely expected that OEMs would revert to using established foreign suppliers. That this did not happen is tribute to the rapid quality improvement that Indian auto suppliers have achieved.

These results suggest a double challenge for Indian suppliers with ambitions to ascend the innovation curve. Lower-tier suppliers who are typically small single-component specialists need to improve performance through collaboration, and very likely through new technology either by acquisition or by being acquired (see overleaf for more on the growth and acquisition challenge). Meanwhile upper-tier suppliers should be more ready to de-select under-performing partners.

Findings: Suggestions for Successful Knowledge Management

- Every organisation should continuously maintain the flexibility in order to cope with the ever-changing environment.

- The employees of the organisation should be trained to identify the realistic goals and time frames keeping in mind the constant change.

- The success of the knowledge management project would definitely improving only when there is a possibility of changing the organizational infrastructure like Chief Knowledge Officer, and overall Knowledge facilitator.

- Knowledge management project requires investment. The return on investment should be comparable with the expected benefit derived out of the investment.

- Every organisation must upgrade the knowledge base for strengthening the knowledge management project.

Conclusion

Creativity and innovation are at the cutting edge of knowledge management. We have a long way to go to release our creative energy both at the personal and organisational level, as there are many blocks. One emerging powerful tool to help overcome these blocks is the concept of dialogue. Groupware technology is also evolving into knowledge management technology and playing a major and increasing role. Our challenge today is to build effective technology-based systems that support us in 'making knowledge productive' and take into account the ways in which we think and behave. Knowledge management can be very useful for organizations to survive in competitive environment. On one side it helps in improving in potential of employees, on the other side it helps in improves capability of the organization to survive and grow. Knowledge Management is the management of knowledge in the best possible ways whether in the mind of human capital or as intellectual assets. It can be a strategic strength wen practiced and could be a fatal weakness, if not pursued. Application of knowledge is the most essential task of knowledge management. The success of this system lies in the following three factors: (i) autonomous interdisciplinary teams (ii) promoting innovators and initiative takers and (iii) measuring the result. The knowledge-required can either was present in the organization and needs to be shared, distributed and applied or it needs to be created.

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Table I : Tacit and Explicit (Nonaka and Takeuchi, 1995.)

	Tacit Knowledge to Explicit Knowledge	
Tacit Knowledge from Explicit Knowledge	**Socialisation**	**Externalisation**
	Internalisation	**Combination**

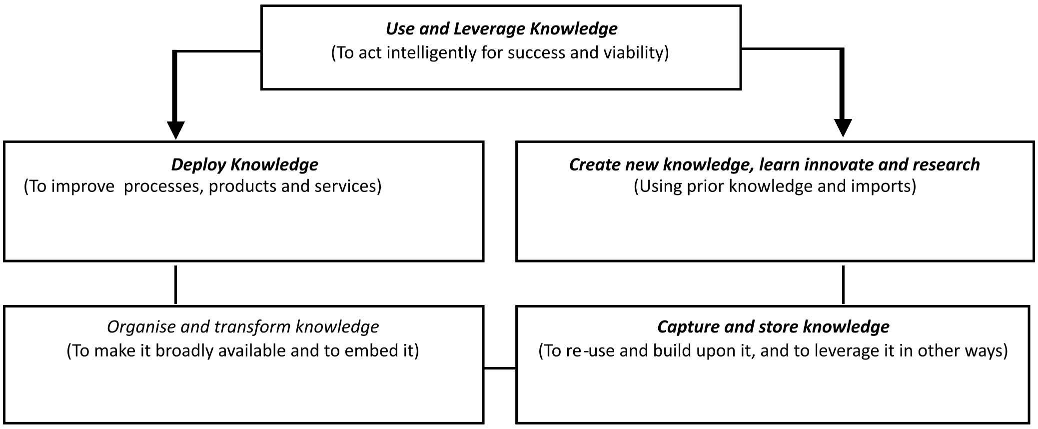

Figure I : The Knowledge Life Cycle

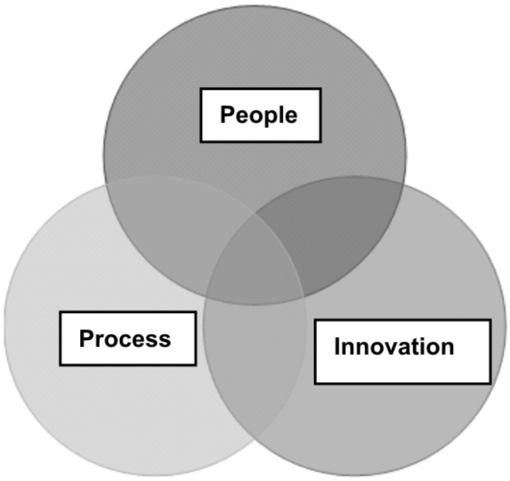

Figure II : Relationship among the People, Process and Innovation is Mentioned

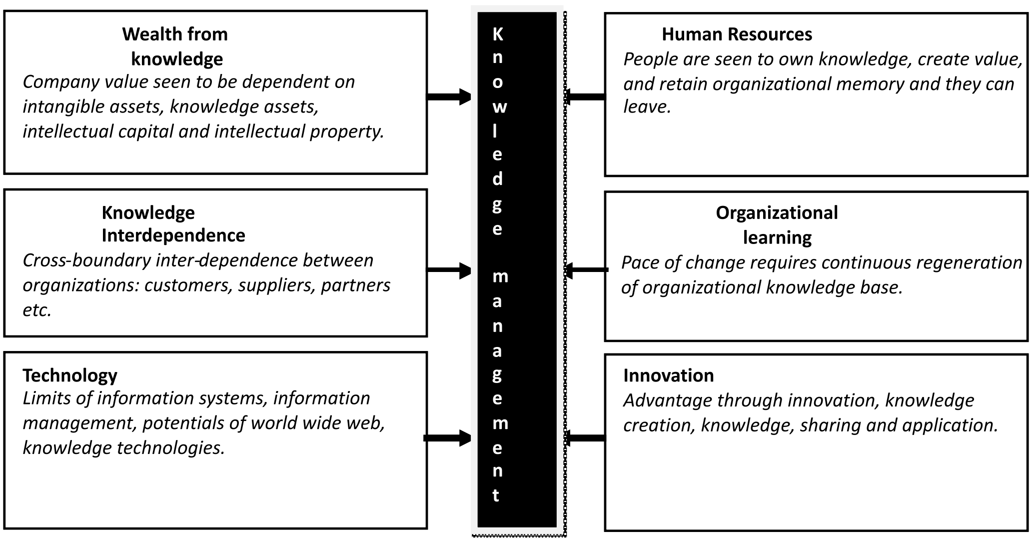

Table III : Relationship between Knowledge and other Areas

Banking the Brand (With special reference to Customer - Based Brand Equity Model)

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Abstract

A brand is an idea or an image with which the consumers connects by recognizing the name, logo, slogan, or design of the company, for a product or a service. It is a vibrant picture held in consumers' minds. The concept of branding changes the minds of the people, where they can proudly say that they belong to the group of users of one such product. Hence brand acts as a source of some sort of information which is going to present itself in the minds of the customers. Branding allows companies to build their reputations and add to the revenue. Brand equity is one of the business concepts developed in past twenty years. Branding is a very powerful component in business. The brand must have a logo to make branding easier and more possible. The consumers decide if they will buy a product or use a service based on how they view the brand. The brand itself tells us or let us imagine how good or bad the product is even if we never tasted it before!

The paper is an attempt to describe that a brand in order to build its brand equity follows specific steps provided by the Customer-Based Brand Equity (CBBE) model. This CBBE pyramid is discussed in context with the banking sector. It provides an exclusive stance about brand equity, how it is built, measured and managed by different banks. In today's world, where the budding financial market is full of competition, brand becomes a decisive point in choosing a bank for any individual or organization. To acquire a space in customer mind the bank strives to provide quality services, financial power and also the promises guaranteed. It implies that higher customer mind share is possible only when the consumers have a positive experience with the bank, thus the service qualities impacts the bank's brand image.

Brand and Business Value Creation: Business in Turn Exist to create Value:

In the industrial era the primary source of wealth creation was production of material goods. The capitalist were the sole owners of everything. But a radical change has been observed; the guiding principle is not only tangible, but also intangible processes known as 'Social Purposeful System' of business. Enumerating the concept social purposeful systems, the decisions are made on the grounds of rational, emotional and cultural aspects. The rational choice reflects on the extrinsic tangible values, while the emotional and cultural dimension deals with intrinsic intangible values. Thus everything must have a value proposition, for assessing business practices, such as branding.

Review of Literature

N.R.K. Raman (2009) in his article " Building a bank's brand equity through social media" says that banks have a social media strategy and if done properly then it has a significant impact on brand awareness. Kevin Lane Keller (2001) in his report on Building customer-based brand equity; a blueprint for creating a strong brand has outlined the CBBE Model in brand building.

Research Methodology

The study about banking the brand uses both primary and secondary data; the primary data has been collected by observation and interview from various bank branches and employees.

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Rudiments of Brand

Business Today is to build a recognizable and trusted brand: Getting down to the fundamentals and reading the cliché, its according to the American Marketing Association who defines a brand as "a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers." It is an effective marketing strategy which provides a marketer an edge over the competitor bases on non price plank.

Branding started in Sweden in the middle age (476-1492) during the agrarian economy. A brand was the action of burning a symbol into the flesh of livestock's in order to signify ownership of the animal. The word "brand" is a degenerate of an old Norse word "Brandr". The meaning of a brand was later registered in the dictionary in 1552 as " identifying mark made by a hot iron." Later in 1827, the word brand was broadened and registered in a dictionary as "a particular make of goods".

Scaling the Magnitude of Brand Equity

A product is said to have brand equity when the consumer are willing to pay more for the same level of quality due to the charisma of the brand name attached to it. But the customers today are becoming demanding; they are not just satisfied by the functional benefits but are also looking for intangible attributes going much beyond the tangible aspects of the product.

Brand awareness is a key element in ensuring usefulness of brand. Brand awareness refers to how aware are the customers and potential customers about the business and its products. It consists of both brand recognition and brand recall. Brand recognition is the ability of consumer to recognize a brand as having being earlier noticed or heard. While brand recall is when the consumers are given a clue and they correctly recover brand from the memory.

Brand Equity in Service Sector

Screaming out its outward ora for tangible products, yes branding has proved its metal. Nowhere less it's given a hint of justice when branding is done appropriately towards the service sector. In case of service brands, the tangibles include the customers' experience while the intangibles include emotional connections with the service. The aim here is to tangibilize the intangible. Because of their intangibility and complexity it is harder for the customer to distinguish between the offers of service companies. Customers' experience of service products also has a financial impact for brands.

Brand Equity in Banking Industry

In today's world, where the budding financial market is full of competition, brand becomes a decisive point in choosing a bank for any individual or organization. To acquire a space in customer mind the bank strives to provide quality services, financial power and also the promises guaranteed. It implies that higher customer mind share is possible only when the consumers have a positive experience with the bank, thus the service qualities impacts the bank's brand image. The Customer-Based Brand Equity (CBBE) Model helps in building a strong brand and the ultimate aim is to reach the axis i.e. resonance, where a congruent relationship is established between customers and the brand.

Brand Identity-Salience

Talking about the basic connect with consumer, the first thing that hits their mind is their experience, brand name, symbol, logo, slogan, including advertising, event marketing, publicity, public relations and outdoor advertising. An implied example wherein INDUSIND BANK running in a line of being almost invisible from the market turned out to be a hit again thanks to their marketing head MOHIT GANJU implementing a change in color of their branch signage to get more visibility by putting up ATMs in high traffic areas and airports., The bank branded it all; from establishing first solar-powered automated teller machine (ATM) as part of its Green Office Project campaign "Hum Aur Hariyali". It also unveiled a "Green Office Manual-A Guide to Sustainable Practices."

Thus making a mark in establishing a picture perfect brand salience.

Brand Meaning – Performance and Imagery

Once the meaning is established, hence further the marketers assort and communicate the brand image and performance. Brand meaning is established by linking tangible and intangible brand associations. It is therefore characterized in either functional (brand performance) or abstract (image related) associations.

Brand Imagery:

A perspective of a consumer, more than what the brand actually does for them. It is an abstract image, more inclined to non product features. To create a strong brand identity ICICI bank has used vibrant colours, attractive fonts, and smart images. ICICI had also explored the option of changing its name which felt to be a tongue-twister but it was retained due to the goodwill attached to the name.

HSBC Glocalizing Itself as " The World's Local Bank"

In an endeavor to established, a brand image of being " The World's Local Bank", HSBC has set itself apart as a bank. It has preferred to take care for the needs of local customers while having many global connections. Image established differently around the world can be best personified by HSBC's commercial.

Brand Performance-Brand a Facilitator that you can Flaunt:

Major initiatives to create a brand image may range from creating unique customer ambience, cross selling, linkages with service providers, payments of utility bills and value added service example can be cited of INDUSIND BANK wherein in the commercial director by IMTIAZ ALI featuring OMI VAIDYA, and SHRUTI SETH, meant to push the bank's various services such as mobile alerts, online payments and ready to use savings accounts kit turned out to be a hit in altering image of the brand.

- Co branding-majorly seen in credit card business of the banks. Many banks have co-branded their cards with airlines (Indian/Jet) oil companies (HP/IOCL) and major retail outlets.
- Brand extensions-use of existing brand name to establish new product, like IDBI Mutual Fund, IDBI Gold Fund, Agri Loans, IDBI Federal. Thus banking on existing brand.
- Multi brand-facility catering to different buying motives and distinguishes different features. Eg. RTGS and NEFT are new brands in remittance category.

Brand Responses-Judgments and Feelings

Benchmark of brand responses are quality, credibility, customer satisfaction, how likable the brand is, do the customer even contemplate on brand, and how do brand holds an edge. This response is yielded from performance and imagery: Outlining the six headlines, warmth, fun, excitement, security, social approval, self respect, banks need to intricately comply with all.

Warmth, fun and excitement: creating a sense of euphoria in customer's mind is the underline objective. Making consumer feel amused, sentimental, and compassionate.

A classic case is of IDBI Bank, wherein organizing an IN-HOUSE customer delight campaign has led to an effective mechanism to strike the chord. The last campaign being WOMEN'S DAY CELEBRATION clubbed with a HOLI splash. A huge hit wherein the campaign was run all over INDIA, in all branches of IDBI . The female customers were called on a warm gesture of sharing different experiences of life was given space. Games were played, prize distribution further. This campaign was further followed up by a presentation on women mediclaim policy. Thus sufficing the overall purpose of brand dropping.

Security and social approval: The first name that strikes the mind when once said security- it's got to be " State Bank of India". They bank on the massy and not classy appeal. Though suffering from government bank attitude still we do have at least one family account in SBI. This is what we call as brand response-brand loyalty.

Self-respect: Customers gains feelings of self-satisfaction, achievement or sense of pride about themselves. The perfect example is the aired commercial of HDFC "Sar Utha Kae Jiyo" personifying the state of self respect.

Brand Relationships- Resonance

The final step of the CBBE model "Resonance" focuses on intensity or depth of psychological bond that the customer has with the brand as well as the level of activity engendered by this loyalty. This resonance can be seen in light of behavioral loyalty, attitudinal attachment, sense of community, active engagement. Thus, when the customer is ready to invest time and money beyond the purchase or consumption the brand resonance is established.

Another case of IDBI Bank, Ajmer (091) branch in association with IDBI FEDERAL LIFE INSURANCE medical checkup campaign was aired. Wherein, the bank gave free health check up and medical advice to the customer base of the branch. Large media house publicity was laid up for the same.

A success story in itself, as a major resonance was observed with large chunk of customer turning up and registering for the co-brand, FEDERAL LIFE INSURANCE.

Conclusion

Outweighing the basic advantage of conveying the message wherein, the product and service meets basic functional needs it has proved. Balancing the basic advantage of suggesting only the message it has further instigated in enhancing an unbeatable brand image. Our paper touched a very pertinent aspect of service sector, branding of banking through CBBE mode. An attempt to challenge the conventional method and decode branding strategies of different banks in light of CBBE model.

Branding thus is the only tool to capture the top of the mind awareness in customer's mind.

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Accounting Issues in Emission Trading

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Abstract

For several decades, the economic, environmental and health effects from Green House Gases (GHGs) have been closely studied and debated. Currently, nations are pursuing alternative strategies in their quest to cut down the level of GHG emissions and meet national targets.

As a result of increasing awareness about Global warming, the concept of carbon credits, an outcome of the Kyoto protocol, came into existence. "Kyoto Protocol" has served the idea of saving the planet earth from the global meltdown. Since the concept of emission trading is comparatively new, the financial and accounting aspects of this phenomenon are yet to be discussed and decided upon. It is believed by experts of the field that carbon is also treated as on input and thus becomes a cost of business, like other inputs do. Accounting treatment of donated CER credits and internally generated carbon credits relate to carbon offsets. Their accounting treatment is under debate as it provide for a vast difference in its impact. This article introduces the fundamental accounting issues concerning emissions of GHGs and thus, is an effort to throw some light on the financial issues of carbon credit trading.

What Does Carbon Credit Mean?

Global warming has been considered as a serious issue in the past few decades. On one hand, where it has become essentially important to reduce the emission levels, an entirely new industry has evolved holding great opportunities for the investors.

The concept of carbon credits came into existence as a result of increasing awareness of the need for pollution control. It is a focus point of national and international emission trading schemes that have been brought into action to mitigate global warming. They provide a way to reduce the effect of green house gases emissions on an industrial scale by capping total annual emissions and letting the market assign a monetary value to any shortfall through trading. Credits can be exchanged between businesses or bought and sold in global markets at the prevailing market price.

Emissions of carbon dioxide and other Greenhouse Gases (GHG's) from human activities like deforestation, fusil fuel combustion, industrial processes, etc. have resulted undoubtedly in global warming. These emissions must be controlled and reduced to protect our Mother Earth from the adverse effects of the climate change. To attain this goal, the concept of Clean Development Mechanism (CDM) has come into existence as a recommendation of the Kyoto Protocol.

The Kyoto Protocol is an agreement made under the United Nations Framework Convention on Climate Change (UNFCCC). The treaty was negotiated in Kyoto, Japan in December 1997 but it came into force and legally binding on 15th February 2005. The CDM is an arrangement under the Kyoto Protocol which is perhaps most exciting feature of the total scheme which allows 'Annex 1 countries' (41 industrialized countries such as USA, UK, Japan, Australia, France, etc.) to meet their emission reduction in 'Non-Annex 1 countries'

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(developing countries such as India, Sri Lanka, China, Iran, Kenya, Singapore, etc.)

Carbon credits are certificates issued to countries that reduce their emission of GHG (greenhouse gases) which causes global warming. Carbon credits are measured in units of Certified Emission Reductions (CERs). Each CER is equivalent to one tone of carbon dioxide reduction.

Credits can be allocated by a government as part of a plan that sets a limit on the total amount of GHG emissions. This is referred to as 'The Cap-and-Trade' approach. The 'Cap-and-Trade' system uses free market principles to attain a decline in a certain GHG emission. A regulatory body fixes a limit on the allowed amount of emissions and issues permits (carbon credits) for that amount. Organizations covered by the cap must emit according to the permits they possess. If companies exceed their maximum emission limits, they are expected to obtain credits from other organizations that have surplus credits, or by investing in projects that offset their emissions. Thus, emissions are 'capped', and emitters can 'trade' credits until their emissions match the amount of permits they possess. Purchasing carbon credits offer the opportunity for companies to better manage their climate impact.

Accounting Issues in Emission Trading

India is one of the major players in the global market on the supply side of CERs. Typically carbon credits are purchased either through CER purchase agreements, trading on the stock exchanges or even by biding for tenders floated by several governments. As this is a new concept, it has given rise to certain financial accounting dimensions. The major issues involved are:

- How to account for expenditure on CDM projects?
- Whether or not to account for self-generated CERs held with registry?
- If credits are to be accounted, at what point of time these should be recognized in books of accounts and at what value?
- How to account for sale consideration of CERs and its disclosure in accounts and notes?

Income from Sale of CERs

The sale proceeds of CER may be treated as income under various heads while calculating the Net Taxable income of the Organizations dealing in emission trading. The provisions regarding the same are mentioned as under:

- Treatment as a Business Income:
  - It is taxed at normal rates prevailing in the relevant assessment year.
  - Eligible for set off against the business losses.
- Treatment as Capital Gains:
  - Taxed at concessional rates if held for more than 36 months.
  - Eligible for set off against the capital losses.
- Treatment as Income From Other Sources:
  - Taxed at normal rates as prescribed by the Law.

Treatment of CER Credits as per Different Accounting Standards Treatment Under AS-17 (Segment Reporting)

Developing a CDM project cannot be viewed as a typical commercial transaction. It is rather a simple way to make businesses environment conscious and friendly than being a huge profitable business in itself. Till date, there are no separate or specific Indian Accounting Standard to measure expenditures and income related to emission trading projects. It is believed that a CDM project cannot be a profit centre or cost centre in itself, it can be identified with its parent segment. But some experts in the area opine that the CDM projects should be accounted for and treated as a separate segment under AS-17 i.e. Segment Reporting.

Treatment as 'Goods'

As per Law, 'goods' has been defined as "a tangible property or an intangible one. It would become goods provided it has attributes thereof having regard to (a) its utility; (b) capacity of being bought and sold; and (c) capacity of being transmitted, transferred, delivered, stored and possessed."

Thus, CER credits are considered to be goods, as they possess all the desired attributes thereof.

CER Sale is Not a Turnover

Section 43A(11) of the Companies Act, 1956, defines 'Turnover' as "the aggregate value of the realization made from the sale, supply or distribution of goods or on account of services rendered or both." Thus, it concludes that CER credits cannot be included in or treated as turnover.

Non-Recurring Sale

Part II of Schedule VI of The Indian Companies Act, 1956, requires a separate disclosure of "profits or losses in respect of transactions of a kind, not usually undertaken by the company or undertaken in circumstances of an exceptional or non-recurring nature, if material in amount."

Though we consider CERs as goods, their sale is undertaken generally on a non-recurring basis. Thus the joint deriving of Section 43A and Schedule VI of The Companies Act, 1956 states that sale proceeds of CER credits, not being a regular course income, should be disclosed as a separate line item in schedule of other income, if amount is material.

Revenue Recognition as per AS-9

As the CER credits are considered as 'goods', thus their sale proceeds should be treated in the financial accounts as per AS-9 i.e. 'Standard of revenue recognition'.

The conditions of Para 11 goes as mentioned:

"11. in a transaction involving the sale of goods, performance should be regarded as being achieved when the following conditions have been fulfilled:

(i) The seller of goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership; and

(ii) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods."

Accounting Carbon Credits as per AS-12

In the absence of specific accounting practices for CERs, it has also been advised that they should be accounted as Government Grant. The logic is supported by the definition of the term 'Government' as per AS-12, which says, "Government refers to government, government agencies and similar bodies, whether local, national or international." But as soon as CERs are accounted as Government Grants, the revenue recognition as per AS-9 ceases to exist.

Self-generated CERs are not inventories

The self-generated CERs held with registry cannot be included in inventories as defined in Accounting Standard-2, as they are not sold in the regular and normal course of business. The sales proceed of CER credits is only an additional benefit of a CDM project. And because it is an income earned other than the regular course of business, thus it would be impossible to measure the cost of self-generated CER asset reliably.

'Intangible Asset' as per AS-26

Para 19-23 of AS-26 deals with the measurement and treatment of intangible assets. This section states that an intangible asset provides that an intangible asset should be recognized if, and only if:

(a) It is probable that future economic benefits attributable to the asset will flow to the enterprise; and

(b) The cost of asset can be measured reliably. Thus, because the cost of self-generated CER asset cannot be assessed reliably, thus they cannot be recognized in accounts due to specific requirements of AS-26.

- CERs should be recognized in the books when those are **credited by UNFCC** and are unconditionally available to the taxpayer.
- "Cost of CER" may include consultant's fees, certification fees and each payment made to UNFCCC for obtaining the CER credit.
- Self generated CERs may be treated as **"Business Capital Asset"** and hence taxable as business income.
- CERs purchased for resale may be **treated as business asset or investment asset** depending on the intention of the tax payer.

Conclusion

The several treatment options under consideration are impacted by the method adopted for acquiring the carbon credits, whether by internal creation, purchase or donation to the organization. The different accounting treatment options also consider the intended use of the credits-will they be used for an organization's own compliance purposes or sold to market participants? The main differences in the accounting treatment for carbon credits is whether they are treated as inventory or intangible assets, and whether they are marked to market or held at cost.

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Ethical Governance - Issues & Analysis - An Overview

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Abstract

Ethics is a system or philosophy of conduct. It deals with what is right or wrong, moral duty and obligations. Running a business is ethically well pay-off in terms of profit, incentive in the long run. Business compels the person to follow ethics, due to hyper-competitive environment ethical considerations takes back seat in relation to the business.

This paper aims to bring out the issues involved in dealing with the ethics in different dimensions in business. There may not be any ready-made answers or solutions to ethical problems but an individual should gear up for better resolution of the issues. There are many ethical issues that arise in the normal course of the business. This paper analyses some of the issues in various areas such as Finance, Marketing, HRM and Production.

It also deals with directors' ethical governance to perform ethical leadership role effectively.

Even there are some critical ethical issues in international business. The Company is expected to follow ethical code which applies in that country but due to hyper competitive world, the employee is forced to break the ethical code. Necessary training has to be provided to the employee to enable him to handle the ethical issues which applies in that country.

Ethical policies and guidance should be more practical and made locally relevant to enable an employee easily understandable. Clear the employees' doubts about the company's commitment to ethical code. Implement whistle blowing process to enable employees to approach easily senior management on ethical issues and also for addressing the same. Companies should have mechanism to measure the managers' and leaders' personal integrity and develop the culture of the ethics by way of 360-degree feedback, audits or surveys and the ethical results of the same to be linked to their promotions and compensation packages.

Introduction

Business ethics is merely ethics applied in business context, in other way, it is the application of moral or ethical norms to business. Business performance and ethics are not a contradiction in terms- they are two sides of the same coin. Ethics is a set of principles and standards of human conduct which governs the behavior of individual when taking decisions, and they are guided in these decisions based on their value systems. Religion, culture and applicable laws are the major three factors which influence ethics.

Ethics is moral duty and obligation, and defining what is good and what is bad. The term ethics has its origin from the Greek word "ethos", which means character or custom. The synonyms of ethics as per Collins Thesaurus are conscience, moral code, morality, moral philosophy, moral values, principles, rules of conduct, standards. Ethical governance refers to the process, procedures, cultures that ensure high standards of behavior. Corporate governance refers to moral framework whereas the ethical governance under which an enterprise take decisions, over a period of time the ethical behavior has favorable impact of the company's performance.

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Aim of the Paper

This paper aims to bring out the issues involved in dealing with the ethics in different dimensions in business. There may not be any ready made answers or solutions to ethical problems but an individual should gear up for better resolution of the issues. Dharma is also difficult to understand and it stands for right code of conduct, sometimes religious in nature. For eg., the story of Harischandra who always taken the right action in different situations and uphold the dharma in all the situations and stands for truth. Ethical issues are very complex in nature and correct way of understanding the complexity of the situations will help an individual to get into the first step in figuring out better solutions.

According to Business dictionary, A problem or situation that requires a person or organization to choose between alternatives that must be evaluated as right (ethical) or wrong (unethical).

Historical Background

More than 3 decades ago, organizations have also addressed the business ethics in various ways by introducing code of conduct principles, ethics committee (at board level), appointment and training of CSR officers and corporate compliance officers. Even global companies in US, Europe indulged in larger corporate scandals which forces the regulatory bodies to bring structured governance and ethics in order to make the companies more responsible to the society in which they operate. For eg., The Parmalat (Italian food and dairy group), Ahold (Dutch super market group), and Adecco (Swiss temporary employment agency) scandals were more evident in European business in 2003. American investors lost more than 1.5 billion U.S. dollars in Parmalat scandal. The Enron scandal prompted the passage of Sarbanes-Oxley Act in 2002 which was the significant achievement by US regulatory in the country's corporate governance and accounting rules.

Ethical issues in Finance

- Excess billing of expenses and bribery
- Insider trading and securities fraud which leads to manipulation of stock markets
- Misleading in financial statements
- Window dressing
- Related party transactions not at arms length price.

Ethical issues in Marketing

- Misleading advertisements
- Non disclosure of features of products
- Use of child labour and forced labour
- Violation of basic rights to workers
- Grey markets and black markets
- Price discrimination and price skimming
- Poaching employees from the competition

Ethics in HRM

- Issues which are affecting an individual in organization
- Safety management, Health hazards at work place and environmental standards
- Sexual harassment at work place
- Gender, Race and Disability

Ethical issues in Production

- Production processes should not cause harm to the society – for eg., Bhopal an unforgettable disaster in 1983
- Product testing ethics – testing of animals
- Pollution and environmental ethics

Table I, there are many ethical issues that arise in the normal course of business. A deep insight into the understanding of the different types of ethical issues will help you better to identify and handle these situations responsibly to maintain core business values. Figure I.

Ethics is like a democracy and difficult to explain in practical. Business compels the person to follow ethics but running business ethically will lead to larger benefits in the long run.

Some of the Ethical governance questions are -

- Am I motivated for acting ethically?
- Am I doing the things in ethical sense?
- Who are all affected by my decision?
- What all options are available to me?

Business ethics is all about well defined set of standards and integrity. It primarily focus on day-today affairs and internal issues of the company such as quality of product, staff welfare benefits, customer satisfaction which depends on the decision maker by considering various options available to him which impacts company's profitability and stakeholders.

Directors' Ethical Governance

Business ethics goes even beyond the corporate level. The toolkit for Directors' ethics assist company directors to perform their ethical leadership role successfully. It refers to "4As" model, namely

- **Awareness–** legal and regulatory requirements
- **Assessment–** constantly monitor the challenges and risk challenges in board, directors and company.
- **Action–** suggesting practical advise to set an ethical tone at the top to seek ethical results.
- **Assistance–** sources from regulatory and professional bodies and chamber of commerce to seek assistance wherever necessary.

Ethical Issues in International Business

Critical issues may also arise in international business when an employee is posted outside his country. The company is expected to follow ethical code which applies in that country, due to competitive environment he is forced to choose an option of either bribing for the contract or losing the contract. It is not uncommon in China; gifts are considered as routine nature and continue to expect the same. Google faced problem in china, when a senior officer posted in china gave iPods to Chinese officials, charging them to Google. Finally the employee was fired by Google, when she was called into the office by her senior and asked to leave. She was unable to understand what went wrong and what she had done. A company has to adhere to the laws of home country, and explore the options of managing the same in another country. Employee should be well trained in addressing those kind of problems, making him clear the companys policies. (Adapted from Foturne, May 2, 2011).

Recommendations

- Ensure the ethics code and policies are locally relevant and easily understandable to an employee.
- Clear the employee's doubts about the company's commitment to ethical code.
- Ethical guidance should be more practical. for eg., MphasiS Limited, a subsidiary of Hewlett-Packard, provides IT, infrastructure and BPO services, realized that mere signing the Business code of conduct by an employee does not impact any behavior. Employees are first allowed to read the Business code of conduct, and then they solve a puzzle game. This is an indirect way of training an employee in navigating the grey areas in ethical code. (*Adapted from ICAC, Hongkong,- Tool kit on Directos' ethics*).
- Adopt whistle-Blowing Process

Conclusion

Organization which follows ethical code requires good leaders/managers and employees to be more accountable and responsible for work place behavior. Companies must avoid conflicts of interest for eg., families and friends appointing at the board level. Companies should have mechanism to measure the managers' and leaders' personal integrity and develop the culture of the ethics by way of 360-degree feedback, audits or surveys and the ethical results of the same to be linked to their promotions and compensation package. Ethics help you to go into deep insight of the ethical problems but it will not guide in solving them. The true challenge is not to become an ethical manager but to stay on.

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Table I : Ethical Behaviour

Advantages	Dis-advantages
Employee motivation & enhances credibility of management	Bad impression
Increase in revenues - rise in demand from consumer and support	Higher transaction costs -training material and ethical policy etc.
Improvement in brand and recognition	Losing brand image
Potential sources of finance -e.g. from ethical investors	Losing trust among top management

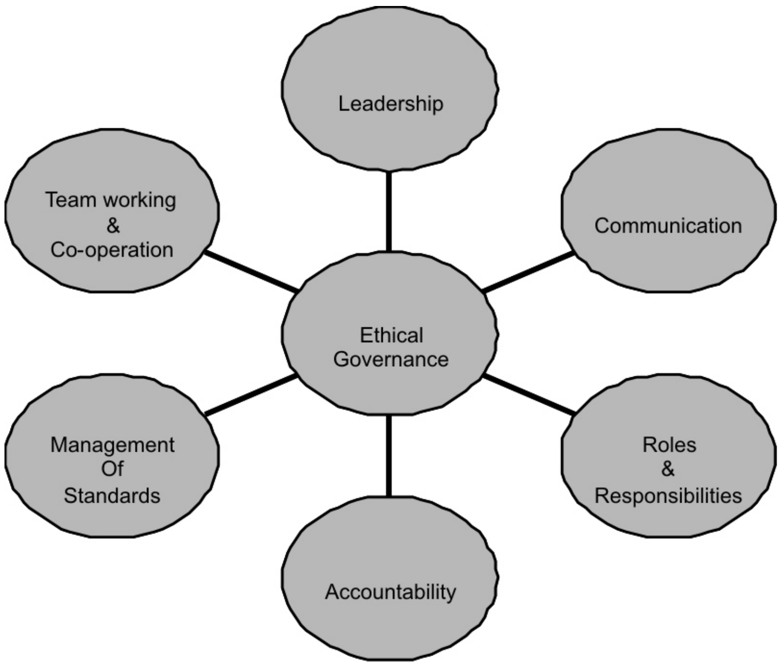

Figure I : Ethical Governence Bench marks

Identifying Factors Affecting Capital Structure of Indian Banks

Dr. Kapil Sharma

Abstract

Capital Structure is treated as one of the most important areas of study in the modern finance. The source of long term capital for any organization is very crucial element for it future growth and prospectus. Modigliani and Miller (1958) concluded in their research that the value of the firm is independent of its capital structure. Ever since then the debate on capital structure has not stopped and a number of studies have been conducted. But most of the studies have been conducted in developed markets and a very few studies are available in Indian context (in terms of period and number of firms). Moreover all whatever is available is confined mostly on manufacturing sector and very little empirical research is done in the context of Indian Banking sector. This necessitates the importance of an in-depth study of capital structure of Indian banks. Banking prior to 80's and banking now, present a perfect study of contrast. Yesterday's compulsions no more appear in today's priority. What was important in those days has lost its signifance today. Study of capital structure of Indian banks has also taken importance in recent years. The paper aims to study the factors that affect of capital structure of Indian banks.

Introduction

The word Capital Structure (CS) reflects the way in which an organization makes its financing decisions but it is not complete in fact it also indicated the way it makes its investment decisions. Financing and investment decisions are interrelated to each other and are strategic in nature. It was a long standing belief that the value of a firm depends upon its capital structure i.e. financing decisions and thus firms should use that type of financing mix that maximizes not only the value of the firm but also shareholders profits. But this argument was challenged by Modigliani and Miller (1958), they by their research concluded that the value of the firm is independent of its financing decisions under certain condition. Once these conditions phase out firms will try to select new balance between debt and equity so as to maintain an optimum capital structure. Ever since then the debate on capital structure and its determinants has intensified with different researchers using data of different periods, different methods trying to explain their set of views. Another fact to be noted is that these studies have been primarily conducted in the developed markets and very less is known about organizations of developing markets.

Since the opening of economy in India the country has become one of the fastest growing economies in the world. Reforms in India have brought about rapid changes in the structure of financial markets and also in banking sector. Banking prior to 80's and banking now, presents a perfect study of contrast. Yesterday's compulsions no more appear in today's priority. What was important in those days has lost its significance today. Unfortunately very little studies are available in terms of period and number of firms on what is the factors that determine the capital structure of the Indian banking sector. Information about capital structure of Indian banking sector is very less. This study concentrates on identifying the factors that determine the capital structure of Indian banking sector.

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Literature Review

Modigliani and Miller (1958) in their research concluded that the value of the firm is independent of capital structure and that the value of an unlevered firm is equal to that of levered firm. This research was based on a number of assumptions considered to be assumption of perfect capital market, one of the assumptions was absence of taxes. These assumptions which were highly unrealistic attracted heavy criticism towards the findings of the research.

Modigliani and Miller (1963) took tax aspect into consideration and came up with a conclusion that because of tax shield on debt the value of levered firm is more than the value of an unlevered firm and this value is equal to the value of the tax shield. Modigliani and Miller (1977) modified earlier research of 1963 and incorporated effect of personal taxes.

Jensen and Meckling (1976), optimal capital structure is obtained by trading off the agency cost of debt against the benefit of debt. In agency, theory, Jensen and Meckling firstly identify conflicts between shareholders and managers because of management's ownership of less than 100% of the equity. Agency models have predicted a positive association between leverage and firm value, default probability, extent of regulation, free cash flow, liquidation value, and the importance of managerial reputation. Leverage is expected to be negatively associated with growth opportunities, interest coverage, and probability of reorganization following default. It has been argued that firm value and leverage are positively associated because these two endogenous variables move together in response to some exogenous factors (Hirschleifer and Thakor, 1989).

Harris and Raviv (1990) conclude that high leverage can be associated with large firm value, higher debt level, and lower probability of reorganization following default. For Stulz, the optimal capital structure is obtained by a trade-off between the benefit of debt (avoiding investing in value decreasing projects) and cost of debt (avoiding investing in value decreasing projects). Stulz (1990) argues that managers are reluctant to issue debt but if there is a threat of a takeover, they are likely to issue debt.

Myers and Majluf (1984) showed that if investors are less well informed than company insiders and equity is issued, it will be mis-priced. Mis-pricing can be avoided if the firm uses external funds, then low risky debt, and finally equity (in that order) to finance new investment. This is called the "pecking order theory" of financing. Several empirical implications of this theory have been identified.

Korajczyk et al. (1990) argue that the underinvestment problem is less severe after information releases such as annual reports. Finally, firms with less tangible assets in relation to the total firm value will have move more information asymmetries.

Haugen and Senbet (1978) argued that if market prices are determined by rational investors then bankruptcy cost will be nonexistent.

Demirguc-Kunt and Maksimovic (1996) found a negative relationship between level of stock market development and leverage and a positive relationship between bank development and leverage.

Titman and Wessels (1988), among others, find that leverage increases with fixed assets, non-debt tax shields, growth opportunities, and the size of the firm, and decreases with advertising expenditures, profitability, volatility, research and development expenditures, and uniqueness of the product.

Amihud et al, (1990) Empirical research on corporate considerations finds that capital structure is an anti-takeover device. Leverage is found to be positively correlated with the level of managerial ownership and negatively correlated with the probability of being successfully taken over (Palepu, 1986). Gonedes et al (1988) find lower leverage in firms with dispersed ownership.

Objectives of the Study

- To identify the factors that affects the capital structure of Indian banks.
- To identify relationship if any between the various factors affecting the capital structure of Indian banks.

Research Methodology

Data Collection

For the purpose of this study a total of ten commercial banks were selected on the basis of their past performance for the last six years. Five banks were public and five banks were private. The data was collected for a period of six years i.e. 2005 to 2011.

Variables

Previous studies have identified profitability, growth, ownership structure, probability of financial distress (business risk), presence of financial distress costs as measured by asset tangibility, and taxes, among others, as determinants of capital structure. These independent variables and others have been used to test capital structure of Indian manufacturing firms. Booth et al (2001) it is difficult to delineate variables for testing under individual theories of capital structure however some variables to be tested are described below.

- **Profitability (PR)**: Titman and Wessels (1988) used operating profit rate of return (EBIT /ASSETS) as a measure of profitability. Other measures include return on assets and return on sales (profit margin). For this study ROA i.e Return of Assets is used as proxy for profitability.

- **Liquidity (LI):** Mayers and Rajan (1998) argue that when agency costs of liquidity are high, outside creditors limit the amount of debt financing at the disposal of the company and therefore a negative relationship emerges between liquidity and leverage. Hence a firm's liquidity position should have an impact on its leverage. For this study ratio of current assets to current liabilities is used a proxy for the liquidity of the firm's assets.

- **Size (SI)**: A large number of researches showed that the size of firm plays an important role in the capital structure decisions. Size is measured by the natural logarithm of sales or the natural logarithm of total sales. For the purpose of this study natural logarithm of assets is used as proxy of firm size.

- **Probability of Financial Distress / Risk (RI)**: Firms with high debt component commit themselves to large amount of interest payments, though they receive tax benefits on it but are subjected to higher degree of financial distress in conditions of adverse markets. Probability of financial distress is the variability of the return on assets and this is the business risk proxy.

- **Tangibility (TAN)**: Theories state that tangibility is positively related to leverage. The proxy for agency costs and the costs of financial distress is tangibility of a firm's assets, which is defined as total assets less current assets, a definition used by Rajan and Zingales (1995). In this study the ratio of net fixed assets to total assets is used as a measure of the firms asset structure.

- **Non Debt Tax Shield (NDT)**: It includes items like depreciation and investment tax credits. Pecking order theories and trade off theories both imply that non debt tax shields and leverage are negatively related. This study uses ratio of depreciation plus amortization to total assets as proxy for non debt tax shield.

- **Free Cash Flows (FC)**: There are different researches showing different patterns of relationship between free cash flows and firms leverage. In this study for free cash flows EBDIT is used.

- **Growth (GR)**: The growth factor is measured by the percentage change of assets or market-to-book ratio, which is the market value of equity divided by the book value of equity or equity market value divided by net worth Titman and Wessel (1988).

Regression Analysis

For the purpose of analysis of data the research has used regression analysis. Since the assumptions of regression analysis and that of the research work are in line with each other regression analysis has been used for the analysis. Capital Structure is the dependent variable whereas Profitability, Liquidity, Size, Risk, Tangibility, Non- Debt Tax Shield, Free Cash Flows, Growth are independent variables. The variables used in the study are based on book value (Myers 1984). Normalization of the data was done before using the regression model. Ordinary Least Square Method is better suited for this purpose (Shah and Hijari, 2004) hence the same has been used for this research. Further it has been observed that no autocorrelation exists among the various variables. The regression equation used is as follows.

$$CS_{it} = \hat{a}_0 + \hat{a}_1 SI_{it} + \hat{a}_2 TAN_{it} + \hat{a}_3 PR_{it} + \hat{a}_4 GR_{it} + \hat{a}_5 NDT_{it} + \hat{a}_6 FC_{it} + \hat{a}_7 LI_{it} + + \hat{a}_8 RI_{it} + €_{it} \ldots\ldots\ldots\ldots\ldots \quad (2)$$

From the values given in Table I we can infer that

- Since the mean of Leverage is 0.3785 it can be said that approximately 37% banks considered in this study use debt as a source for their financing need and a majority of them i.e. 63% use equity as a source for their investment.
- The mean of Profitability is 41.532 which help us to say that the banks considered in our study earn an approximate return of 41% on the assets employed by them. This was despite of economic crises during the period of our study.
- The mean value of Liquidity turned out to be 26.752 which indicate that during the period of study period had quite comfortable liquidity position.
- The mean value of Tangibility is 0.4921 this indicates that fixed assets account of 49% of the total assets of the banks under study.
- The mean of Growth is 32.851 indicating that the banks during the study period witnessed an average growth of 32.85%.

Correlation analysis was carried out between dependent and independent variables (Table II)

From table II it can be inferred that Size, Growth and Tangibility are positively correlated to capital structure as far as Indian banks are concerned. Further it can be concluded that Non Depreciation Tax Shield, Risk, Profitability and Free Cash Flows are negatively correlated to capital structure. (0.05 level of significant)

It clearly implies that banks which are large and are growing very fast have more components of debt in their capital structure but banks which are more profitable have less component of debt in their capital structure also have free cash available with them. Further Ordinary Least Square Regression model was used to identify the influence that independent variables have on dependant variables (Table III)

R^2= 0.397

Adjusted R^2= 0.427 F Value = 18.016

From table III following inferences can be drawn

- Since the value of R^2=0.397 it can be inferred that the independent variables have an impact on the capital structure of manufacturing firms to the extent of 39%.
- The F Value of 18.016 and P Value of 0.000 lead us to the inference that the model is statistically significant.
- There exists a negative correlation between capital structure and risk.
- There exists a negative correlation between capital structure and free cash flow.
- There exists a negative correlation between capital structure and profitability.
- There exists a negative correlation between capital structure and liquidity.
- There exists a negative correlation between capital structure and NDTS.
- There exists a positive correlation between capital structure and size.
- There exists a positive correlation between capital structure and growth.
- There exists a positive correlation between capital structure and tangibility.

Conclusion

In this paper an attempt has been made to analyze the capital structure of Indian banks using regression analysis. Capital structure was taken as dependent variable and risk, free cash flow, profitability. Liquidity, non debt tax shield, size, growth and tangibility were taken as independent variable. It has been observed that risk, free cash flow, profitability, liquidity and non debt tax shield are negatively correlated with capital structure. However it cannot be generalized for the entire banking sector since the capital structure of banking apart from the factors considered under study is affected by regulatory factors which have not been considered. Further studies can be conducted with larger sample size and incorporating the effect of regulatory factors to generalize any findings for the entire banking industry.

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Table I : Data anlaysis & Interpretation

S. No	Variable Name	Mean Value	Median Value	Standard Deviation
1	Leverage / Capital Structure	0.3785	0.2918	0.031
2	Profitability	41.532	37.178	0.542
3	Liquidity	26.752	22.751	0.269
4	Size	13.081	9.276	0.086
5	Risk	16.927	12.175	1.095
6	Tangibility	0.4921	0.4397	0.0364
7	Non Depreciation Tax Shield	29.653	22.519	0.197
8	Free Cash Flow	297.374	191.763	98.586
9	Growth	32.851	31.836	0.227

Table II : Correlation Analysis was Carreied out between Dependent and Independent Varialbes

Variables	CS	PR	NDT	FC	TAN	LI	SI	RI	GR
CS	1								
PR	-0.186*	1							
NDT	-0.042	-0.47	1						
FC	-0.74	-0.73	0.66	1					
TAN	-0.161*	-0.182	0.529*	0.971	1				
LI	-0.129*	-0.64	-0.171*	-0.071	-0.173	1			
SI	-0.057	-0.135	0.083	0.682*	0.295*	0.062	1		
RI	-0.128	-0.094	-0.19	-0.004	0.284*	0.714*	0.068	1	
GR	-0.079	-0.048	-0.157*	-0.048	0.061	0.673*	-0.029	0.367*	1

Table III : Oridnary Least Square Regression Model was used to identify the influence that independent variables have on dependant variables

Variables	Coefficient	T- Value	P- Value
Constant	0.368	5.117*	0.000
PR	-0.174	-3.272*	0.000
NDT	-0.218	-4.179*	0.000
FC	-0.293	-2.159*	0.005
TAN	0.614	5.729*	0.000
LI	-0.224	-1.728*	0.005
SI	0.061	1.634	0.397
RI	-0.292	-1.694*	0.000
GR	0.372	1.847*	0.048
* Significant at 0.01 and 0.05 level			

Corporate Parenting (Case in context- Acquisition of Gillette by Procter & Gamble)

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Abstract

Corporate predators are on the prowl in the prevailing global business environment. These predators spot corporations with insufficient financial & managerial resources, over employment, bureaucracies that are difficult to clear and an innovation driven company culture. All this provides an excellent parenting opportunity to grow at a faster rate by transferring competencies, resources and skills among strategic business units. The acquisition of Gillette by Procter & Gamble was such an example. This parenting opportunity created strong records of innovation and retailer partnership ensuring stronger sustainable growth in the future.

Introduction

Procter & Gamble which is the 5th most admired company in the world and has a revenue collection of $ 82.6 billion in the year 2011 has grown to this level because of their carefully crafted corporate strategies which also includes a dash of 'corporate parenting or in more simple words 'mergers & acquisitions. It has already become the most popular way to grow at a faster speed and the cases of acquisitions have just doubled since 1990. According to Campbell et.al (1995) "Corporate Parenting views the corporation in terms of resources and capabilities to built business unit value and generates synergies across business units." Corporate parenting help generating corporate strategies by focusing on core competencies of Parent Corporation and the value created from the relationship between the parent and its business unit.

Look for Parenting Opportunities

- Size & Age: Small and young business may have insufficient managerial skills, financial resources etc. to come out of troubled times and old, large houses with buildup overheads and bureaucracies which are difficult to clear.
- Management: The business has top-quality managers as compared to competitors.
- Business Definition: The trend of outsourcing and agreements is changing definition of many businesses, creating new parenting opportunities.
- Predictable Errors: Nature of business and its situation leads managers to make predictable mistakes.
- Linkages: Could the organization associate effectively with other business to improve efficiency or market position?
- Common Capabilities: Business maintains external stakeholders to manage better relations.
- Special Expertise: The business benefit from special or rare expertise than that the parent has?
- Major Decisions: Business difficulties in important decisions of the area where it lacks expertise.

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- Major Changes: The business needs to make changes in the areas with little experience. According to Pearce, et.al (2008).

Parenting Advantage

The parenting advantage is creating more value than your competitors would with the same businesses. For example, eBay (previous owner of Skype) of Microsoft (current owner of Skype) creates more value owning Skype. Chances are Microsoft will create more value so they would have the parenting advantage over eBay in this case. There are certain propositions to parenting advantage for successful implementation of corporate strategy. (R.Srinivasan, 2008)

Justify the Parent

Many businesses in multi-business corporate enterprise could be feasible as stand-alone entities. Since the corporate parent has no external customers for its product/services, it can justify itself if it influences businesses collectively to perform better than they would as independent entities.

Parenting Advantages

Corporate parents compete for ownership of businesses. Therefore, for keeping their stakeholders, the parents must add more value to the businesses in the portfolio than other rival parents would. This is the objective of corporate strategy.

Value Destruction

Multi- business enterprises corporate hierarchy; especially senior management predictably destroys some value. Corporate parents must be more disciplined i.e. intervention in businesses. Unless they have specific reasons, good corporate strategy should recognize the tendencies of value destruction to minimize their influence as much as to maximize value creation.

Lateral Synergies

Since there is potential for lateral linkages between the businesses in corporate enterprises, the main role of parent managers should be to create synergy (transfer competencies, resources and skills among SBU's).

Value Creation

Value creation occurs when parent sees an opportunity for a business to improve performance and has the skills, resources and other characteristics for helping the business to seize the opportunity. The conditions for value creation are important because they force corporate parent to think about major opportunities for added value through the corporate strategy.

Corporate Office and Management Processes

The important of the size, staffing and design of office as well as managing corporate processes are not important for managers. But if corporate functions and processes are not developed properly for value adding corporate strategy, they may lead to little of no improvement in performance. For parent managers it is important to possess the skills that are suitable for the parenting opportunities targeted by the corporate-level-strategy.

Diversity

Highly diverse corporate enterprises are more difficult to manage than less diverse ones. Diversity is best measured in terms of differences in parenting needs and opportunities between businesses in portfolio. To avoid excessive diversity, corporate parents should build its portfolio around businesses with similarities in terms of parenting needs and opportunities.

Stretch and Fit

Corporate parent must consider the speed with which it can build new skills and understand new types of businesses. It's supposed to search for new opportunities, refine and extend parenting skills, which encourage innovative ideas and help eliminate many disasters of excessive corporate strategy should maintain balance between stretches for new opportunities and fit with the parent's skills.

Business Unit Definition

Business units represent the basic "building blocks" in any multi- business corporate enterprises. Its definition has deep impact on both the value creation opportunities and the value destruction risks for the corporate parent. They impact the behavior and aims of business managers and the size and nature of parenting opportunities. Inappropriate business definitions lead to compromised business strategies and missed opportunities for parenting value creation. Only conditions of value creation in corporate Parent: is when business units are not fulfilling their potential and there lies an opportunity for parenting. If the centre has relevant resources or capabilities then there is an opportunity for parenting skills. (Campbell et.al, 1995)

Case of Procter & Gamble Acquired Gillette in 2005

The acquisition from P&G was announced in 2005 which was worth US$ 57 billion. Analysis shows both companies operate in same cultures, acquisition was called a perfect fit i.e. the Heartland Business, as per the Parenting fit Matrix. Proctor & Gamble known as the US's largest consumer product company, was producing from Pampers to Tide and from Crest toothpaste to Head & Shoulders shampoo. Gillette well-known for its signature razor, Duracell batteries and Braun and Oral B brands dental care products (P&G, 2005). Further analysis shows that two companies had 20 billion dollars brand and number one position, indicating two-thirds of total sales. Also both companies created strong records of innovation that helped them to influence strong market capabilities to build retailer partnerships. The deal also positioned them both for stronger sustainable growth in the future. (Anthony Henry, 2008)

The Reasons for the Parent Company to Acquire Gillette

We know, the product line of Gillette was mostly men's grooming products complemented the P&G's women product line. The overlap was only in teeth whiteners, deodorants and toothbrushes, which didn't make any major sinking of assets.

The distribution and marketing issue for both companies' products were very much similar. Both companies used same mix of advertising vehicles. This was of advantage for P&G.

They felt that bigger company will have more control against the encroachments of every bigger retail chains, most notably Wal-Mart and also the various supermarket and drug retailers. It allows P&G with its large number of essential brands increased by numerous.

The new company became even a more dominant advertiser, allowing it more control with agencies and with media outlets.

Each of the products lines had willing advantages in emerging markets. Like P&G is strongly rooted in Japan and China, while Gillette is better established in Brazil and India.

The general reason for acquiring Gillette was to target more customers in new market, which is a sign of a huge improvement and growth by expansion. Gillette and P&G also had the comparable cultures and matching core strengths in branding, innovation, and scale making it a terrific fit. P&G believed that, together with Gillette, they will overcome the world of personal care business and will search for another expansion that will help both of them in continuous change.

Here the corporate strategy adopted was **'Corporate Parenting'.**

P&G did intense study with regards to the acquisition of Gillette; the plan of buying the company gave P&G a tremendous success. The first quarter financial results following the merger with Gillette showed a big success for P&G. Results were much ahead of the expectations as the largest consumer goods company tripled its revenue growth, at the fastest rate in more than ten years. Analysis shows that the net earnings increased 29% to reach £2.55 billion, which the company said was driven largely by the addition of Gillette (P&G, 2006).

Further analysis says, the company also made progress on both the revenue and cost synergies and remains on track with its three year revenue and cost synergies plan. The sale of company's beauty products volume also boomed by 9%, the Gillette personal operations are already included to the statistics. Net sales also hiked by 7% to reach $5.37 billion, while net income also raised 7% to reach $848 million (P&G, 2006).

Gillette also added balance leadership to P&G. Gillette increase the shift of P&G's business mix toward faster-growing, higher margin, more asset-efficient businesses: beauty and health. With Gillette, P&G will have 22 billion-dollar brands. Merging provided P&G with more brands, broader and deeper consumer and shopper knowledge, more product and market innovation. Although Gillette was part of the P&G family, the management of the activities, tasks, innovation and other things with regards to management of affairs were still on the shoulder of former management team and staff of subsidiary. The only difference was that P&G made the final decisions. The employees and staffs of Gillette were coordinating with that of P&G in developing products and innovation for both of the companies. As seen, Gillette offered P&G the opportunity to grow. P&G considered Gillette as their biggest growth opportunities, because Gillette had its own line of products that was parallel to the products of P&G. another factor was that Gillette already built a name and reputation in different part of the globe. So, both of the companies helped each other by improving to maintain their names in the market of different geographical areas. Gillette was strong in countries like Brazil and India, where P&G always outperformed by Unilever and had excellent access and distribution in China, in the Philippines and fast-growing eastern European markets such as Russia and Poland (P&G, 2007). Another benefit of P&G from Gillette is the use of manpower. Gillette is known for its innovative ideas and technologies that offer their customers easy way of doing things that they are used to. P&G's management targeted the team behind the innovation of Gillette and combined it with their own team. By doing this, the talent, ideas and knowledge of both team will be used for the sake and improvement of the both parties.

It can be said that the acquisition also changed the approach to innovation of the parent company. Earlier, all inventions and new products were generated in house under highly secretive conditions. The doors to research and development had been kept open to the outside world through a department called Connect and Develop (P&G, 2007).

Performance of Gillette

Affect of acquisition on Gillette shows that, the first six months (April-September 2006), sales have grown 5% to Rs 241 crore compared with the same period last year while the operating profit before tax has increased nearly 12% to Rs 65 crore. "This is due to best in class effort towards integration of business and continued focus on the key revenue drivers and cost synergies," the Gillette India Director, Mr. Ashok Chhabra. (P&G, 2006)

Mr. Chhabra said, Gillette India Ltd repositioning its headquarters to Mumbai the office space is spread across 67,000 sq. ft. He further said post acquisition, Gillette as a part of P&G, has been able to further accelerate growth and enhance the reach of its brands by leveraging synergies such as access to sufficient distribution set-up; bigger scale to improve efficiencies and effectiveness with suppliers. "The company operated in three segment namely grooming, oral care an portable products, had place an new distribution structure which significantly increased Gillette direct coverage, enhance wholesale coverage and helped to service more retailers and reach more consumers efficiently" (P&G, 2008 and Business Line, 2006)

Conclusion

To conclude this can be said that, Corporate Parenting adds value to the organization as, P&G's acquisition of Gillette is worthy. The statistics, figures and numbers that was shown by P&G after the acquisition is the proof. The overall performance of both companies improved. The parent company is creating value. The impressions of the customers worldwide also brightened up. The decision of acquisition helped P&G to target two birds in one stone. One is the marketing impact of the decision made, such as the global competitiveness and innovations. Second is the productivity of the company that lead to satisfaction and also meeting the demands of the customers worldwide.

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Reflection on Gaining Competitive Advantage Through Employer Branding

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Abstract

The employer brand is the most powerful tool for attracting the right talent fit that will help gaining competitive advantage by the organizations. In principle, brands can be seen as a set of symbols which represent a variety of ideas and attributes, the net result of which is the public image, character or personality of an organization. Employer brand is understood as a brand which differentiates it from other competitors in the employment market.The term also includes long term strategy that establishes an organization's identity as an employer in the employment market. Employer brand is "the image of an organization as a 'great place to work' in the mind of current employees and key stakeholders in the external market." Brands are among a firm's most valuable assets and as a result brand management is a key activity in many organizations.The key to developing the employer brand strategy is to arrive at a comprehensive understanding of the organizational culture, key talent drivers (engagement factors), external perceptions, leadership vision, and management practices. A descriptive research seeks insight into the occidental concept of employer branding in Management Institutes. It identifies parameters and factors in a myriad of areas related to employer branding like factors pertinent in developing the employer brand, attributes considered most important in attracting new talent to the companies, challenges in managing an employer brand, factors an employee considers important about working with the company, communication media considered important for communicating the employer brand, and finally benefits arising from implementing employer brand. Employer branding undoubtedly is a significant precept of modern management, one that offers a fine blending of the science of marketing with the art of enlightened human relations management. It is the key to one of the strongest challenge of rampant employee attrition.The paper tries to describe the branding of a management institute in Udaipur and its impact on satisfaction and retention of employees with the sample of 100 respondents.

Introduction

Employer branding is today a focus of every employer, regardless of size. Earlier, it was primarily a concern for large employers in a limited number of industries that faced strong competition for talent.Today, competition for talent is fierce in any number of industries and in any number of regions.

For any organization provided with all the financial and strategic support with latest possible technologies and proactive innovative measures, the major driving force to lead it up from one step to another is its workforce. Organizations can attract better workforce only, when it has a positive image as an employer.Therefore employer branding or organizational image play a vital role in intention to apply and job choice decisions of applicants.

As a result, employer branding has expanded into every industry and corporate size bracket. As employers discover how important the right talent is for their overall business success, employer branding is today an integral part of any successful business plan.It is the strategy, companies use to achieve their desired appeal on current and future ideal talent.

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Now organizations pay attention on the name of the company as well as its culture because they are facing severe competition from each other and they can win this competition war successfully if they have good corporate image with qualified and talented employees. Therefore this study focuses on some key factors that directly or indirectly add to perceived employer branding of the respective institute in the mind of the potential employees and how these aspects affect their intention to apply in an organization and satisfaction after applying.

Ambler and Barrow (1996) have defined employer branding as the development and communication of an organization's culture as an employer in the marketplace. It is the package of functional, economic and psychological benefits provided by employment, and identified with the employing company. It conveys the "value proposition" the totality of the organization's culture, systems, attitudes, and employee relationship along with encouraging your people to embrace and share goals for success, productivity, and satisfaction both on personal and professional levels.

Employer branding is defined as "a targeted, long term strategy to manage the awareness and perceptions of employees and related stakeholders with regards to a particular firm"(Sullivan 2004). Minchington defines employer brand as "the image of organization as a great place to work in the mind of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders). The art and science of employer branding is concerned with the attraction, engagement and retention initiatives targeted at enhancing company's employer brand.

According to Backhaus and Tikoo (2004), employer branding is essentially a three step process. A firm develops a concept of the particular value it offers to prospective and current employees. This value proposition provides the central message that is conveyed by the employer brand. It is of key importance that this value proposition derives from a thorough audit of the characteristics that make the firm a great place to work. The third step involves carrying the brand "promise" made to recruits in to the firm and incorporating it as part of the organizational culture.

At the heart of the Employment branding is the Employee Value Proposition (EVP). EVP is influenced by the organization's values, culture, leadership, environment, talent and reward programs. Employment branding is internally and externally promoting a clear view of what makes a firm different and desirable as an employer (Lievens, 2007).

The key components of employer branding are:

- Culture- Internal Communication, Reward and Recognition, Measurement System, Training & Development, Service Support
- Purpose- Service Leadership, Values/ CSR, External Marketing
- Employment- Working Environment, Team Management, Recruitment and Induction

Employee Value Proposition

(EVPs) are most commonly defined as a term used to denote the balance of the rewards and benefits that are received by employees in return for their performance in the workplace. EVPs are also about marketing the organization through present and prospective staff .

Why organizations need an EVP

Organizational psychologists have identified that personal job satisfaction is driven by more than financial factors like benefits and salary. Insync Surveys' research has found that an organization's EVP is critical to attracting, retaining and engaging quality people.

Objectives of the Study

To study the impact of employer branding on retention and satisfaction of employees of management institutes

Data Analysis

Data were subject to statistical analysis such as descriptive statistics and frequency distribution for scaled data, reliability analysis was applied before subjecting the data for testing the level of satisfaction and retention using chi-square test.

Figure I shows that majority of respondents i.e. 57 % were female and rest 43% were males.

It is inferred from the Figure II that maximum 37% respondents were in the age group of 30-35, and minimum 12% were below 25 years.

From the Figure III it is revealed that 44% respondents are in the income slab of Rs. 15000-20000 and only 4% respondents have income above Rs. 40000.

Finance Figure IV came out as the major specialization of 41%respondents and rest are from different fields like 20% from human resources, 9% from international business, 38% from marketing and 12% from information technology.

The Figure V gave statistics of working experience of the respondents. Maximum 28% respondents have an experience of 10-15 years and 26% have 15-20 years and only 7% respondents are having experience of more than 20 years.

The Figure VI shows that 16% respondents are working in the same institute for less than 2 years, 33 % respondents are working from 2-4 years, 10% respondents are working from 4-6 years, 28 % respondents are working from 6-8 years and 13 % respondents are working from more than 8 years.

The statistics shows that maximum number of respondents got information about vacancy through existing employees i.e. 35% and the minimum number of respondents got information through placement consultancy i.e. 5 %.

Vacancy information through job portals was reported by mere 6% respondents, 11% respondents got message through e-mails, 26% through newspaper advertisements and 17% respondents were informed through friends and relatives.

Hypothesis Testing

Hypothesis I

Ho: Satisfaction of employee has significant relation with employer branding. Table I & Figure VIII

H_1: Satisfaction of employee does not have significant relation with employer branding.

Inference

Calculated chi-square value = 3.05

Table Value = 3.84 (at 5% level of significance)

From the above analysis it is inferred that the tabular value of chi-square is more than the calculated value i.e. null hypothesis is accepted. So there is significant relation between employee satisfaction and employer branding. 60% employees are satisfied because their employer has competitive advantage reflected by employer branding.

Hypothesis II

Ho: There is no significant relationship between employee satisfaction and retention.

H_1: There is significant relationship between employee satisfaction and retention. Table II & Figure XI.

Inference

Calculated chi-square value = 21.77

Table Value = 3.84 (at 5% level of significance)

From the analysis it is inferred that the tabular value of chi-square is less than the calculated value i.e. null hypothesis is rejected. So there is significant relationship between employee satisfaction and employee retention. As satisfaction level increases more is the chances of employee retention(65%).

Hypothesis III

Ho: There is no significant relationship between employer branding and employee retention

H_1:There is significant relationship between employer branding and employee retention. Table III & Figure X.

Inference

Calculated chi-square value = 7.56

Table Value = 3.84 (at 5% level of significance)

From the analysis it is inferred that the tabular value of chi-square is less than the calculated value i.e. null hypothesis is rejected. So there is significant relationship between employer branding and employee retention. Employees working with good employer brand agree to retain(53%)more than in organizations where employer is not having a brand image.

Findings

- Maximum number of respondents got information about vacancy through existing employees i.e. 35% and the minimum number of respondents got information through placement consultancy i.e. 5 %.
- There is significant relation between employee satisfaction and employer branding.
- There is significant relation between employee satisfaction and employee retention.
- There is significant relationship between employer branding and employee retention.

Conclusion

Employer branding is the process of generating appeal, creating an identity, communicating that identity and ensuring that the identity remains authentic and true. It's about ensuring that your organization is known, respected and considered to be a great place to have a career and work.

Employer branding in a nutshell is match-making, creating the perfect relationship between the employer and the employee. Employers should research their environment to know how their target group perceives them, understand what they want and need from them and understand their market position. They will need to develop or update their EVP to be consistent in their communications and help people in the organization be the brand. They will need to communicate or implement tactics to build or reinforce the desired employer image. For example, understanding what professionals want will help you to attract them. If you do not know the answers to these questions, it is probably time to find out.

Organizations need strategic integration for building an employer brand. In fact, it is hardly possible to create a successful employer branding without integrating the initiative closely with the greater organizational missions, values and strategies. And if it succeeds the advantages are numerous – a successful employer branding makes it easy for the organization to recruit & engage people, increase creativity, satisfaction and thus increase retention.

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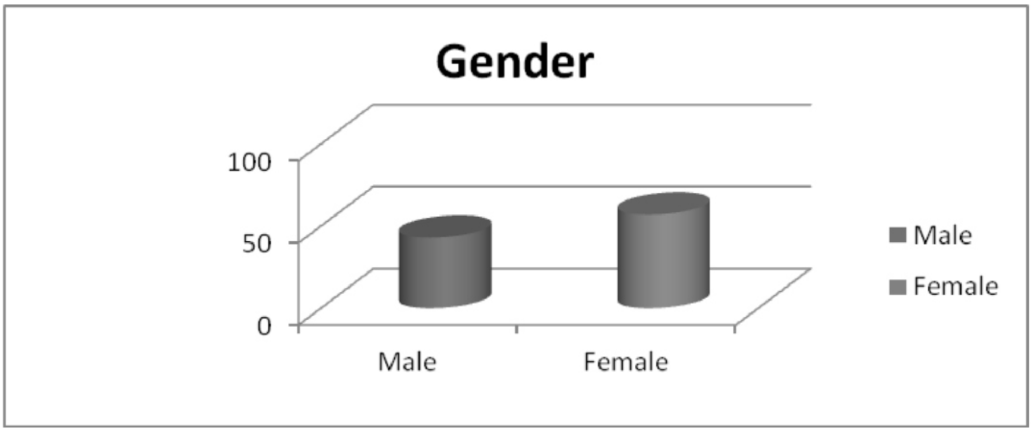

Figure I: Gender of Respondents

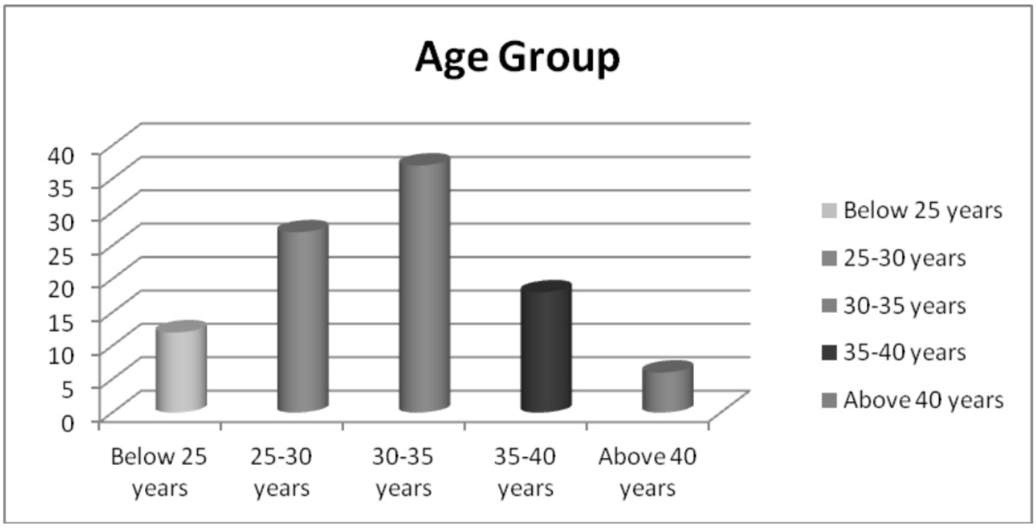

Figure II: Age Group of Respondents

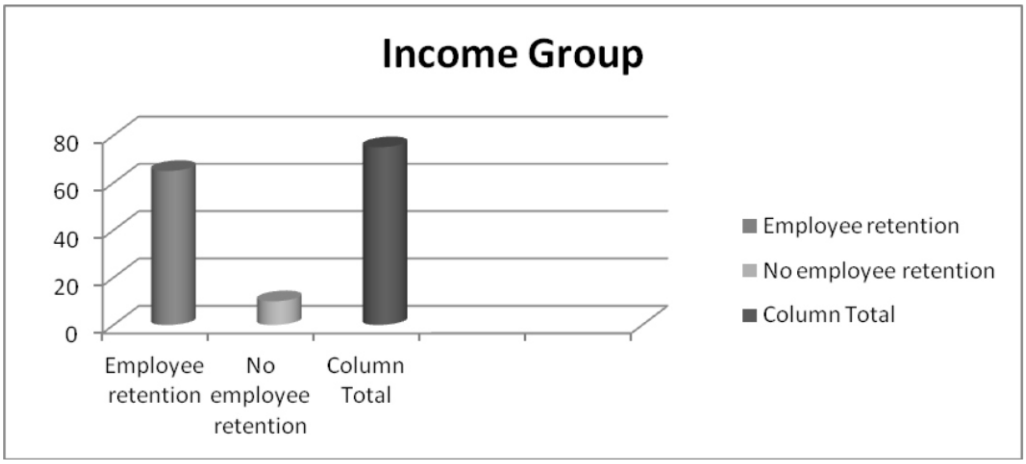

Figure III: Income Group of Respondents

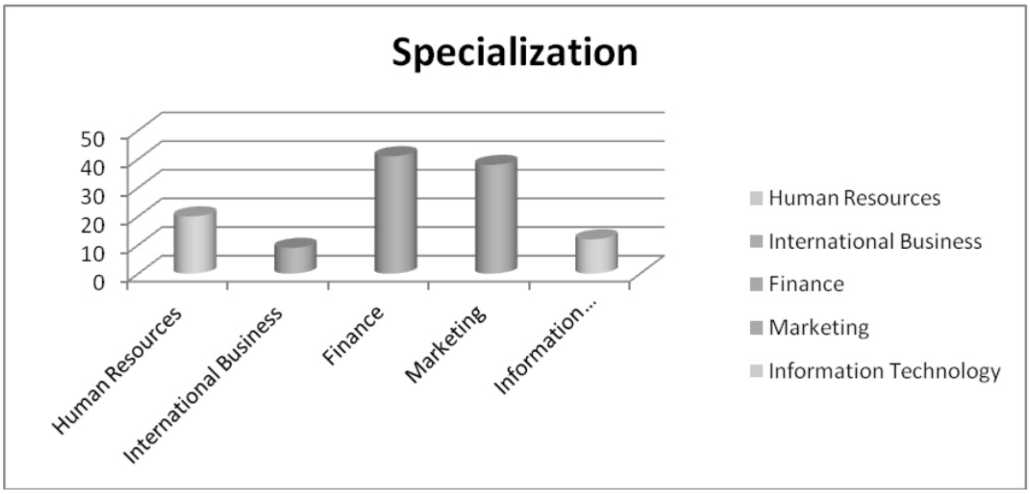

Figure IV: Specialization of Respondents

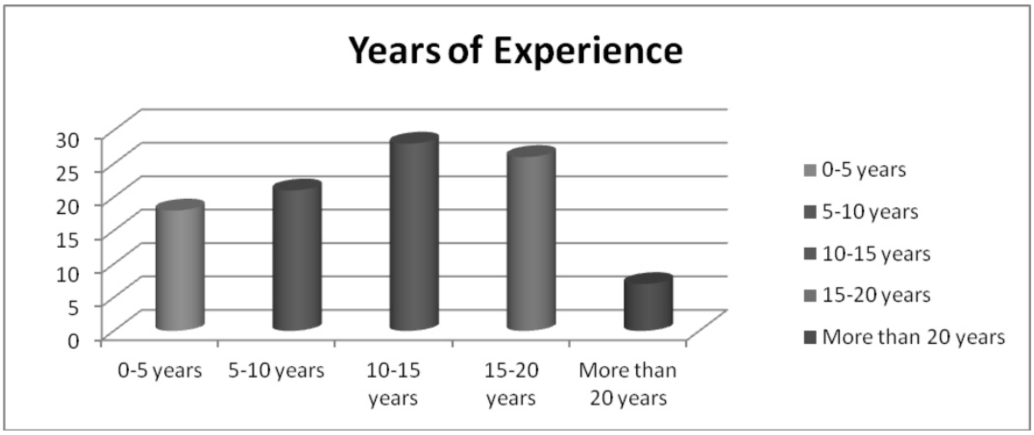

Figure V: Years of Experience of Respondents

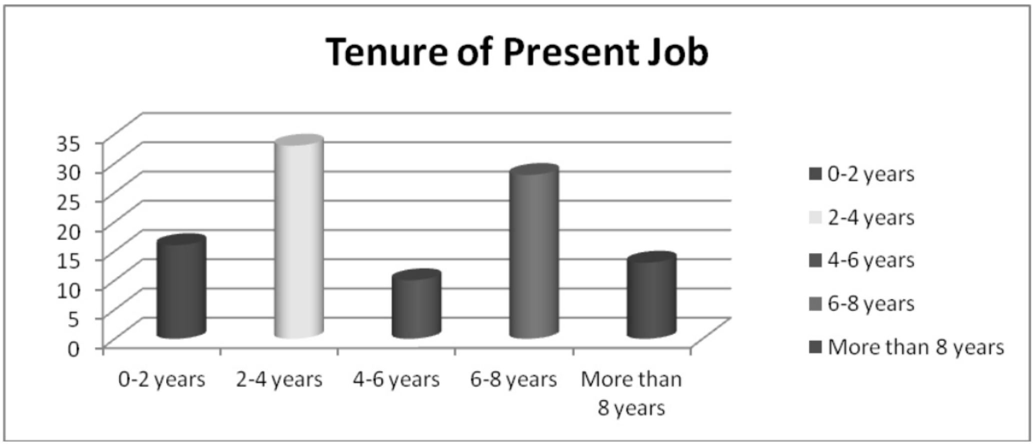

Figure VI: Tenure of Present Job of Respondents

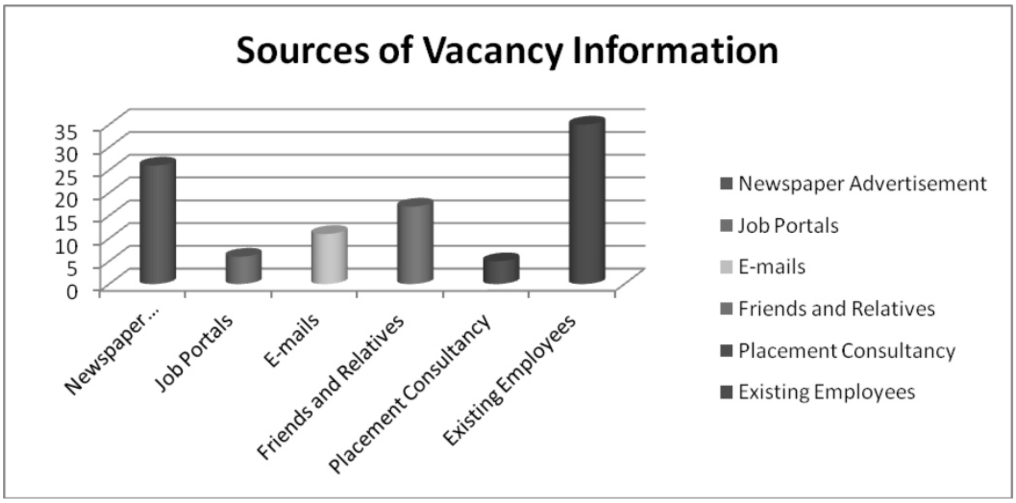

Figure VII: Sources of Vacancy Information of Respondents

Table I : Significant Relation between Employee Satisfaction and Employer Branding

Employer branding	Level of Satisfaction		Row Total
	Satisfied	Dissatisfied	
Yes	60	2	62
No	15	23	38
Column Total	75	25	100

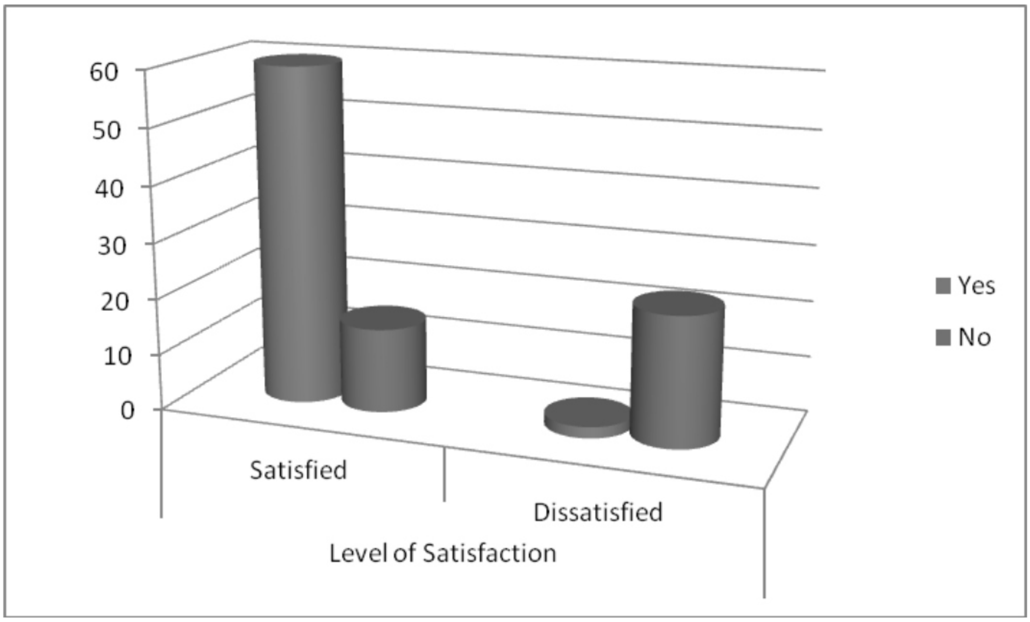

Figure VIII: Significant Relation between Employee Satisfaction and Employer Branding

Table II : Significant Relationship between Employee Satisfaction and Employee Retention

Employee Retention	Level of Satisfaction		Row Total
	Satisfied	Dissatisfied	
Yes	65	10	75
No	10	15	25
Column Total	75	25	100

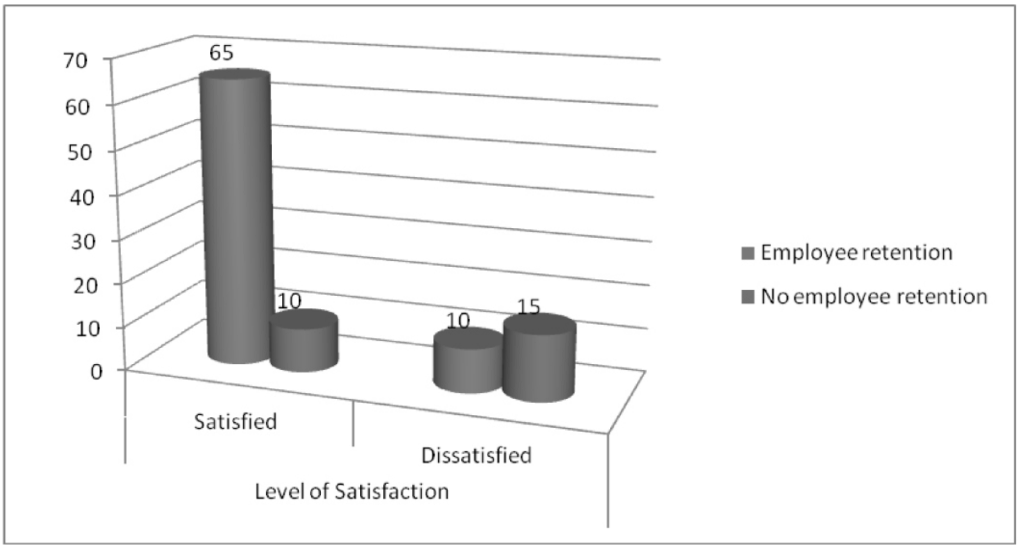

Figure IX : Significant Relationship between Employee Satisfaction and Employee Retention

Table III : Significant Relationship between Employee Branding and Employee Retention

Employer Brand	Employee retention		Row Total
	Agree	Disagree	
Yes	53	22	75
No	10	15	25
Column Total	63	37	100

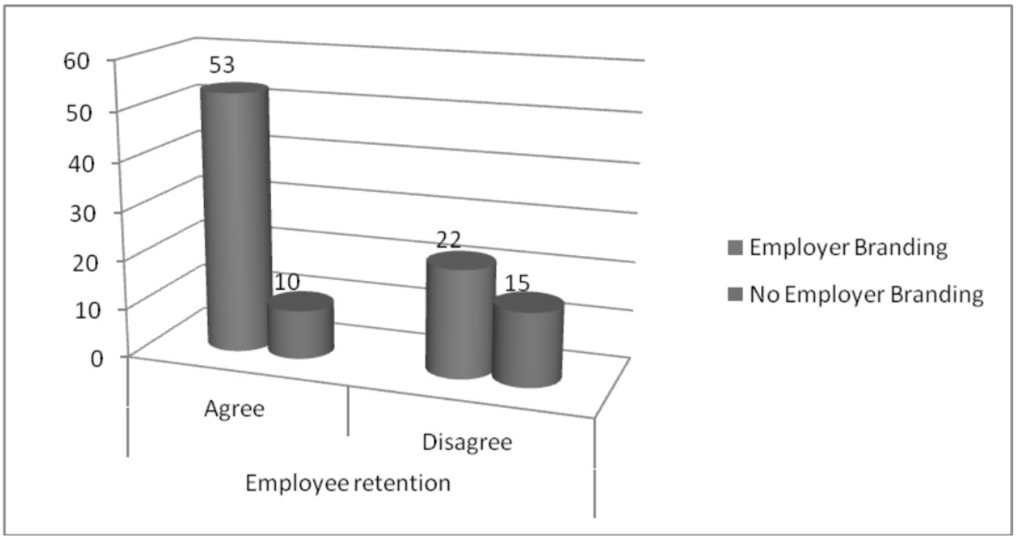

Figure X : Significant Relationship between Employee Branding and Employee Retention

Financial Decision-Making Using Accounting Concepts in the Context of Socio-Economic Development: A Case Study about the Integrated Approach

Dr. Dilip Kumar Sen

Abstract

This paper is an outgrowth of a research study based on the analysis of data collected through a case study-based questionnaire administered to as many as 152 interviewees belonging to different groups in Bangladesh. The academics argue in the literature that economic evaluations, financing, and investment decisions, should be made based on an integrated view that encompasses the accounting, economic and financial aspects all together. While there is a wide agreement about this approach, it is not clear whether people really follow it in practice. The majority of the interviewees, in this Case Study, did not follow this approach in practice and as a consequence, wrong decisions were made. Such an investment behavior can cause distortions in economic resource allocations, inefficiencies, and environmental harms. A fruitful way to enhance the socio-economic growth in the country would be, therefore, to increase the investors' awareness to this issue. It is not enough that people know and concur with the need for an integrated approach. Potential investors should also know how to do it. This paper pointed out several factors that were significant in explaining how this discrepancy between theory and practice can be reduced. There is a need to encourage investors to have a longer time-horizon; and to increase their business experience before they actually turn to investing. The compensation schemes of those who are involved in making investment decisions should be tied to the investment performance, to the extent possible. These actions will increase the efficiency of the market participants and stir the Bangladesh economy to the growth path, to realize its promising potential.

Focus of the Study

The academic literature has documented that economic evaluations, financing, and investment decisions, should be made based on an integrated view that encompasses the financial, accounting, and economic aspects all together. One may see for example, Aguirre and Hagigi (1987); Hagigi and Sponza (1990); Hagigi and Williams (1993), Bailey and Soyka (Spring 1996) among others. Ignoring one or two of these considerations might result in sub-optimal decisions. While in theory there is a wide agreement about this approach, it is not clear whether people really use it in practice. The consequences of decisions, that do not employ an integrated approach, are harmful (Dechow et al, 1996). They are causing distortions in economic resource allocation, inefficiencies, environmental harms, and they stand as impediments to economic growth as well (Gamble et al, 2008; Luft et al, 2002). Evidently, academicians are of the view that the financial decision-making process using accounting concepts in the context of socio-economic development is really important (McKnight and Manly, 2005; Strawser, 1994).

The reason behind designing this case study is to learn whether investors and potential investors employ this integrated approach in their actual investment practices. A case was designed in such a way that resulted in wrong decisions if the integrated approach was not used. A large sample of investors and potential investors with varying degrees of different characteristics from Bangladesh were surveyed. 152 interviewees, spanning a wide range of decision-makers, were asked to make investment decisions while provided with financial, economic, and accounting data. The resulting decisions indicated very clearly that, typically,

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investors did not integrate these three dimensions in forming their decisions and therefore made wrong socio-economic decisions.

The ultimate aim of the study in this paper is to examine to what extent knowledge of Accounting and Financial concepts presented through a Case Study is really relevant to Economists for making investment decisions in the context of socio-economic growth & development as well as poverty reduction in Bangladesh, in particular. In other words, this is an endeavor to explore whether the knowledge in Accounting and Finance strengthens the hands of Economists for the purpose of making decisions in regard to promoting balanced economic growth & development, resulting in reduction of poverty. The analysis of this paper and its results are entirely based on the data collected with the help of a Case study-based questionnaire administered to 31 Potential Investors, 31 Loan Officers, 30 University Teachers of Accounting, 30 University Teachers of Economics and 30 University Teachers of Finance of Bangladesh. They have been selected by using Convenience sampling. They are now tabulated in Table I.

The discussion of this paper has been presented in two sections - Section-I and Section-II. This study in both Section-I and Section-II attempts to contribute to the socio-economic development of Bangladesh by pointing out the importance of applying the integrated approach and eliminating unnecessary impediments to economic growth.

The purpose of the study in Section-I is to examine whether investors and potential investors as well as lenders make investment decisions and lending decisions following an integrated approach to Accounting, Economics and Finance. On the other hand, the purpose of the study in Section-II is to study the attitudes of respondents of five different groups of experts under study in terms of their extent of agreement or disagreement with the different facets of a Case study regarding the relevance of the knowledge in Accounting and Financial concepts to Economists in the context of making investment decisions for promoting balanced economic growth and development resulting in poverty reduction.

The Empirical Study

The empirical part of the study is presented in two sections i.e., Section-I and Section-II. Section-I analyzes the collected data using logistic regression. Section-II analyzes the data by testing the null hypotheses meant for the study. A chi-square test has been applied to test Set-I null hypotheses and a standard binomial probability test: Z-test for testing the Set-II null hypotheses.

Section-I

A large sample of investors and potential investors with varying degrees of different characteristics from Bangladesh were surveyed. 152 interviewees, spanning a wide range of decision-makers, were asked to make investment decisions while provided with accounting, financial, and economic data. The interviewees were from the following five sectors (30 or 31 from each sector): loan-officers; university economic educators; university accounting educators; university finance educators; and, finally, from other different investors.

Each interviewee was asked to help financing one of two companies, both of which have, great future growth potential. Both of them are in the poultry industry. Each interviewee was asked to state his or her preference between Mahfuja (**M** herein after) Co. and Ali (**A** herein after) Co. The firms' Balance-Sheets and Income Statements were provided together with some financial ratios, which were calculated based on these statements, but not incorporating the information imbedded in their attached footnotes. Since the financial ratios were calculated ignoring the information in the footnotes, they were potentially misleading. They indicated a clear preference to company **M**, while in reality, after adjusting the financial ratios to the accounting and economic information, the preference switched drastically towards favoring company **A**. The attached footnotes were related to six items having implications to other accounting, economic and environmental facets, as follows: inventories; leases; pensions; investments in marketable securities; deferred tax liability (DTL) and contingent liabilities.

According to the integrated approach, a correct analysis should not accept the inventory item and its impact on the Cost of Goods Sold item at face value. One cannot compare performances of two companies when their inventory valuation methods are different. This is true in particular in the case of Bangladesh as the inflation rate in this country was substantial during recent years. One should be aware that inflation impacts differently the reported income and assets of firms that are using different inventory valuation methods. Again, to summarize, one has to use an integrated approach, encompassing: economics (for example, to incorporate the impact of inflation); accounting (to realize the differential impact of the various accounting methods); and finance (to use the standard financial analysis).

Incorporating the lease items is done by "capitalizing" the operating lease costs, by adding the present value of future lease payments to the firm's assets and liabilities in the Balance-Sheet. Such an adjustment changes the ratio of Liability to Total Assets.

Incorporating the pension items is done by removing the net pension asset/liability from the Balance-Sheet and adding the total pension liability to the total liabilities and the pension fund assets to the total assets. Such an adjustment, too, changes the ratio of Liability to Total Assets.

M company had a huge loss due to its investments in marketable securities. However, because it classified these transactions as "Available for Sale," this huge loss was not reflected in its Income statement. An appropriate adjustment would show this huge loss directly in the body of the Income Statement and would reduce substantially the reported Net Income of company **M**.

Company **M** was involved in certain environmental matters. It was stated that currently the Company could not accurately predict the timing and amounts of future payments that might result. Because of not being able to quantify it, this important information was not disclosed in the body of the financial statements. Furthermore, it was stated in the case that, while the disputed amounts were substantial, the company would not have to pay off any of them as there was a government commitment to fully pay them. However, for the welfare of the economy, it does not really matter who is paying for it. The fact that there were environmental problems is harmful for the economy regardless who is paying for the violations. Again, this important socioeconomic information was not reflected in the body of the financial statements.

Company **A** had a substantial amount of Deferred Tax Liabilities (DTL), much more than Company **M** had. However, DTL should not be treated as any other liability. First, it is stated at its future value, which is, smaller than its present value. In Bangladesh, in particular, with the high inflation rate, DTL should be treated as a substantially smaller liability than the figure in the Balance Sheet. Furthermore, the amount of DTL, which is mentioned in the Balance Sheet will never be paid off because each time that it is paid, it is replaced by another amount of DTL. Therefore, according to the "going concern" assumption that the firm will continue its existence, DTL should not be viewed as a liability for financial statement analysis purposes, but it should be counted as equity.

Again, each interviewee was asked to indicate a preference for method **A** or **B** for Project-1, to reveal tendency to safety-first approach, and between method **C** or **D** for Project-2, to discern an inclination towards the upside potential.

Project 1 (Testing for Safety-First Behavior): A specific rate of return is expected to be achieved by using a traditional investment (**Method A**), or by investing in an innovative alternative method (**Method B**). Both methods are expected to result in about the same overall rate of return. However, in almost all scenarios, **Method B** is expected to result in a higher rate of return, while there is a small (and significant) probability of an exceptionally large loss.

Project 2 (Testing for Seeking Upside Potential): A specific rate of return is expected to be achieved by using a traditional investment (**Method C**), or by investing in an innovative alternative method (**Method D**). Both methods are expected to result in about the same overall rate of return. However, in most scenarios, **Method D** is expected to result in a lower rate of return, while there is a small (and significant) probability of an exceptionally high rate of return.

To study whether the awareness of the need for applying the integrated approach depends on some explanatory variables, the study explored the impact of five different variables on the decision-makers: (1) lender versus investor viewpoint; (2) the degree to which the compensation of the decision-maker is tied to the success of the decision; (3) the time-horizon; (4) the experience; and finally, (5) the degree to which the decision-maker shares the decision with others or whether the responsibility is borne solely by the decision-maker.

Finally, the study runs Logistic Regressions to test the level of the statistical significance of the various findings.

Discussion and Results of Empirical Analysis [For Section-I]

As seen in Table II, Panel A, a vast majority of the interviewees opted to favor company **M**, which on the surface exhibited a better financial performance, but in reality did not perform as well as Company **A**. This finding indicates that the decision-makers did not incorporate all the accounting, economic and financial information, as the integrated view calls for. Hence, most of the investors made the wrong decision, which typically results in reduced socio-economic welfare for the country.

Table II, Panel A reveals that, typically, the decision-makers with a lender perspective did less poorly than those with an investor's perspective. There were fewer of those with a lender perspective who opted for **M**, than those of an investor's view point, of whom 92.6% opted for **M**. Table III, Panel A clearly demonstrates that the difference between these two groups is statistically significant, at the level of 1% (p-value = 0.005).

A further examination of how often footnote information was mentioned in decision-makers' explanations shreds some light on this interesting phenomenon. For example, those having a lender perspective are more likely, compared to those with an investor perspective, to mention information about leases in their explanations. Table II, Panel B shows that 16.7% of those with a lender perspective mentioned lease, while only 2.5% of those with an investor perspective considered it. Table III, Panel B clearly demonstrates that the difference between these two groups, consideration of lease information, is statistically significant, at the level of 5% (p-value = 0.049).

Table III, Panels B through H, report the statistical significance of the various characteristics in explaining the different items requiring adjustments.

Panel B shows that experience is the most significant characteristic in explaining awareness of the lease item, at the level of 1% (p-value = 0.006). Also significant are the distinction between the lender versus investor, at the level of 5% (p-value = 0.049); time-horizon, at the level of 10% (p-value = 0.052); and the nature of the compensation scheme, at the level of 10% (p-value = 0.006).

Panel C shows that responsibility is the only significant characteristic in explaining awareness of the pension item, at the level of 10%. The negative coefficient on Responsibility indicates that if the responsibility is borne solely by the decision-maker, then pension item is less likely to be mentioned.

Panel D shows that compensation is the most significant characteristic in explaining awareness of the investment item, at the level of 1% (p-value = 0.002). The significantly positive coefficient on Compensation indicates that if compensation is tied to the outcome of the project, then the investment item is more likely to be mentioned. Also significant is time-horizon, at the level of 5% (p-value = 0.027); and experience, at the level of 10% (p-value = 0.085). The significantly positive coefficient on Time-horizon indicates that as the investment time-horizon increases, decision-makers are more likely to consider the investment item in forming their decisions. The marginally significant coefficient on Experience takes on a positive sign, which indicates that more experienced decision-makers are more likely to pay attention to the investment item.

Panel E shows that time-horizon is the only significant characteristic in explaining awareness of the footnote information as to the environmental issue , at the significance level of 1% (p-value = 0.000).

Panel F shows that responsibility is the only significant characteristic in explaining awareness of the footnote information pertaining to the inventory method, at the significance level of 5% (p-value = 0.022).

Panel G shows that the model does not have a good fit, and none of the variables is statistically significant.

Panel H shows that time-horizon, compensation, and responsibility all help to explain awareness of the footnote information. The positive signs on all of these three variables indicate that, generally speaking, the longer the time-horizon, the greater the extent to which compensation is tied to the outcome of the decision, and the more responsibility the decision-makers assume the more likely they will incorporate the footnote information in forming their decisions.

As seen in Table IV, Panel A, the majority of the interviewees opted for method A, which reflects preference for Safety-First (SF). It is important to note that this preference was substantially stronger for those having a lender perspective compared to those with an investor perspective. As Table IV, Panel B clearly demonstrates, the difference between these two groups is statistically significant, at the level of 5% (P-value = 0.011).

This interesting phenomenon explains the difficulty that investors, and in particular entrepreneurs, face in getting loans to finance their ventures in Bangladesh.

Table V deals with the upside potential case. It relates to the choice between methods **C** and **D**. **Method C** portrays a "regular" pattern of expected return variability. In most foreseeable scenarios, method **D** is expected to result in a lower rate of return than **C**, but it has a small (and significant) probability of having an exceptionally high rate of return. Table V, Panel A, presents the percentage distributions of those who prefer **C** and **D**, by different explanatory variables.

While in most of the cases the decision-makers preferred the safer **method C** and moved away from the upside potential, there were interesting differences in the degrees of preferences stemming from the examined explanatory variables.

The first variable, lender versus investor's viewpoint, did not explain the above mentioned preference. Indeed, as Panel B reveals, the logistic regression coefficient is not statistically significant (p-value = 0.888). However, all the other four explanatory variables are statistically significant. The coefficient on the second variable, Compensation, is significantly positive (p-value = 0.002), which reveals that as the degree to which the compensation of the decision-maker is tied to the success of the decision, the preference switches from method **C** to **D** to benefit from the upside potential. This result might have an implication for stimulating entrepreneurship development in Bangladesh. Such development can be enhanced by designing compensation schemes, for all the involved parties (loan-officers; employees etc.), that are tied, somehow, to the success of the business ventures. Once the decision-maker can benefit from the exceptional expected return, he or she will be motivated to take the extra risk to achieve it. A similar pattern is revealed by the significantly positive coefficient (p-value=0.022) on the third variable, Time-horizon. As the decision-maker's time-horizon is longer, the preference switches from **method C** to the method with the upside potential, **method D**. The conclusion from this is that promotions and compensations should be based more on long-term performance rather than on the short-run. The significantly positive coefficient (p-value=0.027) on the fourth variable, Experience, indicates that the longer the experience of the decision-maker, the more he or she will tend to select the project with the upside potential. This result is consistent with the academic literature that was previously mentioned, such as Rahman, among others. The significantly negative coefficient (p-value=0.026) on Responsibility indicates that the more a decision-maker shares the decisions and the responsibility with others, the more he or she will tend to switch away from selecting **method D**, the method with the upside potential.

Section-II

The purpose of the study in this section is to study the attitudes of respondents of five different groups of experts under study in terms of their extent of agreement or disagreement with the different facets of a case study regarding the relevance of the knowledge of Accounting and Financial concepts to Economists in the context of making investment decisions for promoting balanced economic growth and development resulting in poverty reduction.

This section, as mentioned earlier, is meant for testing as many as eight null hypotheses. The following null hypotheses have been tested here:

Set-I

Ho-1: There is no systematic variation in responses amongst PI (Potential Investors), LO (Loan Officers), UTA (University Teachers of Accounting), UTE (University Teachers of Economics) and UTF (University Teachers of Finance) of Bangladesh with respect to making a choice between Mahfuja & Co and Ali & Co for the purpose of financing it by means of investment in shares or granting loans keeping in view their financial viability as well as contribution to economic growth & development.

Ho-2: There is no systematic variation in responses amongst PI (Potential Investors), LO (Loan Officers), UTA (University Teachers of Accounting), UTE (University Teachers of Economics), UTF (University Teachers of Finance) of Bangladesh with respect to the idea that Knowledge in Accounting and Financial Concepts is most relevant to Economists in adopting measures to stimulate balanced economic growth & development resulting in poverty reduction.

Ho-3: There is no systematic variation in responses amongst PI (Potential Investors), LO (Loan Officers), UTA (University Teachers of Accounting), UTE (University Teachers of Economics) and UTF (University Teachers of Finance) of Bangladesh with respect to the idea that Method-A is better than Method-B for financing Project-1 as well as for promoting economic growth and development resulting in poverty reduction.

Ho-4: There is no systematic variation in responses amongst PI (Potential Investors), LO (Loan Officers), UTA (University Teachers of Accounting), UTE (University Teachers of Economics) and UTF (University Teachers of Finance) of Bangladesh with respect to the idea that Method-C is better than Method-D for financing Project-2 as well as for promoting economic growth and development resulting in poverty reduction.

The above four hypotheses of Set-I have been tested by using Chi-square test of homogeneity.

Set-II

Ho-5: The proportion of respondents in each expert-group that agree with the idea that "Mahfuja & Co is more efficient than Ali & Co in regard to its financial viability and contribution to economic growth & development" is equal to ½ (i.e., 50%) against the one- sided alternative hypothesis: the said proportion is greater than ½ (i.e.,50%).

Ho-6: The proportion of respondents in each expert-group that agree with the idea that "Knowledge in Accounting and Financial Concepts is most relevant to Economists in adopting measures to stimulate economic growth & development resulting in poverty reduction" is equal to ½ (i.e., 50%) against the one-sided alternative hypothesis: the said proportion is greater than ½ (i.e., 50%).

Ho-7: The proportion of respondents in each expert-group that agree with the idea that "Method-A is better than Method-B for financing Project-1 as well as for promoting economic growth and development" is equal to ½ (ie., 50%) against the one-sided alternative hypothesis: the said proportion is greater than ½ (ie., 50%).

Ho-8: The proportion of respondents in each expert-group that agree with the idea that "Method-C is better than Method-D for financing Project-2 as well as for promoting economic growth and development" is equal to ½ (ie., 50%) against the one-sided alternative hypothesis: the said proportion is greater than ½ (ie., 50%).

The above four hypotheses of Set-II have been tested by using a binomial probability test, Z-test.

Discussion and Results of the Empirical Analysis [For Section-II]

To analyze the results, the following statistical tests have been applied:

The Chi-Square test

The Chi-square test (Blalock 1972; Best, 1978; Siegel, 1956) is a widely used test to evaluate whether frequencies empirically obtained, differ significantly from those that would be expected under certain theoretical conditions. It may be defined as follows:

$$\chi^2 = \sum \frac{(f_o - f_e)^2}{f_e}$$

Where f_o= observed frequency for a cell, f_e= corresponding expected frequency computed under the null hypothesis of homogeneity and Σ denotes summation over all cells, provided each of the cells has expected frequency ≥ 5.

This test will be used in the present study to examine two null hypotheses of homogeneity: (i) there is no systematic variation in the true relative frequency distribution of responses across different disciplines' experts with respect to the impact of different issues/ aspects of an interfacing approach to Accounting, Economics and Finance (i.e., the items in the questionnaire) on economic growth and development leading, in turn, to alleviation of poverty; (ii) there is no systematic variation in the true relative frequency distribution of responses across different SAARC countries' experts with respect to the effect of different issues/aspects of an interfacing approach to Accounting, Economics and Finance on economic growth and development leading, in turn, to reduction of poverty. If the computed value is greater than the table value, the null hypothesis is rejected.

Supposing the frequency distributions of responses over categories are recorded in a two-way table where the rows(r) correspond to r groups of experts and the columns (c) to the c categories of responses. Let f_{ij} be the frequency in the j-th column of the i-th row.

$$\text{Let } f_{io} = \sum_j f_{ij} ; f_{oj} = \sum_i f_{ij}$$

denote the i-th row total and the j-th column total, respectively. Finally, let

$$n = \sum_j f_{io} = \sum_j f_{oj} = \sum_i \sum_i fij,$$

denote the total of all frequencies in the two-way table. Then, to test the null hypothesis of homogeneity, one computes:

$$\chi^2 = \sum_i \sum_j \frac{(f_{ij} - f_{io} f_{oj} / n)^2}{f_{io} f_{oj} / n}$$

and rejects the null hypothesis if the computed value of Chi-square > tabular value of Chi-square for (r-1) (c-1) degrees of freedom at the 5% level. The formula for χ^2 (Chi-square) can be simplified if r=2 and further simplified if r = c = 2. When any of the expected frequencies $f_{io} x f_{oj}/n$ has fallen short of 5, then some columns have been merged for computing Chi-square.

The Z-test

This test (Nagar and Das, 1983; Freund and Williams, 1958), a standard binomial probability test is based on the following statistic:

$$\text{Compute } Z = \sqrt{4n}\,(\hat{P} - \frac{1}{2})$$

Where n= sample size (total no. of responses) leaving out the "undecided" responses and p= sample proportion of respondents in a group agreeing or strongly agreeing with a particular issue/aspect of an interfacing approach to Accounting, Economics and Finance (in the present situation) to the total number of respondents in the group excluding those who were "undecided" (n).

This statistic has been used to test the null hypothesis H_o= the true proportion of respondents agreeing/ strongly agreeing with a particular issue/aspect of an integrative approach to Accounting, Economics and Finance (i.e., the true value of $\hat{P}$) is equal to ½ (i.e., 50 per cent) against the two-sided alternative hypothesis that the true proportion is different from ½. The null hypothesis is rejected at 5% level if $|z| > 1.96$. When one considers the one-sided alternative, that is, when under H_1, the true proportion >½, the null hypothesis is rejected at 0.05 level if $Z > 1.645$, and at 0.01 level if $Z > 2.32$.

This section is the outcome of the results of empirical analysis in the context of Bangladesh. This is based on the statistical test-results of eight null hypotheses.

The chi-square test has been applied to test four null hypotheses of Set-I while Z-test has been applied to test another four null hypotheses of Set-II. All the data collected from 152 respondents of exclusively Bangladesh respondents belonging to five categories of experts [PI (Potential Investors), LO (Loan Officers), UTA (University Teachers of Accounting), UTE (University Teachers of Economics) and UTF (University Teachers of Finance)] have been used to test the hypotheses. Here the objective is to study the attitudes of respondents of five different groups of experts under study in terms of their extent of agreement or disagreement with the different facets of a Case study regarding the relevance of the knowledge in Accounting and Financial concepts to Economists in the context of making investment decisions for promoting balanced economic growth and development resulting in poverty reduction. The aim is also to examine the variation in attitudes across expert-groups.

Chi-Square Test Results

Table# 6 shows that each of the four null hypotheses of Set-I (where Chi-square test of homogeneity has been applied) is accepted because in each of these cases the computed value of Chi-square is less than its critical value of 9.49 (i.e., table value) at 5% level of significance for 4 degrees of freedom. It implies that there is no significant difference of opinions amongst the respondents across five expert-groups with respect to the relevance of the knowledge in Accounting and Financial concepts to Economists in the context of making investment decisions for promoting balanced economic growth and development resulting in poverty reduction.

The test results show:

(1)Ho-1 has been accepted, implying that there occurred no systematic variation in responses across the respondent-groups under study with respect to making a choice between **M Co** and **A Co.** for investment decisions meant for balanced economic development leading, in turn ,to poverty reduction;

(2) Ho-2 has been accepted, implying that there occurred no systematic variation in responses across the respondent-groups under study with respect to the idea that knowledge in accounting and financial concepts would be most relevant to the economists for making decisions in the context of balanced economic development resulting ultimately in poverty reduction;

(3)Ho-3 has been accepted, implying that there occurred no systematic variation in responses amongst the respondent-groups under study with respect to the superiority of **Method-A** over **Method-B** for financing Project-1, keeping in view balanced economic development and poverty reduction;

(4)Ho-4 has been accepted, implying that there occurred no systematic variation in responses amongst the respondent-groups under study with respect to the superiority of **Method-C** over **Method-D** for financing Project-2 keeping in view balanced economic development and poverty reduction;

The collected data in all the above cases support the test results. In other words, an overwhelming majority of the interviewees are in favor of the test results. They are of the view that from both investors' and lenders' perspectives investment and lending decisions need to have an integrative approach to accounting, economics and finance for the purpose of balanced economic growth and development. In this regard, awareness of investors, potential investors as well as lenders is required to be increased.

Z-test Results

Table VI shows also that each of the four null hypotheses of Set-II (where **Z-test** has been applied) is rejected because the computed **Z-value** of each hypothesis is greater than its critical value (i.e., table value) of 2.32 at one-sided 1% level of significance. It implies that the proportions of respondents of all the studied expert-groups taken together agreeing with the impact resulting from different facets of a Case study regarding the relevance of the knowledge in Accounting and Financial concepts to Economists in the context of making investment decisions for promoting balanced economic growth and development resulting in poverty alleviation is significantly above 50% at one-sided 1% level of significance. In other words, a significant majority of the respondents (of each expert-group under study) agrees that making investment decisions that encompass Accounting, Economic and Financial concepts promotes balanced economic growth and development resulting in poverty reduction

According to both statistical analysis and expert opinion survey (i.e., according to a significant majority of the interviewees under study of Bangladesh), investment and lending decisions covering Accounting, Economics and Financial concepts is most likely to have a greater effect on balanced economic development leading, in turn, to poverty alleviation.

Z-test results indicate that in case of all the null hypotheses of Set-II, the computed value of **Z** is greater than its critical value of 2.32 at 1% level of significance implying that all the hypotheses are rejected. It provides the evidence that $\hat{p}$ i.e., the proportion of interviewees of all the five-groups in Bangladesh agreeing with the impact of an integrated approach is significantly above ½ (i.e., 50%). In other words, significantly more than 50% of the interviewees of each group under study support the idea that an interfacing approach to Accounting, Economics and Finance has a significant effect on investment and lending decisions for the purpose of financing industrial projects. All this is most likely to have a significant impact on stimulating balanced economic growth as well as reducing poverty.

Summing-Up

The foregoing discussions lead to the conclusion that a significant majority of the interviewees felt that investors, potential investors as well as lenders need to make their decisions keeping in view the integrated approach to Accounting, Economic and Financial concepts. In other words, the study suggests that investment decisions should be made based on an integrated view, encompassing accounting, economic and financial aspects all together. Ignoring one or two of these considerations might result in sub-optimal decisions. While in theory there is a wide agreement about this approach, in practice many decision-makers fail to do so. As a consequence, wrong decisions are made, causing distortions in economic resource allocations, inefficiencies, and environmental harms. A fruitful way to enhance a country's socio-economic growth would be, therefore, to increase the investors' awareness of this issue. It is not enough that people know and concur with the need for an integrated approach. Potential investors should also know how to do it. This study pointed out several factors that were significant in explaining how this discrepancy between theory and practice can be reduced. There is a need to encourage investors to have a longer time-horizon; and to increase their business experience before they actually turn to investing. The compensation schemes of those who are involved in making investment decisions should be tied to the investment performance, to the extent possible. These actions will increase the efficiency of the market participants and stir the Bangladesh economy to the growth mode to realize its promising potential.

The implications of these results point to some steps that might enhance the development of entrepreneurship in Bangladesh. The study provides a few recommendations for incentive that might be created to stimulate the entrepreneurship spirit in the country. The study suggests that compensation schemes of decision-makers need to be tied, to the extent possible, to the success of investments. Another recommendation is that performance evaluations should be made with a long term view instead of short-term accomplishments. The present researcher believes that, by appropriately modifying decision-makers' behavior by offering adequate incentives, Bangladesh may be able to materialize its great potential. By means of stimulating its entrepreneurship development, Bangladesh might take advantage of its huge population and land to attain balanced economic growth and development. In this context, the knowledge in economics alone may not fully serve the purpose; knowledge in accounting and financial aspects might then play a complementary role for the purpose of making prudent decisions to achieve accelerated economic growth and development.

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Table I : Responedents of Bangladesh under Study

Category of Respondents	Sample Size
PI(Potential Investors)	31
LO(Loan Officers)	31
UTA(University Teachers of Accounting)	30
UTE(University Teachers of Economics)	30
UTF(University Teachers of Finance)	30
Total	**152**

Table II, Pannel A : Preference between Mahfujia and Ali
Percentage Distributions (out of 152 interviewees)

Preference between Mahfujia and Ali **Percentage Distributions (out of 152 interviewees)**				
Characteristics	**Survey Code**	**Project Preference**		**Weight among the interviewees**
		Mahfujia	Ali	
From a Lender's Perspective	1	80.0%	20.0%	19.7%
From an Investor's Perspective	3	92.6%	7.4%	80.3%
				100.0%
Compensation not tied to performance	1	42.1%	5.9%	48.0%
Compensation partially tied to performance	2	36.8%	3.3%	40.1%
Compensation tied to performance	3	11.2%	0.7%	11.8%
				100.0%
Short Time-Horizon	1	9.9%	2.0%	11.8%
Medium Time-Horizon	2	60.5%	3.3%	63.8%
Long Time-Horizon	3	19.7%	4.6%	24.3%
				100.0%
Not much Experience	1	17.1%	5.3%	22.4%
Medium Experience	2	65.8%	4.6%	70.4%
A Lot of Experience	3	7.2%	0.0%	7.2%
				100.0%
Sharing Responsibility on Decisions	1	15.8%	0.7%	16.4%
Sharing Partly Responsibility on Decisions	2	46.1%	5.3%	51.3%
Having Full Responsibility on Decisions	3	28.3%	3.9%	32.2%
				100.0%

Table II, Pannel B : The Percentage of those who noted the Additional Relevant Inform ation
Percentage Distributions (out of 152 interviewees)

The percentage of those who noted the additional relevant inform ation Percentage Distributions (out of 152 interviewees)								
		Footnote information						Weight among the interviewees
Characteristics	Survey Code	Lease	Pension	Inves't	Envir't	Inventor y	DTL	
From a Lender's Perspective	1	16.7%	50.0%	33.3%	16.7%	10.0%	0.0%	19.7%
From an Investor's Perspective	3	2.5%	31.1%	37.7%	10.7%	13.1%	1.6%	80.3%
								100.0%
Compensation not tied to performance	1	2.0%	11.8%	12.5%	3.9%	6.6%	0.7%	48.0%
Compensation partially tied to performance	2	2.0%	20.4%	16.4%	6.6%	5.9%	0.7%	40.1%
Compensation tied to performance	3	1.3%	2.6%	7.9%	1.3%	0.0%	0.0%	11.8%
								100.0%
Short Time-Horizon	1	0.0%	1.3%	0.0%	0.0%	0.0%	0.0%	11.8%
Medium Time-Horizon	2	1.3%	25.0%	27.6%	4.6%	9.2%	1.3%	63.8%
Long Time-Horizon	3	3.9%	8.6%	9.2%	7.2%	3.3%	0.0%	24.3%
								100.0%
Not much Experience	1	4.6%	5.3%	6.6%	2.6%	2.6%	0.0%	22.4%
Medium Experience	2	0.7%	27.0%	24.3%	7.2%	9.9%	1.3%	70.4%
A Lot of Experience	3	0.0%	2.6%	5.9%	2.0%	0.0%	0.0%	7.2%
								100.0%
Sharing Responsibility on Decisions	1	2.0%	6.6%	5.3%	2.0%	0.7%	0.0%	16.4%
Sharing Partly Responsibility on Decisions	2	2.0%	21.1%	17.1%	5.9%	5.3%	0.7%	51.3%
Having Full Responsibility on Decisions	3	1.3%	7.2%	14.5%	3.9%	6.6%	0.7%	32.2%
								100.0%

Table III, Pannel A : The Statistical Significance of Characteristics Explaining the (Correct) Selection of Ali Co (Results of a Logistic Regression)

The Statistical Significance of						
Characteristics Explaining the (Correct) Selection of Ali Co.						
(Results of a Logistic Regression)						
			Number of obs		=	152
			LR chi2(5)		=	20.33
			Prob > chi2		=	0.0011
Log likelihood = -38.808082			Pseudo R2		=	0.2075
	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
LENDER v.s. INVESTOR	-1.07077	0.38157	-2.81	0.005	-1.818632	-0.32291
COMPENSATION	-0.59071	0.543728	-1.09	0.277	-1.656393	0.474982
TIME-HORIZON	0.167373	0.502203	0.33	0.739	-0.8169264	1.151673
EXPERIENCE	-1.84718	0.62477	-2.96	0.003	-3.071709	-0.62266
RESPONSIBILITY	1.106868	0.493419	2.24	0.025	0.1397838	2.073952
constant	1.561043	2.278653	0.69	0.493	-2.905035	6.027121

Table III, Pannel B : The Statistical Significance of Characteristics Explaining Mentioning the Lease Item (Results of a Logistic Regression)

The Statistical Significance of						
Characteristics Explaining Mentioning the Lease Item						
(Results of a Logistic Regression)						
			Number of obs		=	152
			LR chi2(5)		=	36.44
			Prob > chi2		=	0
Log likelihood = -13.12084			Pseudo R2		=	0.5814
	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
LENDER v.s. INVESTOR	-1.541	0.78168	-1.97	0.049	-3.073067	-0.00894
COMPENSATION	2.022032	1.22211	1.65	0.098	-0.3732598	4.417324
TIME-HORIZON	2.468355	1.272685	1.94	0.052	-0.0260621	4.962772
EXPERIENCE	-5.32411	1.923038	-2.77	0.006	-9.093197	-1.55503
RESPONSIBILITY	0.585649	0.943679	0.62	0.535	-1.263928	2.435226
constant	-2.39371	3.772685	-0.63	0.526	-9.788041	5.000613

Table III, Pannel C : The Statistical Significance of Characteristics Explaining Mentioning the Pension Item (Results of a Logistic Regression)

The Statistical Significance of						
Characteristics Explaining Mentioning the Pension Item						
(Results of a Logistic Regression)						
			Number of obs		=	152
			LR chi2(5)		=	10.93
			Prob > chi2		=	0.0527
Log likelihood = -92.821568			Pseudo R2		=	0.0556
	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
LENDER v.s. INVESTOR	-0.2536	0.219828	-1.15	0.249	-0.684455	0.177254
COMPENSATION	0.31796	0.258546	1.23	0.219	-0.1887805	0.8247
TIME-HORIZON	0.29795	0.308835	0.96	0.335	-0.3073555	0.903255
EXPERIENCE	0.533342	0.359131	1.49	0.138	-0.1705428	1.237226
RESPONSIBILITY	-0.51884	0.28061	-1.85	0.064	-1.068827	0.031146
constant	-1.0317	1.20324	-0.86	0.391	-3.390009	1.326604

Table III, Pannel D : The Statistical Significance of Characteristics Explaining Mentioning the Investment Item (Results of a Logistic Regression)

The Statistical Significance of						
Characteristics Explaining Mentioning the Investment Item						
(Results of a Logistic Regression)						
			Number of obs		=	152
			LR chi2(5)		=	21.11
			Prob > chi2		=	0.0008
Log likelihood = -89.476846			Pseudo R2		=	0.1055
	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
LENDER v.s. INVESTOR	0.217092	0.240212	0.9	0.366	-0.253714	0.687899
COMPENSATION	0.849191	0.276105	3.08	0.002	0.3080351	1.390346
TIME-HORIZON	0.735473	0.332	2.22	0.027	0.0847646	1.386181
EXPERIENCE	0.630038	0.36612	1.72	0.085	-0.0875447	1.34762
RESPONSIBILITY	0.138208	0.282387	0.49	0.625	-0.4152595	0.691676
constant	-5.58821	1.392419	-4.01	0.000	-8.3173	-2.85912

Table III, Pannel E : The Statistical Significance of Characteristics Explaining Mentioning the Environment Item (Results of a Logistic Regression)

The Statistical Significance of						
Characteristics Explaining Mentioning the Environment Item						
(Results of a Logistic Regression)						
			Number of obs		=	152
			LR chi2(5)		=	17.24
			Prob > chi2		=	0.0041
Log likelihood = -46.67078			Pseudo R2		=	0.1559
	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
LENDER v.s. INVESTOR	-0.09912	0.330612	-0.3	0.764	-0.7471117	0.548863
COMPENSATION	0.447975	0.364248	1.23	0.219	-0.2659375	1.161886
TIME-HORIZON	1.92677	0.541622	3.56	0.000	0.8652097	2.988331
EXPERIENCE	0.287176	0.44164	0.65	0.516	-0.5784228	1.152774
RESPONSIBILITY	0.180101	0.437137	0.41	0.68	-0.6766706	1.036873
constant	-7.97685	2.240669	-3.56	0.000	-12.36848	-3.58522

Table III, Pannel F : The Statistical Significance of Characteristics Explaining Mentioning the Inventory Item (Results of a Logistic Regression)

The Statistical Significance of						
Characteristics Explaining Mentioning the Inventory Method						
(Results of a Logistic Regression)						
			Number of obs		=	152
			LR chi2(5)		=	8.56
			Prob > chi2		=	0.1281
Log likelihood = -52.990972			Pseudo R2		=	0.0747
	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
LENDER v.s. INVESTOR	-0.08666	0.359949	-0.24	0.81	-0.7921494	0.618824
COMPENSATION	-0.41314	0.391133	-1.06	0.291	-1.179751	0.353463
TIME-HORIZON	0.493762	0.447367	1.1	0.27	-0.3830612	1.370586
EXPERIENCE	-0.32064	0.451915	-0.71	0.478	-1.206379	0.565095
RESPONSIBILITY	1.006429	0.439788	2.29	0.022	0.1444612	1.868397
constant	-3.87314	1.984209	-1.95	0.051	-7.76212	0.015835

Table III, Pannel G : The Statistical Significance of Characteristics Explaining Mentioning the Deferred Tax Liability Item (Results of a Logistic Regression)

The Statistical Significance of						
Characteristics Explaining Mentioning the Deferred Tax Liability Item						
(Results of a Logistic Regression)						
			Number of obs		=	122
			LR chi2(4)		=	0.67
			Prob > chi2		=	0.9552
Log likelihood = -9.8710224			Pseudo R2		=	0.0328
	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
COMPENSATION	-0.4221	1.098351	-0.38	0.701	-2.574826	1.730632
TIME-HORIZON	-0.47364	1.334632	-0.35	0.723	-3.08947	2.142193
EXPERIENCE	0.611603	1.517868	0.4	0.687	-2.363365	3.58657
RESPONSIBILITY	0.64115	1.243899	0.52	0.606	-1.796848	3.079148
constant	-5.16998	4.520884	-1.14	0.253	-14.03075	3.690788

Table III, Pannel H : The Statistical Significance of Characteristics Explaining Mentioning Any Item in the Footnotes (Results of a Logistic Regression)

The Statistical Significance of						
Characteristics Explaining Mentioning Any Item in the Footnotes						
(Results of a Logistic Regression)						
			Number of obs		=	152
			LR chi2(5)		=	24.25
			Prob > chi2		=	0.0002
Log likelihood = -84.154706			Pseudo R2		=	0.126
	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
LENDER v.s. INVESTOR	0.028073	0.243844	0.12	0.908	-0.4498527	0.505998
COMPENSATION	0.627146	0.321868	1.95	0.051	-0.0037026	1.257995
TIME-HORIZON	1.037237	0.337775	3.07	0.002	0.3752106	1.699264
EXPERIENCE	0.471455	0.395093	1.19	0.233	-0.3029132	1.245824
RESPONSIBILITY	0.707882	0.296551	2.39	0.017	0.1266541	1.289111
constant	-4.85495	1.436839	-3.38	0.001	-7.671102	-2.0388

Table IV, Pannel A : Preference between Methods A and B
Percentage Distributions (out of 152 interviewees)

Percentage Distributions (Out of 152 interviewees)					
Perspective \Project		Project B	Project A	Total	
From a Lender's Perspective		10.0%	90.0%	19.7%	
From an Investor's Perspective		38.5%	61.5%	80.3%	
				100.0%	

Table IV, Pannel B : Results of a Logistic Regression

			Number of obs		=	152
			LR chi2(5)		=	12.86
			Prob > chi2		=	0.0247
Log likelihood = -89.850039			Pseudo R2		=	0.0668
	Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
Lender's *versus* Investor's Perspective	0.82497	0.32484	-2.54	0.011	-1.461646	-0.1883

Table V, Pannel A : Preference between Methods C and D
Percentage Distributions (out of 152 interviewees)

Percentage Distributions (Out of 152 interviewees)				
Characteristic\Project	Survey Code	Project C	Project D	Total
From a Lender's Perspective	1	56.7%	43.3%	19.7%
From an Investor's Perspective	3	67.2%	32.8%	80.3%
				100.0%
Compensation not tied to performance	1	36.2%	11.8%	48.0%
Compensation partially tied to Performance	2	24.3%	15.8%	40.1%
Compensation tied to performance	3	4.6%	7.2%	11.8%
				100.0%
Short Time-Horizon	1	11.2%	0.7%	11.8%
Medium Time-Horizon	2	40.1%	23.7%	63.8%
Long Time-Horizon	3	13.8%	10.5%	24.3%
				100.0%
Not much Experience	1	17.8%	4.6%	22.4%
Medium Experience	2	44.1%	26.3%	70.4%
A Lot of Experience	3	3.3%	3.9%	7.2%
				100.0%
Sharing Responsibility on Decisions	1	9.9%	6.6%	16.4%
Sharing Partly Responsibility on Decisions	2	30.9%	20.4%	51.3%
Having Full Responsibility on Decisions	3	24.3%	7.9%	32.2%
				100.0%

Table V, Pannel B : Results of Logistic Regression

			Number of obs		=	152
			LR chi2(5)		=	25.25
			Prob > chi2		=	0.0001
Log likelihood = -85.662356			Pseudo R2		=	0.1285
upside_D	Coef.	Std. Err.	z	P>z	[95% Conf.	Interval]
LENDER_INVESTOR	0.033247	0.23528	0.14	0.888	-0.4278936	0.494387
COMPENSATION	0.862361	0.280475	3.07	0.002	0.3126399	1.412082
TIME_HORIZON	0.791615	0.345234	2.29	0.022	0.1149695	1.468261
EXPERIENCE	0.841833	0.381426	2.21	0.027	0.094252	1.589415
RESPONSIBILITY	-0.66302	0.29809	-2.22	0.026	-1.247262	-0.07877
Constant	-4.04929	1.345629	-3.01	0.003	-6.68667	-1.4119

Table VI : Analysis of Expert views agreeing and disagreeing with the different facets of a Case study regarding the relevance of the knowledge in Accounting and Financial concepts to Economists in the context of making investment decisions for promoting balanced economic growth and development resulting in poverty reduction [together with the results of Chi-square test and Z-test (for Bangladesh)]

Different facets of a Case Study related to Accounting and Financial concepts	Responses	Frequency and percentage of Potential Investors, Loan Officers, University Teachers of Accounting, University Teachers of Economics as well as University Teachers of Finance						Chi-Square test			Z-test		
		Potential Investors (PI)	Loan Officers (LO)	University Teachers of Accounting(UTA)	University Teachers of Economics (UTE)	University Teachers of Finance (UTF)	Total N	Computed value for (c-1)x(r-1) i.e. (5-1)x(2-1)=4 degrees of freedom	Critical value a=.05	Results Re:Decision	Computed Value	Critical value	Result re: Decision
1. Making a choice between Mahfuja & Co and Ali & Co for the purpose of financing it by means of investment in shares or granting loans keeping in view their financial viability as well as contribution to economic growth & development.	Agree	23(74.19)	24(77.42)	23(76.67)	22(73.33)	21(70)	113	0.55	9.49	Accepted	6.00	2.32 at 1% level	Rejected
	Disagree	8(25.81)	7(22.58)	7(23.33)	8(26.67)	9(30)	39						
Total		31(100)	31(100)	30(100)	30(100)	30(100)	152						
2. Knowledge in Accounting and Financial Concepts is most relevant to Economists in adopting measures to stimulate balanced economic growth & development resulting in poverty reduction.	Agree	24(77.42)	25(80.65)	22(73.33)	24(46.67)	23(76.67)	118	0.60	9.49	Accepted	6.81	2.32 at 1% level	Rejected
	Disagree	7(22.58)	6(19.35)	8(26.67)	6(16.67)	7(23.33)	34						
Total		31(100)	31(100)	30(100)	30(100)	30(100)	152						
3. Method-A is better than Method-B for financing Project-1 as well as for promoting economic growth and development resulting in poverty reduction.	Agree	22(70.97)	23(74.19)	22(73.33)	21(70)	24(80)	112	0.95	9.49	Accepted	5.84	2.32 at 1% level	Rejected
	Disagree	9(29.03)	8(25.81)	8(26.67)	9(30)	6(20)	40						
Total		31(100)	31(100)	30(100)	30(100)	30(100)	152						
4. Method-C is better than Method-D for financing Project-2 as well as for promoting economic growth and development resulting in poverty reduction.	Agree	24(77.42)	23(74.19)	24(80)	22(73.33)	23(76.67)	116	0.47	9.49	Accepted	6.49	2.32 at 1% level	Rejected
	Disagree	7(22.58)	8(25.81)	6(20)	8(26.67)	7(23.33)	36						
Total		31(100)	31(100)	30(100)	30(100)	30(100)	152						

Board Size, Composition and its Impact on the Performance of ICICI Bank

Dr. S. Sudalai Muthu
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Abstract

The size and composition of the board of directors constitute of the most essential corporate governance norms. The performance of the corporate now mostly depends on the board size and composition, it applicable to banking sector also. This paper made an attempt to assess the performance of ICICI Bank and its relationship with its board size and composition. To measure the performance of the bank the variables used like Tobin's Q ratio, Net Interest Margin (NIM), Return on Asset (ROA) and Return on Average Equity(ROE) and these variables are compared with board size and composition with appropriate tools. The result indicates that performance of the bank is doesn't depend upon on the board composition in ICICI Bank.

Corporate Governance in Banks in India

Governance issues were not an important consideration until the adoption of the economic reforms program in India in 1991. With gradual integration with global markets and increasing number of Indian Corporates accessing global markets and getting listed on overseas exchanges, public concerns have become more focused on the effective protection of investors' interest, the need to move towards international standards in terms of disclosure by the corporate sector.

Recent scandals in the financial sector have brought corporate governance at the forefront of academic and supervisory attention. Banks' versatile role in the economic system has caught regulatory and supervisory interest around the world in an effort to inspire high quality corporate governance standards. Board structure, in the sense of board size and composition, and its impact on corporate performance constitutes an indispensable and, at the same time, prevalent theme of the corporate governance discussion.

Banks are different from other Corporates in important respects, and that makes corporate governance of banks not only different but also more critical. Banks lubricate the wheels of the real economy, are the conduits of monetary policy transmission and constitute the economy's payment and settlement system. By the very nature of their business, banks are highly leveraged. Banks are interconnected in diverse, complex and oftentimes opaque ways underscoring their "contagion" potential. If a bank fails, the impact can spread rapidly through to other banks with potentially serious consequences for the entire financial system and the macro economy.

A series of structural reforms raised the profile and importance of corporate governance in banks. The "structural" reform measures included mandating a higher proportion of independent directors on the boards; inducting board members with diverse sets of skills and expertise; and setting up of board committees for key functions like risk management, compensation, investor grievances redressal and nomination of directors. Structural reforms were furthered by the implementation of the Ganguly Committee recommendations relating to the role and responsibilities of the boards of directors, training facilities for directors, and most importantly, application of "fit and proper" norms for directors.

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Overview of ICICI Bank

ICICI Bank is India's second-largest bank with total assets of Rs. 4,736.47 billion (US$ 93 billion) and profit after tax Rs. 64.65 billion (US$ 1,271 million) for the year ended March 31, 2012.It as a network of 2,777 branches and ,021 ATMs in India, and has a presence in 19 countries, including India. It also offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management. ICICI Bank's equity shares are listed in India on Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE). Board of Directors in the ICICI Bank's including eminent individuals with a wealth of experience in international business, management consulting, banking and financial services.

The ICICI Bank website serves as a key investor awareness facility, allowing stakeholders to access information on ICICI Bank at their convenience. It also dedicated investor relations personnel play a proactive role in disseminating information to both analysts and investors and respond to specific queries. For the third consecutive year, ICICI Bank ranked second in "India's 50 Biggest Financial Companies" in the BW Real 500 by Business world. ICICI Bank in the Private Sector Bank category won the Best Technology Bank of the year, Best Financial Inclusion Initiative and Best Use of Technology in Training and e-Learning by Indian Bank's Association (IBA) Technology Awards. The Bank also received the first runner up for Best Online Bank, Best Customer Relationship Initiative and Best Use of Mobility Technology in Banking by IBA Technology Awards.

Literature Review Board Size, Composition and Performance

The size and composition of the board of directors constitute of the most essential corporate governance themes and have caught the attention of academics and regulators alike. The board composition plays an important role in corporate performance. The composition of board consists of both insider and outsider directors. Mostly insiders are members of the top management teams, and employees of the company. Outside directors have no such association (SH.D.CHATTERJEE, 2011). The klein (2002) and Andres and Vallelado (2008) who argue that a large board size should be preferred because of possibility of specialization for more effective monitoring and advising functions. In the view of researcher such as Fama and Jensen (1983); Lipton and Lorsch (1992); and Yermack (1996) who favor small boards. Dhawan (2006) supported this finding by pointing out that the size of the board increases with turnover, but only up to a certain level, beyond which the increasing turnover does not have any influence. Hence, knowledge and skill of the board members are of paramount importance, rather than the size of the board.

Dwivedi and Jain (2005), in their study on board size and firm value, also suggested a positive relationship. On the other hand, there are studies which point to a negative relationship between board size and firm performance in the Indian context. Ghosh (2006) study on the relationship between financial performance and board parameters which include board size found that larger board size tends to have a negative influence on firm performance.

The most of the literature survey talks on the board composition and its firm performance or vice versa. Board size also shows no consistent correlation with firm performance, some other studies it found on negative correlation. Some research studies reveal that large board size leads to improved firm performance, whereas there have also been evidence of larger boards being inefficient in nature.

In the view of Pearce and Zahra (1992) and Dalton et al., (1999) argue that as board size increase, the strategic decision making capabilities of the board increase and but Golden and Zajac (2001) argued that smaller boards are assumed to have inadequate confidence and unclear understanding in making strategic changes. If the board size increases the cost associated with it, like coordination cost and communication costs, also increase (Raheja, 2005). Yermack (1996) empirically demonstrated that there is a negative relationship between board size and firm performance. It result that measure of operating efficiency and profitability are negatively related to the board size.

There is relationship between the inside directors with the firm performance in bank, prior research article say it does not support a clear relation between board independence and firm performance. It can said with the example of early work by Vance reports a positive correlation between the inside directors and a firm performance. Conflicting with this, the results of Adams and Mehran (2005) show a significant positive relationship between board size and bank performance, as measured by Tobin's Q. Although the structure of the bank holding company was found to be related to board size, the positive effects of a larger board were still visible after taking it into account. In addition, while they find no significant relation between the proportion of outside directors and bank performance, they show that firms with boards dominated by outsiders do perform better.

Argument made by Hermalin and Weisbach (1991), that there is no relationship between board composition and firm performance. They suggested that it is good to have inside directors' presence in the board of directors, it help CEOs to maximize value by providing both advice and knowledge about the day-to-day operations of the company. It also suggested that top management has as control over board selection. In the view of Bhagat and Black (1999), that there is no strong correlation between board independence and firm performance. They stated that different firms need different degrees of board independence, depending upon their growth rate.

The work of Staikouras, Staikouras and Agoraki (2007) examined a sample of 58 out of the 100 largest, in terms of total assets, credit institutions operating in Europe for the period between 2002 and 2004. Their analysis inferred that bank profitability – measured in terms of ROA, ROE and Tobin's Q – is negatively and significantly related to the size of the Board of Directors. Finally, Pathan, Skully and Wickramanayake (2007) using a dataset of the Thai commercial banks over the period 1999-2003, also obtained a negative relation between board size and both ROE and ROA.

Objectives and Hypotheses

The paper mainly focused to discusses on board size, composition and firm performance.

To identify any relationship between board size and board composition in the ICICI bank.

To assess any relationship between performance and the board composition in the ICICI bank.

To achieve these objectives the following hypotheses are developed.

H_0^1: There is no relationship between board size and board composition in the ICICI bank.

H_1^2: There is relationship between performance and board composition in the ICICI bank.

H_0^3: There is no relationship among the performance and performance measure indicator (return on asset ,deposits and net interest margin) in the ICICI bank.

Methodology

Sample

The sample includes only the ICICI bank which is listed in the both National Stock Exchange (NSE) and Bombay Stock exchange (BSE) in India and it's a leading private corporate bank with second largest market capitalization in the private bank in India.

Data

The secondary data collected from the ICICI bank website like corporate governance report, management discussion and balance sheet and board composition of directors, profitability ratio, liabilities and executive summary are collected from Centre for Monitoring Indian Economy private Ltd (CMIE) from the year 2007 to 2012.

Variables and Statistics

The variables taken for the study like board size, outside and inside directors (for board composition), meeting per year, sittings fee, director's salary for board characteristics. The Tobin's Q ratio, return on asset, net interest margin, return on average equity, loans, advances, non performing asset and deposits to measure the bank performance .The descriptive statistics tools is used to find out the mean, standard deviation, maximum and minimum value for all the variables. Correlation is used to find out the relationship between the board size and composition of the board and regression is used for estimating the relationships among variables between board size and performance in the ICICI bank.The regression equation for the purpose of finding out the determinants of performance and board composition is as follows.

Tobin Q (performance) = $\acute{a}+ \hat{a}_1$ ROA + $\hat{a}_2$ DEP+ $\hat{a}_3$ BOR+ $\hat{a}_4$ LA+ $\hat{a}_5$ INV+ $\hat{a}_6$ RONW+ $\hat{a}_7$ BOZ+ $\hat{a}_8$ NIM+ $\hat{a}_9$ ROE+ $\hat{a}_{10}$ NPA+ $\hat{a}_{11}$ SF+ $\hat{a}_{12}$DS+ C.

Analysis and Findings

The Table I shows the mean, median, standard deviation, maximum and minimum values of the following variables: board size, outside directors, inside directors, meeting per year, sitting fee, director salary, Tobin's Q, return on asset, return on equity, net interest margin and return on net worth of ICICI bank.

The Table I, the mean and median size of the board are 18.33 and 18.5 directors, respectively, which is higher than the average board size (12) reported for non-financial firms (Yermack, 1996, Rosenstein and Wyatt, 1997; Klein, 1998; Vafeas, 1999; Andres, Azofra, and Lopez, 2005), but close to the 17 directors obtained by Adams and Mehran (2005) in the period 1995-1999 for banks. The board size of ICICI bank is larger. The mean of the outside directors is 12.5 which is higher than the inside directors of mean is 5.83, this shows the most of the directors are outside in the ICICI bank. The number of meetings per year mean is 7 which is less than the 8.48 meetings reported by Adams and Mehran (2005).

The mean and median of sitting fee of the director are 4.01 and 3.95 respectively and the director salary of maximum and minimum value lies between 46.80 to 36.90 it depict the salary depend upon the number of directors in the board. The mean and median of the Tobin's q are 3.24 and 3.34 respectively which is greater than ratio of 1, which indicates that the market value of the ICICI bank is based solely on its assets. The mean of return on asset is 1.11; it indicates that the return earned on asset is less in the ICICI bank on their total asset. The return of average equity mean is 10.26 which indicate that ICICI bank board is well in deploying the shareholder's capital, net interest margin mean is 2.94 and return on net worth mean is 9.83.

Chart I indicates the ICICI bank board composition includes board size, inside, outside director, number of meeting per year, sitting fee and director salary. It explain that the board composition from the year 2007 to 2012. The board size of ICICI bank in the year 2010 was 21, which was larger than the board size in the year 2007 is 18 only, but it was decrease to 14 in the year 2012. It shows the board size in the ICICI bank is larger board size. The inside director in the ICICI bank larger in the year 2008 is 7 was reduce to 4 in the year 2012. The outside director in the year 2010 is 15 which is highest director in the ICICI bank which decreases to 10 in the year 2012. Larger number of meeting are conducted in the year 2011 and less meeting was conducted by bank in 2012. The sitting fee of bank is high in the year 2011 because number of meeting occurs more in that year compare to other years. The director salary in the year 2009 was highest amount given to directors and it was fluctuating because of the composition of director in the board are increasing and decreasing in the bank.

Chart II concise about the ICICI bank performance in the terms of net interest margin (nim), return on asset (roa), return on equity (roe) , Tobin's Q ratio, non performing asset(NPA) and return on net worth(RNW). From the chart it's clearly indicate that net interest margin, return on asset, return on equity, tobin 's q ratio, non performing and return on net worth asset was fluctuating between 2007 to 2012.

The Relationship Between the Board Size and Board Composition and in The ICICI Bank

H_0^1: There is no relationship between board size and board composition in the ICICI bank

The Table II reveals the correlation between the board size and bank composition in the ICICI bank.

From the table II, it is observed that correlation coefficient is significant for the board size and composition in the ICIC bank. So it rejects the null hypothesis (H_0^1). Hence there is no relationship between the board size and composition in the ICICI bank.

Performance and Board Composition in The ICICI Bank

H_1^2: There is relationship between performance and board composition in the ICICI bank

H_0^3: There is no relationship among the performance dependent variable and independent variables (return on asset and net interest margin) in the ICICI bank

The Table III depicts that regression analysis of performance and board composition in the ICICI bank.

From the table III, regression analysis is used to find out there is any relationship between the performance and board composition in ICICI bank. It shows that there is no significant in the board size, inside and outside directors (board composition). So the null hypothesis is accepted (H_1^2). Hence there is relationship between performance and board composition in the ICICI bank. But there is significant in the deposits, return on asset and net interest margin to the performance of the bank. So the null hypothesis is rejected (H_0^3) .Hence there is no relationship among the performance and performance measure indicator (return on asset and net interest margin) in the ICICI bank.The R^2 value is nearly 97% (.970), proving that the predictor variables 97% of performance while there are other variables that determine Performance.The F stat is also significant (0.14), indicating that the variance in the predictor variables is associated with the variation in performance.

Conclusion

The ICICI bank is second largest and market capitalization private sector bank in India.The bank consists of larger board size in the board, which the board composition has no significant relationship between the board size. Hence board composition in the bank perfectly fit to the board size of the bank.The result of the regression analysis reveals that the bank performance has significant relationship between the board compositions.These clearly implied that bank performances are based on the performance indicator measure in the bank like deposits, return of asset and net interest margin. It shows that the bank accumulate large deposits and asset in their balance sheet.

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Table I : Descriptive Statistics

Variable	**N**	**Mean**	**Median**	**Std. Dev**	**Max**	**Min**
Board Size	6	18.33	18.5	2.42	21	14
Outside Directors	6	12.5	12.5	1.64	15	10
Inside Directors	6	5.83	6	.983	7	4
Meetings per year	6	7	7	1.54	9	5
Sitting fee	6	4.016	3.95	.318	4.60	3.70
Director salary	6	40.16	38.80	3.76	46.80	36.90
Tobin 's Q	6	3.24	3.34	.55	3.85	2.43
Return on Asset	6	1.11	1.040	.214	1.45	.86
Return on Average Equity	6	10.26	10.34	2.27	13.40	7.70
Net Interest Margin	6	2.94	2.52	1.27	5.50	2.20
Return on net worth	6	9.83	10.16	2.33	12.91	6.98

Source: Computed results based on compiled data collected from CMIE Prowess Pvt. Ltd.

Table II : Board Composition and Bank Performance in the ICICI Bank

Pearson Correlation Coefficients
(two-tailed significance levels in parentheses; sample size = 6)

Correlation coefficient between board Size and composition in the ICICI Bank		Board size	Inside directors	Outside directors	Meeting per year	Director salary	Sitting fee
	Board size	1	.025*	.003**	.920	.656	.744
	Inside directors		1	.137	1.000	.962	.920
	Outside directors			1	.882	.485	.582
	Meeting per year				1	.533	.531
	Director salary					1	.087
	Sitting fee						1

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Source: Computed results based on compiled data collected from CMIE Prowess Pvt. Ltd.

Table III : Regression results of Performance and Board Composition in the ICICI Bank

Variables	Unstandardized Coefficients	't' value	Sig.
(Constant)	6.450	19.610	.000
Return on asset	-.940**	-9.417	.003
Deposits	.500	3.370	.043
Borrowings	-.329	-.796	.484
Loan & Advances	.366	1.506	.229
Investment	-.127	-.506	.648
Return on net worth	.307	1.543	.221
Board size	-.132	-.436	.692
Net Interest Margin	-.399*	-3.991	.028
Return on equity	.287	1.343	.272
Nonperforming asset	-.417	-1.313	.281
Sitting fee	-.191	-.680	.546
Director salary	.173	.578	.604
R^2			.970
Adjusted R square			.951
F stat			0.14*
**Significant at 0.01 level,*.Significant at 0.05 level			
Source: Computed results based on compiled data collected from CMIE Prowess Pvt. Ltd.			

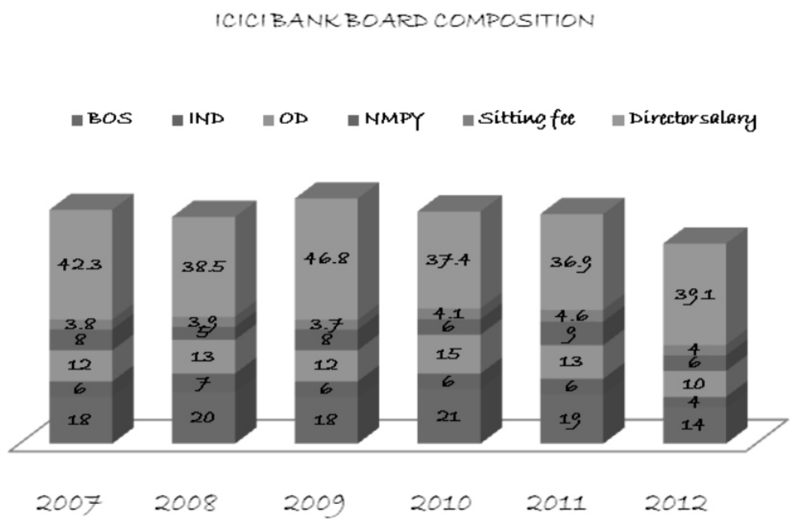

Figure I : Board Composition in ICICI Bank

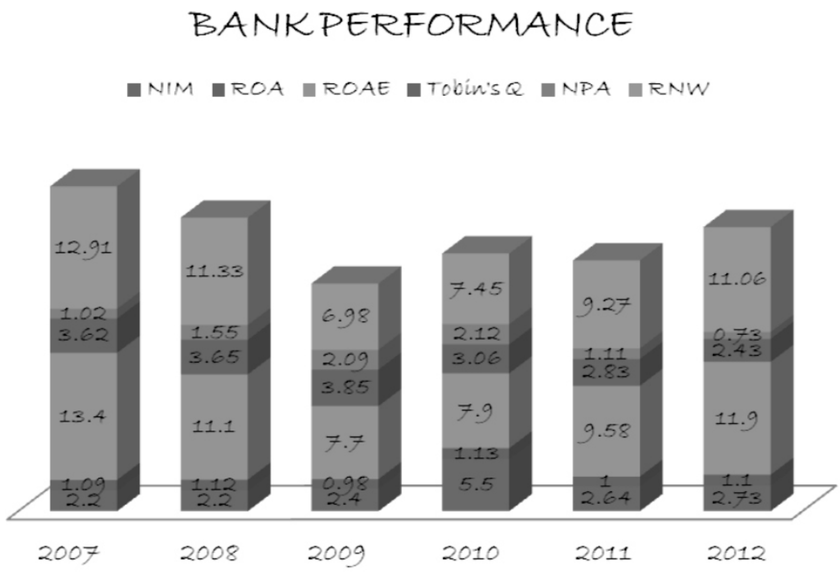

Figure II : Performance Indicator of ICICI Bank

OORJA

A Study on Efficiency and Financing Fixed Assets with Special Reference to Ambuja Cements and Birla Cements

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Abstract

Optimum utilization of fixed assets is not done in all industries. Many companies do not measure the efficiency of fixed assets. This study focuses on adequate cash flow for financing fixed assets, efficiency of fixed assets in relation to the investments made in cement industries. Ambuja Cements and Birla Cements are used for the study.

Introduction

The decision to be made in regard to investment in fixed assets is a critical area. As investment in fixed assets involves capital expenditure and the returns are spread throughout the life of the asset, the management will not be in a proper position to choose a best investment. Fixed assets form the major part of assets. As they are the main source of production, wise decisions has to be taken. The optimal utilization of fixed assets i.e., the efficiency of fixed assets has to be measured periodically. The major problem faced by the management is to determine whether to invest in fixed assets where in the investment is locked up for a long period. They are the basic source of income to a company.

Fixed assets represent tangible as well as intangible assets while the former represent assets like land& building, Plant & Machinery, furniture & fixtures, the latter group consists of copyrights patents and goodwill. The assets are replaced when either utility is exhausted or they become obsolete or uneconomical. Intangible fixed assets are the assets which cannot be seen or felt, having no physical existence in themselves, rather they have right to enjoy some privileges. The amount invested in these assets not are realized at once from the total sales during an accounting year the cost of fixed assets will recover in the form of depreciation, which is usually charged as an expense against the revenues generated using these assets in Production Process.

These assets realized gradually from every unit of sale made during the serviceable life of the assets a great deal of attention must be given to and involve the long-term financial commitment. A systematic blending of current and fixed assets into profitable combination is a challenging task for the financial management. The analysis of fixed assets is very important from the investor's point of view, because they are more concerned with long-term assets.

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Need for the Analysis

In general researches have been undertaken for measuring the financial performance of a company or to learn the financial viability of a firm. But, study with focus to the efficiency of fixed assets is very less. So, this study is done to know the extent of utilization of fixed assets and its performance in Ambuja Cements and Birla cements.

Objectives of the Study

- Study the efficiency of fixed assets utilization
- Relationship between fixed assets and sales

- Influence of utilization of fixed assets on operating profit

Scope of the Study

The study focuses in measuring the efficiency of fixed assets and the impact of extent of utilization of fixed assets on sales and operating profits of Ambuja cements and Birla cements.

Period of the Study

Ten years from 2001-2002 to 2010-2011 is been taken for the study.

Data Collection

Secondary data is used for the study. The annual reports are used.

Tools of Analysis

Tools used for analysis are ratio analysis, trend analysis, common size analysis and coefficient of correlation.

Limitation of the Study

This study is confined to Ambuja cements and Birla cements. As the study focuses on efficiency of fixed assets, the result cannot be generalized as the financial position of the firm. And the result arrived is only for the ten years period is., 2001-2002 to 2011-2012.

Analysis of the Data

Ratios like fixed assets to net worth, fixed assets to long term funds, fixed assets turnover ratio, indices of fixed assets gross block, sales and operating profit margin is used to analyze the data.

Financing Pattern of Fixed Assets

Fixed assets have to be primarily financed by the proprietors of the enterprise. The funds provided by the owner's should be sufficient not only to the finance and also the entire amount of fixed assets required and also the currents assets are permanent in nature. If the owner's funds are not sufficient for other long-term may be used to finance fixed assets. So it is clear that short term funds in every circumstance should be avoided to finance the fixed assets. In order to study the financing pattern of fixed assets in sample industry two relevant ratios viz., fixed assets to net worth and fixed assets to long term funds have been computed.

Fixed Assets to Networth

It is one of the main solvency ratios. It is used to measure the company's long term solvency position. This ratio gives a signal when a large amount of capital is locked up in fixed assets as it has a direct impact on availability of funds for working capital. It is the relationship between fixed assets and owner's funds or it may also be said that it is the indicator which shows the owner's funds clearly to the shareholders. So, equity shareholders will be interested to know the result of this ratio.

The rule of thumb for this ratio is 0.75 times, which means that the amount invested in fixed assets should not exceed 75% of owner's funds. When there is a rise in the ratio, it indicates a weaker position.

$$\text{Fixed assets to net worth ratio} = \frac{\text{Fixed assets}}{\text{Net worth}}$$

The purpose behind this ratio is that 75% of the owners fund can be used to finance the fixed assets, so that the balance can be used to finance the current assets.

The fixed assets net worth ratio of Ambuja cement industry Ltd is calculated in the following table.

Table I shows that ratio is more than 1, which is not a good signal. This implies that the owner's funds are not sufficient to finance the fixed assets. Therefore company has gone for outside sources which have resulted in credit. The result also shows that there is a hike throughout the period.

The average mean of fixed assets to net worth was 1.64 during the study period. The average ratio is also above the standard of 1:1 during the study period the main analysis of this analysis is that no margin of safety for long-term creditors since funds provided by the owner not sufficient to finance fixed assets as well as part of working capital requirements.

Table II shows the fixed assets to net worth of Birla cement limited.

Table II shows that the fixed assets to net worth ratio of Birla cement industries Ltd., from 2001-02 to 2004-2005 which was 2.56 to 2.93. It was highest during the year2004-05.from 2005-06 to 2010-11 which was decreasing from 2.19 to 1.79. It indicates that the Birla cement industries Ltd. It uses more borrowed funds to its investment the owners' equity from 2005-06 to 2010-11, before that, it was seen that there was as increase of owner's equity for its investment. The mean ratio of fixed assets to net worth of Birla cement Ltd. was 2.35. The main implications of the above analysis are that there is margin of safety and protection of creditors of the Birla cement industries limited.

Fixed Assets to Long-term Funds

This is one of the important ratios which show the relationship between fixed assets and finance to those assets. By long term funds, we mean both net worth and long term debt. Since shareholders funds will not be always sufficient to finance the fixed assets, the company goes with the next alternative of credit. When a company has enough amounts of shareholders funds to finance its fixed assets and current assets, the company is said to financially sound. But due to the changing technologies and competition, the company will be in a position to invest more than the funds available. Since the fixed assets which has a long period of life expectancy, has to financed through long term funds, both net worth and long term debt is used to finance fixed assets.

Therefore this ratio indicates that there are adequate long term funds to finance fixed assets. As a part of long term funds will be utilized for working capital or to finance the current assets, this ratio has a great impact. On a narrow approach it can be said that the ratio should be 0.75 times or even if it is 1:1, it indicates that the company has utilized long term funds properly or it may also be said that the company has enough amount of long-term funds to finance its fixed assets.

The ratio is calculated as follows:

$$\text{Fixed assets to Long-term Funds ratio} = \frac{\text{Fixed assets}}{\text{Long-term Funds}}$$

If the ratio is less than one, it implies that long-term funds are enough to fixed assets as well as a part of its working capital requirements. Conversely, if the ratio is more than one, it is an indication that long-term funds are inadequate to finance the entire fixed assets and short-term creditors finance the remaining fixed assets. Generally the ratio of 0.75:1 is ideal.

The fixed asset to long-term fund ratio of Ambuja cement is calculated in table III.

The higher ratio indicates the safer the funds available in case of liquidation. It also indicates the proportion of long-term funds that invested in working capital. This ratio varied from 0.78 to 1.10.

The highest ratio was in the year 2010-11 and the lowest ratio was in the year 2002-03 and 2008-09. The mean ratio of fixed assets to long-term funds was 0.94 during the study period. The main use of the above study is the long-term funds have been adequate to finance the fixed assets requirements of the concern.

The data regarding fixed assets to long-term fund of Birla cement industries ltd presented in table IV.

Table IV shows that the proportion of long-term funds used in fixed assets. The higher the ratio indicates the safer the funds available in case of liquidation. It also indicates the proportion of long-term funds that invested in working capital. This ratio varied from 1.06 to 1.50 during the study period. From 2001-02 it was increasing and decreasing randomly.The mean ratio was 1.25 during the study period.The main use of the long-term funds is more adequate of finance the fixed assets requirements of the concern and the excess of long-term funds over fixed assets investments used for the working capital requirements.

Testing the Significance of Correlation Coefficient:

Based on the above analysis the researcher framed the following null hypothesis.

Null Hypothesis (Ho):

Ho (1): there is no significant relationship between fixed assets (net) and long-term fund during 2001-02 to 2010-11.

The testing of significance coefficient of fixed assets to long –term funds of Ambuja cement industries ltd and Birla cement industries Ltd shows in table V.

Table V shows that the ratio of net fixed assets to long-term funds of the cement industries. The average ratio depicts that the long-term funds were sufficient to finance fixed assets as the ratio worked out, on an average at 0.94 times of Ambuja cement industries Ltd and 1.25 times of Birla cement industries Ltd. It also reflects that even after meeting the fixed assets requirements completely, both the industry was able to provide long-term funds to finance the net working capital.

The analysis says that both the companies has adequate amount of long tern funds to finance their fixed assets. As their average ratio is high it indicates that they also use apart of long term funds to finance their current assets.

Efficiency of Fixed Assets

Efficiency of fixed assets has be measured periodically. As investment in fixed assets is expected to result in the volume of sales, the efficiency of fixed assets becomes important. Efficiency ratios which measure the relationship between sales and fixed assets, profit and fixed assets, return on investment made in fixed assets are to be measured.

$$\text{Fixed assets turnover ratio} = \frac{\text{Sales}}{\text{Fixed Assets}}$$

The standard norm of this ratio is 5 times. If the ratio is high it indicates high efficiency and if the ratio is low it indicates, low utilization of fixed assets. So, this ratio helps the company to identify whether the fixed assets are utilized at the maximum.

Table VI shows that the fixed assets turnover ratio of Ambuja cement industries Ltd. Ratio shows the trend from 0.55 to 1.54 during the study period, which depicts the down ward to upward and then again down ward trend. It was the highest in the year 2005-06, which was 1.54 and the lowest in the year 2001-02, which was 0.55. The average mean of the fixed assets turnover ratio was 0.92 during the study period. It reveals that there is a very low fixed assets turnover ratio as against the standard norm of 5:1.

Table VII shows the fixed assets turnover ratio of Birla cement industries Ltd., was below the standard norm of 4.5 to 5 times. This ratio reveals the value between 1.06 to 1.50 during the study period. It shows the lower upward trend. The highest value in the year 2009-10 which was 1.50 and the lowest in the year 2002-03 which was 1.06. It clearly indicates better performance of utilization of fixed assets the average ratio was 1.25 during the study period. It is also shows that there is very low fixed asset turnover ratio against the standard norm of 5:1.

Effect of Operating Profit in Relation with Fixed Assets and Turnover

The value of fixed assets has a great impact on operating profits. The increase in fixed assets must result in an increase in sales and result in increase in profits. If the trends of gross block and sales are increasing, it can be said that expansion of gross block is due to increase in sales, or sales has justified the need for expansion of fixed assets (gross).

When there is a decline in sales, it results in underutilization of fixed assets. This shows that excessive investment in made in fixed assets. On the other hand, if the sales growth rate is higher than that the rate of growth of gross block, it can be said that there is better utilization of gross block expansion. The increasing trend in operating profit along with the increase in gross block and sales indicates better operating efficiency and states that more profitable. In order to study the trends in gross block and sales, indices for these variables have computed considering as the base year.

Trend analysis is been used to study the relation between fixed assets and turnover. 2001-2002 is taken as the base year and the indices are calculated. In order to study the trends in gross block and sales, indices for these variables have computed considering as the base year. Table depicts these trends along with operating profit margin for the study period.

The increase in fixed assets has not resulted in increase in sales consistently. According to the results of Ambuja cements Ltd., there is no uniformity in operating profits. Initially there was a decline and from 2004-2005 there is an increase and then from 2007-08 the operating profits has a decline trend.

This is not a positive result. Thus, investment in fixed assets is not utilized effectively which has resulted in decline in profits. Table VIII

In Birla cement Ltd's trend, resemble with the combined positions of sample units. Birla cement Ltd recorded higher rate of growth in sales as compared to gross block. It implies that proper use of fixed assets has triggered more sales. The operating profit margin registered inconsistently, but shown increasing trend in both the units over the study period.

Fixed Assets and Depreciation

According to the legal constraints each and every company has to provide a part of its profit for depreciation. Depreciation can be calculated by following a number of methods. The most popular method is the straight line method, where the depreciation is calculated on historical costs. Depreciation is provided to make the replacement of assets convenient. Trend analysis is followed to check the adequacy of depreciation. If the indices of both fixed assets and depreciation show an upward trend, it may be inferred that the company has provided enough depreciation and reverse is a negative signal. For this purpose, 2001-2002 is taken as the base year and the indices of fixed assets and depreciation are calculated.

Table IX shows that indices of fixed assets gross block, sales and operating profit margin of Ambuja and Birla cement industries limited during the study period.

Table IX depicts that the increase in fixed assets and increase in provision for depreciation follows an upward trend, which says that Ambuja Cements Ltd has provided adequate provision for depreciation. So, the company will not have any inconvenience while replacement of assets. But in Birla Cements from the year 2004-2005 the provision for depreciation is very less than the value of fixed assets, which not a positive sign.

Conclusion

The above study reveals that both Ambuja Cements and Birla cements has adequate long term funds to finance fixed assets. Net worth of both the companies does not provide adequate funds for working capital. The indices of fixed assets and depreciation shows an upward trend, which means that the company has provided adequate provision for replacement of assets. The company should improve the efficiency of fixed assets, so that idle funds invested in fixed assets can be reduced. Steps should be taken to utilize the fixed assets optimally. In future, the companies will be in need of modernization, for which the companies should create sources which will be adequate to meet these needs.

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Table I : Fixed Assets to Net Worth of Ambuja Cement Ltd. (Rs. in Crore)

YEAR	FIXED ASSETS	NET WORTH	RATIO(IN TIMES)
2001-02	2855	2008	1.42
2002-03	2958	1946	1.52
2003-04	3658	2374	1.54
2004-05	3709	2245	1.65
2005-06	4543	2489	1.82
2006-07	5231	2960	1.76
2007-08	5707	3193	1.78
2008-09	6224	3440	1.80
2009-10	8779	5628	1.55
2010-11	9702	6186	1.56
AVERAGE			**1.64**
Source: computed from annual reports of Ambuja cement ltd., from 2001-2002 to 2010-2011.			

Table II : Fixed Assets to Net Worth of Birla Cement Ltd. (Rs. in Crore)

YEAR	FIXED ASSETS	NET WORTH	RATIO (IN TIMES)
2001-02	8573	3336	2.56
2002-03	8837	3296	2.68
2003-04	8995	3220	2.79
2004-05	8762	2982	2.93
2005-06	10981	5002	2.19
2006-07	11544	5191	2.22
2007-08	11734	5008	2.34
2008-09	13542	6600	2.05
2009-10	14300	6987	2.04
2010-11	17513	9754	1.79
AVERAGE			**2.35**
Source: computed from annual reports of Birla cement ltd., from 2001-02 to 2010-11.			

Table III : Fixed Asset to Long-term fund Ratio of Ambuja Cement is Calculated

YEAR	FIXED ASSETS	LONG-TERM FUNDS	RATIO(IN TIMES)
2001-02	2855	3629	0.78
2002-03	2958	3673	0.80
2003-04	3658	3662	0.99
2004-05	3709	3687	1.0
2005-06	4543	4741	0.95
2006-07	5231	5370	0.97
2007-08	5707	6342	0.89
2008-09	6224	7122	0.87
2009-10	8779	7926	1.10
2010-11	9702	8762	1.10
AVERAGE			**0.94**
Source: computed from annual reports of Ambuja cement industries ltd., from 2001-02 to 2010-11.			

Table IV : Fixed Assets to Long-term Funds of Birla Cement Ltd. (Rs. in Crore)

YEAR	FIXED ASSETS	LONG-TERM FUNDS	RATIO(IN TIMES)
2001-02	8573	4726	1.11
2002-03	8837	4694	1.06
2003-04	8995	4325	1.15
2004-05	8762	5185	1.29
2005-06	10981	7184	1.10
2006-07	11544	10231	1.35
2007-08	11734	13434	1.46
2008-09	13542	16414	1.32
2009-10	14300	25800	1.50
2010-11	17513	31862	1.21
AVERAGE			**1.25**
Source: computed from annual reports of Birla cement industries limited. from 2001-02 to 2010-11			

Table V : Fixed Assets to Long-term funds Ratios of Ambuja and Birla Cement Industries Ltd. (In Times)

YEAR	AMBUJA CEMENT	BIRLA CEMENT
2001-02	0.78	1.11
2002-03	0.80	1.06
2003-04	0.99	1.15
2004-05	1.0	1.29
2005-06	0.95	1.10
2006-07	0.97	1.35
2007-08	0.89	1.46
2008-09	0.87	1.32
2009-10	1.10	1.50
2010-11	1.10	1.21
AVERAGE	**0.94**	**1.25**
Co-efficient of correlation between fixed assets (net) and long-term funds	**0.429**	**0.407**
Source: Computed from annual reports of Ambuja cement and Birla cement industries limited. From 2001-02 to 2010-11.		

Table VI : Fixed Assets Turnover Ratio of Ambuja Cement Industries Ltd. (Rs. In Crore)

YEAR	SALES	FIXED ASSETS	RATIO(IN TIMES)
2001-02	1583	2855	0.55
2002-03	2025	2958	0.68
2003-04	2305	3658	0.63
2004-05	3026	3709	0.81
2005-06	7010	4543	1.54
2006-07	5631	5231	1.07
2007-08	6220	5707	1.08
2008-09	7077	6224	1.13
2009-10	7390	8779	0.84
2010-11	8515	9702	0.87
AVERAGE			**0.92**
Source: computed from the annual reports of Ambuja cement industries Ltd., from 2001-02 to 2010-11.			

Table VII : Fixed Assets Turnover Ratio of Birla Cement Industries Ltd. (Rs. In Crore)

YEAR	SALES	FIXED ASSETS	RATIO(IN TIMES)
2001-02	8573	8573	1.11
2002-03	8837	8837	1.06
2003-04	8995	8995	1.15
2004-05	8762	8762	1.29
2005-06	12155	10981	1.10
2006-07	15669	11544	1.35
2007-08	17278	11734	1.46
2008-09	17907	13542	1.32
2009-10	21570	14300	1.50
2010-11	21274	17513	1.21
AVERAGE			**1.25**

Source: computed from the annual reports of Birla cement industries Ltd., from 2001-02 to 2010-11.

Table VIII : Indices of Fixed Assets Gross Block, Sales and Operating Profit Margin of Ambuja Cement and Birla Cement (Base Year 2001-02 = 100) (In Percentage)

YEAR	Ambuja cements Ltd			Birla cements Ltd.		
	FA	SALES	O.P MARGIN	FA	SALES	O.P MARGIN
2001-02	100	100	32.79	100	100	5.70
2002-03	104	128	27.60	103	100	5.21
2003-04	128	146	27.92	105	104	6.70
2004-05	130	191	28.12	114	119	11.26
2005-06	159	442	34.71	131	128	14.72
2006-07	183	356	36.20	135	160	31.51
2007-08	200	393	28.85	151	178	33.38
2008-09	218	447	27.07	167	181	24.71
2009-10	307	467	25.19	204	212	33.31
2010-11	400	538	22.92	260	215	20.88

Source: Computed from annual reports of Ambuja cements and Birla cements Ltd from 2001-02 to 2010-11.

Table IX : Indices of Fixed Assets Gross Block, Sales and Operating Profit margin of Ambuja and Birla Cement Industries Limited during the Study Period

YEAR	Ambuja Cements Ltd		Birla Cements Ltd	
	Gross block	Depreciation	Gross block	Depreciation
2001-02	100	100	100	100
2002-03	104	119	103	106
2003-04	128	151	105	110
2004-05	130	173	114	110
2005-06	159	242	131	114
2006-07	183	268	135	121
2007-08	200	296	151	129
2008-09	218	328	167	132
2009-10	307	372	204	140
2010-11	400	415	260	148

Dare To Lead

Anil K. Khandelwal
Sage Publications
page 403

Human Resource is the most vital ingredient of the corporate curry but Human Resource Department and the people associated with it are the most underrated aspect of organizations. Very few people from HR have been able to reach the pinnacle of hierarchical ladder and Dr. Anil K. Khandelwal is one of those few. Dare to Lead is an account of an extraordinary journey of a simple man from a modest background striving hard to make his mark in the never ending maze of banking industry. The autobiography opens a world of personal and professional triumph of an individual who has been consistently proving that human capabilities are limited. The more you are pushed to edge the more is inner drive to bounce back. The book talks about the fascinating life of Dr. Khandelwal who with his limited knowledge of banking in the early stages of his career but with insatiable desire to learn and experiment was not only able to rise to the highest position in the company but was also able to transform Bank of Baroda into a bank to reckon with. Be it introducing Rahul Dravid as the brand ambassador, brand building exercises, logo change, marketing blitz, customer-centric innovations such as 8am to 8pm banking, 24 hours banking, retail loan factory, SME loan factory, introducing helpline for distressed employees, providing counselors for stressed staff, etc., the initiatives were all spearheaded by Dr. Khandelwal during his three year tenure as the CMD of the bank.

There are very few autobiographies of Indian CEO's in the market and a book from HR perspective is very rare. The book offers a rare chance to understand the problems, challenges and efforts of these unsung heros. The author's efforts to transform the branches of BOB in West Bengal plagued with nepotism, unionization, monotony and non performance into profit making branches proves that the leader's clarity, persistence and intent to solve the problems can bring credible benefits to the organization.

About the Author

Dr. Anil K Khandelwal, Ex- Chairman and Managing Director of Bank of Baroda has worked in the Banking sector for more than Three decades. Recognized as one of the top transformational leaders in the corporate history of India Dr. Khandelwal has been the driving force behind Bank of Baroda's exemplary journey from a regional Bank to a Bank with national presence. Recipient of 'Lifetime Achievement Award' from the Asian Banker, Singapore he was ranked among the top 10 marketers in India by Business India. He is a successful author of four books on Human Resource Development, including one of the first books on HRD in the Banking Sector. Rated among '100 Most Powerful CEOs in India' for three successive years by 'The Economic Times' he is currently the Chairman of Centre for Microfinance, Jaipur.

About the Book

The book an autobiography looks like a daunting task to read but once the reader starts reading it takes him on a roller coaster ride to different parts of India, their working cultures, difficulties, human tribulations and triumphs. The book starts from Khandelwal's childhood to his professional journey and ends on his today's accomplishments. The book is full of Mr Anil's varied and rich corporate experiences of Banking industry. Simple language gripping, anecdotes makes it more thrilling than a crime thriller a must read for every Indian who dreams to make it on the corporate canvas on the basis of his grit and determination. The book is an example of hard work and commitment to excel. It feels as if you are unfolding the lives of 38,000 employees of Bank of Baroda. It is not another work of self glorification of a fame hungry CEO but is a rare account of Indian Banking Industry, its transformation from monopoly to retail banking and a chance to peek into the hard work of people behind this transformation.

For the convenience of the reader the book has been divided into 30 chapters ranging from public sector banks' overview to Khandelwal's initial years of professional struggle to his mantras on successful leadership.

Chapterisation

Chapter One: Public Sector Banks: An Overview: provides an account of various stages crossed by Indian Public Sector Banks from private banks to nationalized banks and from nationalized banks to today's retail banks.

Chapter Two: The Beginning of a Long Journey: delves into the early life of the author, his humble childhood spent in Agra and his journey from a engineering student to officer in Bank of Baroda

Chapter Three: Seed Time: The time spent in Staff College, Ahmadabad provided Mr. Khandelwal an opportunity to delve into the area of designing and conducting training programmes for Bank of Baroda officers.

Chapter Four: A Jobless Job: This chapter deals with the strong dominance of Unions in the day to day functioning of Bank, Khandelwals victimization by the union on his new job and his relentless pursuit to decrease their influence.

Chapter Five: An Affair with Operations: Talks about the internal dilemma of Khandelwal when he was offered the post of Zonal Manager Western UP as he and his colleagues were apprehensive for him shifting from HR to operations without any first hand knowledge in it would have been a daunting task but his keenness to learn forced everybody to eat their own words.

Chapter Six: Walking on Fire: Deals with Mr. Khandelwal's tenure as Zonal Manager Eastern Zone based in Kolkatta often considered as punitive position due to non-performance, excessive unionization of banks.

Chapter Seven: Travails of Co-Leadership: This chapter deals with various accomplishments like establishment of personnel audit system, non unionization of operations by Mr. Khandelwal

Chapter Eight: Dena Bank: My First Brush with Leadership: as the name suggests this chapter tells the reader about Khandelwa's stint as the CMD of Dena Bank

Chapter Nine: Return of the Native: 2008 was the year when the Lion returned to his den. Mr Khandelwal was appointed as the CMD of Bank of Baroda which had lost its sheen due to stiff competition.

Chapter Ten: First 100 Days: The author discusses a 100 days agenda which was decided within a week of his appointment as CMD and includes signing technology implementation agreement with Hewlett-Packard, expanding ATM network with additional 300 ATMs that includes operationalization of 201 ATMs on a single day, unveiling of the new logo 'The Baroda Sun', improvement in credit and initiation of customer-centric innovations. In line with general functioning HR is also repositioned through effective communication.

Chapter Eleven: Rowing Together: This chapter deals with his efforts to create a conducive environment free of red tapisim and internal bureaucracy.

Chapter Twelve: Crafting the Future: This chapter discusses the strategies like redefining of financial services, computerization of Banks to combat the threats posed by private banks and increase the diminishing market share of the Bank

Chapter Thirteen: Communication for Action: The value of communication can never be underestimated being close to customers people at lower rungs can provide better insights about their needs and this chapter stresses on the needs of communication.

Chapter Fourteen: Engine of Growth: The chapter details out key agenda of HR elements including some of the following:

- To build new capabilities in employees to operate in the new environment.
- To improve performance management and develop a performance culture.
- To de-bureaucratize HR decision-making processes and make HR administration employee friendly through the use of technology.
- To ensure that the HR structure, system and processes complement each other to create a culture of continuous development and collaborative problem-solving.

Chapter Fifteen: Engaging the Foot Soldiers: cover employee engagement initiatives like, 'Sampark'-Helpline for employees and 'Paramarsh'-Employee Counselling Centres while

Chapter Sixteen: Dealing with Unions: BOB was plagued with excessive politicization of unions and they had a considerable clout in the decision making of the company. This chapter deals with the author's efforts to channelize unions for functional use

Chapter Seventeen: Rebranding: This chapter deals with marketing strategies and creation of a new identity for Bank of Baroda

Chapter Eighteen: Innovating for Customers: this chapter talks about BOB shift from a sellers market to a buyers market and development of a social architecture within the bank placing customer at the centre of business.

Chapter Nineteen: Connecting With Customers: PSU's are perceived as customer unfriendly organizations and Mr. Khandelwal realized to give the Bank a more professional image they have to make employees customer friendly

Chapter Twenty: Romancing with Retail: throws light on retail banking, structural reforms, wholesale banking and SME segment.

Chapter Twenty One: Technology on Roller Coaster: The author realized the slow pace of technological upgradation of branches and less ATM's were drifting customers from BOB thus this chapter deals with his efforts to expedite the process.

Chapter Twenty Two: Back to Basics: the customer meet made the author realized the key concern for bank was sluggish growth credit growth and eating up of its market share by competitors.

Chapter Twenty Three: Creating India's International Bank: depict strategic initiatives for creating BOB as India's International Bank, reshaping the roots for Gujarat operations and rebirth of Bank's first multi-specialist branch.

Chapter Twenty Four: Reshaping the Roots: deals with shrinking base of BOB in its home base Gujarat and implementation of 10 point programme for revival by him.

Chapter Twenty Five: Rebirth of a Branch: This chapter talks about Mr. Khandelwal's efforts to revive Branch in Mumbai once a jewel in BOB's crown which had lost its sheen

Chapter Twenty Six: Working with the Board: deals with Board dynamics, CEO-Board relationships and its impact on the working of the Bank

Chapter Twenty Seven: Celebrating the Glory: Mr. Khandelwal wife Vandana Khandelwal is his partner in true sense. He motivates employees and she mobilizes the wives through 'Baroda Shakti'.

Chapter Twenty Eight: Last 100 Days: in this chapter the author recollects his stint as CMD his trials, tribulations and success.

Chapter Twenty Nine: Farewell: talks about the last day at office and the emotional outpours of his employees and his reflection on his career.

In Chapter Thirty: My Leadership Code, the author enumerates eighteen codes some of which are:

- Two C's of Leadership-Credibility and Courage
- Three Ds of Leadership Behavior-Decisiveness, Determination and Discipline
- Reach out, Listen and Communicate
- Focus on Processes Impacting Customers and Employees
- Customers are the competitive Advantage
- Manage your intangibles, Tangibles will Follow
- Engage your People
- Leadership is the fine art of Execution
- Leadership is a Lifetime of Learning and Change Agentry
- Let Excellence Light every Corner

Conclusion

The autobiography is a true account of a real hero who touched the hearts of his employees through his genuine concern for employee welfare. It is must read for those who want to change their circumstances but are in self doubt because Mr Khandelwal makes it seem so easy to become an extraordinary man from an ordinary man. A Jewel who transformed the fate of a declining elephant into a roaring tiger with his vision and astute business acumen.

Big Data: A Revolution That Will Transform How We Live, Work and Think

Viktor Mayer-Schönberger and Kenneth Cukier
Publisher: John Murray
Pages: 242

We are in a revolution that has overwhelmingly changed our lives. We have just set in motion, and the new revolution, the "digital revolution" stimulated by the remarkable information and networking power of the Internet has led to digitization of the business and communication processes and a whole new world has opened up with the revolution making its way into society. Digital technology is getting more powerful, more ubiquitous, and more valuable and its impact is evolving to be far more pervasive, more profound, more global, and transforming the way we live, work and think.

Every decade since the last 2 or 3, has us coming across buzz words with descriptions such as, "…is the future…", "… is the Next Big thing…, "…is too big to ignore…","…is the new business…".This time the buzz word is 'Big Data'.

And here I can not resist citing a 300-year-old song sung by British soldiers: "We won't know where we're going 'til we're there".

Big data has been described as the next frontier for innovation, competition, and productivity in a report of the McKinsey Global Institute. Managers in all segments will have to handle the repercussions of big data. It will no longer be an issue that can be tackled by a few data managers.The increasing dimensions and aspects of information compiled by enterprises, the rise of multimedia, social media, and the Internet of Things will stir exponential growth in data for the near future.

Viktor Mayer-Schönberger and Kenneth Cukier, have thus taken it up on themselves to divulge the veracity of a new world, and to prepare the reader with the tools necessitated for the subsequent segment of digital advancement.

Viktor Mayer-Schönberger is Professor of Internet Governance and Regulation at the Oxford Internet Institute, University of Oxford. Earlier he has been on the faculty of Harvard's John F. Kennedy School of Government for a decade. An acclaimed author, he has been advocating a right to be forgotten in the form of expiration dates on personal information, and his last book 'Delete: The Virtue of Forgetting in the Digital Age' is a seminal work on similar lines.

Kenneth Cukier is the Data Editor of The Economist. He has been a frequent commentator on business and technology matters for CBS, CNN, NPR, and the BBC. He has been associated with The Asian Wall Street Journal, Red Herring, and The International Herald Tribune, and his writings on technology, business and economies have appeared in The New York Times, The Washington Post, Prospect, The Financial Times and others.

Schönberger and Cukier's Big Data is organized in ten chapters. The first chapter, Now, introduces the reader to the term Big Data. The authors take the readers through a route with very familiar road signs from the H1N1 crisis, to Etzioni's plane ticket experience and the subsequent project Hamlet which has evolved into Farecast, the epitome of a big-data company, to Peter Norvig's excellent description of the change in amount changing the essence, to the autocorrect feature of smartphones, and IBM's Watson's winning Jeopardy, to gently infuse the concept and benefits of "Big Data". Viktor and Kenneth say that Big Data's power represents three shifts in the manner we analyze information that transform how we understand and organize society, and the following chapters describe these shifts. The first paradigm shift suggests that big data means all available data, not a portion or smaller set of data. The second shift is readiness to embrace data's real-world messiness rather than precision. The third shift suggests that big data reveals the "what" not "why" and thus involves an increasing respect for correlations rather than an ongoing pursuit for obscure causality.

The first shift is described in chapter two, More. The content shakes the foundation of the whole concept of sampling and may make many experts on sampling uncomfortable. Sampling, the authors indicate was introduced to solve a particular problem at a particular moment in time under specific technological constraints. These constraints do not now exist to the same extent and the use of sampling may therefore be reduced to a miniscule set of problems.

In Messy, the third chapter, the writers expect that Big Data may necessitate us to change, to turn out to be more tolerant with inaccuracy, disorder and uncertainty. The world is full of inaccuracies, and hence allowing it into processing of enormous data only seems natural.

Correlation starts with the Amazon story, how its, Liden's, innovative recommendation systems found valuable correlations without knowing the primary causes. The Walmart case of big data management and analysis in the pre-web era and the results of correlation in the form of predictions of different nature from buying patterns to inventory requirements, are the case studies that infer that predictions based on correlations lie at the heart of big data, whether its management is automated or not. The use of financial credit scores to predict personal behavior as by FICO, to determine how likely people are to take their medication, Medication Adherence Score, Experian's Income Insight, the product that estimates people's income level partly on the basis of their credit history, Equifax's Ability to Pay Index, and Discretionary Spending Index, Aviva's predictive model to identify health risks etc. are all cited to emphasize correlation, predictions and preferences. The authors have analyzed multi-faceted correlation relationships and express the possibility that in the age of Big Data, the complex correlations will lead us to a wave of novel insights and helpful predictions. Viktor and Kenneth have followed a typical researcher's approach to attest their observations by citing fitting cases and references throughout.

In Datafication, Mayer-Schönberger and Cukier go on to point out that Big Data itself is a set of theories and that every effort to construe the huge data necessitates mindful, human choices about what data to utilize and how to put the query. Here they undertake humanity's tendency to provide more-and-more of what we do, see, hear, say and otherwise experience into a digital version. We will have in due course more data, about more-and-more things, so that we can eventually ask computers about almost anything. As of now the authors seem a little over enthusiastic when they see the world as information, and datafication of everything leading to mapping the world in quantifiable, analyzable way.

The chapter Value, has the writers candidly articulate that data isn't really of much value by itself, it is the option value, how the data might be used in the future, repurposed, recombined and reapplied to solve problems or how it creates insight that provides the value, not the space it occupies on a hard disk.

While Datafication emphasized digitization and collection of data, and Value, its worth as it is put to new use, Implications shifts to the use of data and the Big Data value chain. Three types of big-data companies have been discussed, distinguished on the basis of the value they offer, the data, the skills and the ideas. The authors identify the place of each of these categories of companies in the value chain, and make out the value of each category in different contexts. With Implications, a section of the book ends and another begins, in the following sections, the dark side of Big Data is explored and the use of control and regulations emphasized.

'Risks' puts forth the menace that Big Data can bring into our lives. In addition to privacy and propensity it may expose us to the danger of dictatorship of data, and if not handled wisely may be repressive, frustrating and harmful. The authors mention the film Minority Report to warn the readers of the effects of misusing the predictions of Big Data. Its turning into a weapon of dehumanization is thus stated as the major shortcoming.

As they discuss the necessity and measures of control for the misuse and mishandling of Big Data, and swing between users, algorithmists, justice, trust, objectivity, wisdom and regulations, Kenneth and Viktor conclude that, our task is to appreciate the hazards of this powerful technology, support its development, and seize its rewards, and to confront new challenges with new solutions.

In the last chapter, "Next", the authors explore the future of Big Data and provide a balanced view of Big Data as a tool that does not offer ultimate answers but just good-enough ones until better ones come along. They suggest that this tool must be used with a generous degree of humility… and humanity.

The book oscillates between enthusiasm, criticism and caution, and presents an objective view of Big Data. Some readers may find the anecdotes disproportionate, but I feel, they make the reader identify with the conditions, situations to have a clear view of the authors' perceptions. The Notes and Bibliography lend an academic perspective to the content and highlight the research efforts of the authors. The book is an easy read and would prove beneficial for those who wish to grasp the theme of Big Data as an upcoming trend.

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