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From the Desk of the Honorary Chief Editor

Towards Internalising Practice Theories

The common tendency is to blame others for one's own ills, distortions and inability to cope. The truth is more often than not; one is largely responsible for what befalls us. This is bound to happen more with personalities which are essentially reactive in character than being in control of their own emotions and their own thinking. The outcome is, equally, more often than not, their physical ill health. Solace is found in pills. The Doctor and the pharmacist laugh all the way to the bank.

Behavioural scientists have tried to find a response to this, which attempts to be more mature with effects and are more often, more lasting. The caption under which such precepts could come is 'practice theories'.

To put it simply practice theories are 'kaleidoscopic'. They help to see, as it were, 'beyond one's height'. Originating from ocean experiences, kaleidoscope is used by submarines to view what is happening beyond the level of water. It is known to be hugely successful. The first major commercial/popular use of kaleidoscope is reported to have taken place in the early 50s at the time of the coronation of Queen Elizabeth II. The crowds were so large that the heads of the people watching the procession (forget the act of coronation) effectively blocked everyone's line of vision. The only way one could see the procession passing was through a kaleidoscope. That experience apart, the concept of kaleidoscope in 'practice theories' is critical. Only in this case kaleidoscope is not material but conceptual. Unless one learns how to look beyond the line of vision which is blocked, forget insights, even a normal conversation can and does become a challenge.

To understand fully the import of such blocks which only makes one's own misery worse, one needs to understand the power of concepts, limitations of one's own conditioning. Nor is that all! One needs to understand the power of one's own ideas which condition one's own understanding. One needs to understand the power of concepts and assumptions which trigger off the adrenaline system in one's body.

Very often to understand what one thinks is happening, realistically, one needs to clear one's lenses. The risk of not doing so is large because one may kick the ladder on which one is standing. In behavioural sciences, comparative method is often used. However, comparisons may bring some clarity but understanding may not necessarily follow. Consider an individual going through an experience and reacting without understanding the meaning of his reactions. A comparative method may help to a certain extent. It would not help if the two situations being compared are *mutatis mutandis*. The phrase *mutatis mutandis* is a Latin expression. It indicates that while it may be necessary to make some changes to take account of different situations, the main point remains the same. Illustratively, if one is trying to learn from similar experiences from two persons, one can see how one could have expected each of the two persons to behave differently. That change in any of the two persons is of course a possibility. However, it does not alter the fact that the main point, namely the ultimate conclusion remains the same. The response to that in behavioural sciences is what is in another Latin expression: *ceteris paribus*.

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Ceteris Paribus broadly means all other things being equal. This helps to understand the laws of nature. For example, the law of gravity states that you throw something in any direction, it will fall down. In behaviour it means check out whether 'you are you' irrespective of the stimulus. One's own behaviour pattern is very much bounded and is often pre-programmed. This is where management of self comes in. It is open to one, do something about oneself rather than expect others to change to please oneself.

Practice theories are therefore a cluster of evaluations. Evaluations based on one's own reading, experiences and understanding. One can do something about them or just continue to be with them. In each case, the price will have to be paid. Therefore, it would be fair to say that practice theory is a coalescence of practitioner's knowledge, enlightened self-interest, resilience and ability to learn.

The danger however, is, that practice theories run the risk of registering negative feedback if one is in company of people who neither understand nor do they know that they do not understand. That may be another story.

Dr. Vinayshil Gautam, FRAS (London)

Board Independence and Sustainability Disclosure Practices in Indian Companies.

Abstract

The study attempts to explore the effect of board independence, as an important corporate governance parameter, on the sustainability disclosures practices of 38 listed Indian companies during the period of 2013-17.

Sustainability performance is measured with the help of content analysis considering Global Reporting Initiative (GRI) indicators in three major parameters, such as, social, economic and environmental. Using panel data regression analysis, the study finds a significant positive relationship between board independence and the economic parameter of sustainability disclosure. Finally, based on the findings, the study recommends the Indian corporate establishments to ensure independent board of directors for better sustainability performance. As a part of future research directions, the study thinks it is important to identify the factors that actually impact the other two measures of sustainability performance of Indian companies.

Keywords: Corporate Governance; Board Independence; Sustainability Performance; Global Reporting Initiative; Panel Data Analysis.

Ritu Pareek

Assistant Professor in Commerce,
Directorate of Distance Education,
Vidyasagar University.

Krishna Dayal Pandey

Assistant Professor in Commerce,
Directorate of Distance Education,
Vidyasagar University.

Tarak Nath Sahu

Assistant Professor,
Department of Commerce,
Vidyasagar University.

Arindam Gupta

Professor,
Department of Commerce,
Vidyasagar University.

Microfinance and Women's Economic Empowerment: An Experimental Evidence

Abstract

This study attempts to examine impact of Microfinance on economic empowerment of women. Following Multi-Stage (mixed) Sampling, the data has been gathered using Structured Interview Schedule from 370 Self Help Group women members from rural areas of Kashmir Division formed and nurtured under Umeed scheme of the flagship program - National Rural Livelihood Mission. The present study employed Quasi-Experimental Design that consists of 190 program (treatment) and 180 comparison group members (control). In order to compare the two groups on empowerment indicators, Independent Samples Test has been mainly utilized. The results indicate positive and significant differences between the two groups in economic empowerment indicators – independent income, independent savings, asset generation, control over household income, control over household savings as well as control over large purchases. However, the study reveals larger impact on two indicators of economic empowerment – independent savings and asset generation as shown by Effect Size. It is concluded that Microfinance significantly impacts women's economic empowerment. This study is believed to grab the attention of the policy makers towards further strengthening the program to reap its constructive benefits towards Poverty Alleviation. Due to Multi-dimensional nature of empowerment, the future studies would examine impact of Microfinance on non-economic empowerment as well and extend geographical area.

Keywords: Microfinance, SHGs, Women's Economic Empowerment, Quasi-Experimental Design, Independent Samples Test

Shagufta Tariq

Assistant Professor,
Department of Accounting,
College of Business Administration,
Jazan University, Saudi Arabia.

Mohi-ud-Din Sangmi

Professor,
Department of Commerce,
University of Kashmir,
India.

Dimensions and Consequences of Cause Related Marketing: A Conceptual Framework

Abstract

that exist in the society. Companies across the world are engaging in philanthropic strategies like Cause Related Marketing (CRM) in which company agrees to contribute fixed amount towards selected social cause for each unit sold. This paper undertakes methodical analysis of prevailing work for better understanding and recording of the dimensions impacting CRM strategy and its possible consequences. This researcher deliberate on variables, that have not be studied together before. For better understanding and execution, dimensions of CRM, have been categorized into Consumer specific and Company specific. This study aims to propose an integrated conceptual framework of interrelationships of variables that have potential to mitigate the impending problems of organization. Finally, it suggests that relationship exists amid the dimensions and consequences of CRM. This study will have social, managerial and academic implications.

Keywords: Corporate Social Responsibility, Cause Related Marketing, Consumer Behavior, Consumer Attitude, Brand Credibility.

Anu Bhardwaj

Assistant Professor,
Jagannath International
Management School, Vasant Kunj.

Bilal Mustafa Khan

Professor,
Aligarh Muslim University (AMU).

Vikas Nath

Director,
Bharati Vidyapeeth Institute of
Management and Research,
New Delhi.

The Role of Entrepreneurs during the Growth Phase of Internet Start-ups in India

Abstract

India, being one of the fastest growing internet start-up ecosystem in the world, realizes that innovation-led rapid, yet all-inclusive growth can lead to economic and social transformation. Once a start-up identifies a repeatable business model and plans scalability to the next level, the key challenges include hiring and retaining talent, bringing on a good management team and putting stable and efficient processes for market scalability. In this context, this study attempts to figure the role of entrepreneurs when internet start-ups enter the growth phase. Four specific strategies that start-up entrepreneurs should adopt through the phase of scaling and growth are analyzed; each with a relevant case-study in the Indian context. Strategic decision-making by start-up entrepreneurs can lead to sustainability and scalability of internet start-ups in India; contributing towards economic growth and employment. Entrepreneurs should focus on unique/well-adapted propositions and customer experience in the Indian context in order to ensure sustainability and growth of internet start-ups.

Keywords: Start-ups; Internet; High-tech; Entrepreneurs; India; Growth.

Deepal Joshi

Senior Lecturer and
In-Charge Director,
Somlalit Institute of Business Administration
Gujarat University,
Ahmedabad.

Does Cap Size and Pricing of Issues Influence Wealth Creation of Indian Initial Public Offering Investors? - An Empirical Investigation

Abstract

Companies tap capital markets to woo investors, but do returns stand the test of time and provide value for its initial investors? This gives rise to a long-standing debate on IPO pricing and performance. The paper examines if market cap size impacts listing, short and long run scrip performance. Dataset comprises of 216 companies listed at National Stock Exchange (NSE) from 2006-15. Whether final offer price from the provided price range is an effective predictor of initial and successive returns and does the listing gains offered by under-priced stocks continue in the short run and long run is analyzed. Results reveal that higher cap size fails to offer differential listing returns. It gains relevance a month post listing and its effect is witnessed till return analysis period, i.e. 3 years. Irrespective of cap size, stock under-perform the benchmark market index except on listing day. Issue price finalized from the price band through book building influences only listing day return. Extent of positive correlation between listing day and future returns goes on weakening before turning negative by first year.

Keywords: Initial Public Offerings (IPO), Market Capitalization, Under-pricing, Price Range, Market Adjusted Excess Return.

Sujata Shankaran

Research Scholar,
Department of Commerce and Management Studies,
University of Calicut.

P. Mohan

Pro-Vice Chancellor,
University of Calicut,
Kerala.

Liquidity Risks in Non-Banking Financial Companies: An Analysis

Abstract

The purpose of the paper is to compare the liquidity profile of banks with NBFCs to examine how NBFCs perform under stringent RBI and BCBS guidelines although the business model of both are not fully identical. Three NBFC-D and three NBFC-ND-SI have been selected based on their income size in descending order. The maturity pattern of assets and liabilities indicate that all sample NBFCs reveals a positive gap and healthy gap ratio up to 1-month time bucket. The liquidity coverage ratio specifies that the stock of liquid assets are not required to service liabilities since cash inflows up to one month are more than outflows for all NBFCs. While comparing liquidity profile with commercial banks it is observed that on all the measures except Loan to Deposit ratio, NBFCs performed better despite their limited stock of public deposits. The results might change in the current year i.e. after ILF&S collapses. This paper is believed to be the first attempt discussing on liquidity risk of NBFCs.

Keywords: NBFCs, ALM, Liquidity Risk, GAP, Liquidity Ratios

Avijit Bakshi
Assistant Professor,
CMS Business School,
Jain University,
Bengaluru.

Book Scan

The Amazon Management System, Ram Charan & Julia Yang, Wiley India Pvt. Ltd., No. of Pages: 162 Price: Rs. 999/-

Legendary investor Warren Buffet called Amazon a “Miracle”. From the day of its listing on Nasdaq on May 15, 1997 at the offer price of \$18, Amazon's stock price has skyrocketed (with three stock splits) to \$3272 on the day of writing this review, yielding a whopping 1,20,000 percent growth. The current market capitalization of E-commerce giant stands at US\$ 1.63 Trillion. Ram Charan, one of the most influential management consultant in the world and his co-author Julia Yang attribute this radical success of Amazon to its revolutionary management system. In their book *The Amazon Management System*, authors demystify its revolutionary management system as the one which delivers a superb end-to-end customer experience that is better, cheaper, faster and more convenient. It drives continuous inventions on behalf of its customers; it creates new businesses, expands the eco-system and more importantly, increases cash flows from gross margin that have enabled continuous investment in technology infrastructure and innovation.

The book is organized in six chapters, delineating six building blocks of Amazon's Management System. The first building block is the Amazon's 'Customer-Obsessed Business Model', which is built on novel concepts of platform, ecosystem, and infrastructure. Contrary to the traditional firms which pay huge amount of attention to quarterly EPS growth and dance on the rhythm set by capital market, Amazon's customer centric business model defies traditional laws of diminishing returns, and delivers increasing cash flows and higher returns of investments. The second building block is the Amazon's 'Continuous Bar-Raising Talent Pool', which is carefully defined, meticulously documented and rigorously chosen, and coupled with end-to-end follow through and feedback to ensure continuous bar raising for the talent pool as well as self-reinforcing mechanism of talent acquisition and retention.

The third building block of Amazon's management system is its 'AI-Powered Data and Metric System’. Amazon leverages modern technology to run day-to-day operations differently. Its data and metrics system is ultra-detailed, cross-silo, cross-layer, end-to-end, real-time, input oriented and AI powered, which enables tracking, measurement and analysis of key decisions on the real time basis. Fourth building block of the Amazon's management system as labeled by Ram Charan and Julia Yang is its 'Ground Breaking Invention Engine'. While other firms built their success on one brilliant innovation and subsequent minor improvements thereafter, Amazon's invention machine has been continuous, accelerating, game changing and consumer centric that has created new market spaces and massive economic opportunities.

Another building block of Amazon's management system is 'High-Velocity and High-Quality Decision Making', which follows a set of clearly articulated principles and uniquely designed toolsets enforced with striking consistency throughout the organization. Finally, sixth building block described by the authors is Amazon's 'Forever-Day-1 Culture'. Generally, as companies get bigger, they lose the initial speed, agility, and vitality commonly found in start-ups. Contrarily,

Amazon has been able to combine the size and scale advantages of a big company and agility and speed of a start-up.

'The Amazon Management System' stimulates the readers to understand and implement a highly successful and futuristic management system. The book discovers and define six building blocks of Amazon's success story and present complex ideas in very crisp and to-the-point manner to its readers. You reflect as you read.

Himanshu Joshi

Associate Professor,
FORE School of Management,
New Delhi.

International Business (Indian Edition), J. Michael Geringer, Jeanne M. McNett, Michael S. Minor, Donald A. Ball; Published by McGraw Hill

International business is organized into 15 modules that navigates towards defining the nature of international business (opening section), modules 2-8 discusses factors operating in business environments (second section), and their impact on business practices, modules 9-15, on how the managers deal with all the forces affecting international business (third section).

The book, International Business, is an interactive read, the beginning of each module opens with a dialogue and generates a point of chat. It initiates with a discussion on diversity of international business vis-à-vis domestic Business, how globalization and other factors have impacted the internationalization of firms. Assessing these environments, in context of how the growth & expansion of international firms has gradually taken place, with respect to various investment strategies & policies adopted by them, in the thrust areas with FDI & exporting.

The book also covers the cross cultural & socio economic influence, on business functions, people, organizations, & is based on the frameworks given by stalwart researchers, & supports with models to describe various contexts and a basis to operationalize firm's ability. Sustainability and natural resources are also looked at in the context of international business. The measures of interdependence with sustainability, emphasis laid on the characteristics of environmentally sustainable businesses, importance of geographical location, natural resources, climate, renewable and non-renewable energy sources of countries are discussed in reference to political and trade relationships.

Concerns like, government stability, protection from unfair competition, peace and steadiness in country, terrorism, cyber-crime, and various other threats & risks posed, may intervene in smooth trade activities & maybe the reasons for several restrictions in trade. The country risk assessment and countermeasures to such threats, are reviewed well. The legal concerns of global business, framework of protection, standardized laws, IPR, across the world to establish a safe legal system with protection and benefit to all who are a part of it. The book also covers the economic indicators, social economic dimensions, the International Monetary systems & financial

forces, exchange rate system, forces that fluctuate the currency, their possible causes & forecasting, being very integral to international business processes.

The book attempts to capture, the competitive strategies, the firms espouse while going international, depending on the strategic plan on developing its competencies, and strategic choices in maximizing opportunities. The organizational structure undergoes a transition from domestic to global, and its performance in an uncertain environment, in this period of transition holds crucial for companies. Therefore, what dimensions to be considered for designing the organizations, in conjunction with streamlining its allocations across subsidiaries is imperative.

While undergoing this global change, a firm must have a global vision, and mind-set, and here is where leadership matters the most. It is a firm's challenge for finding the right people, with competence, for an effective global leadership, which unites a right mix of vision and strategic thinking, and comprises of self-competencies, people competences, business competency, in the book, which is discussed in context of different models for developing effective global leaders.

Towards the close, it takes the reader in the direction of the several market entry methods, assessing the international markets by screening, environmental analysis, identifying potential markets, and overcoming the hurdles' posed by an overseas market. This helps the manager better evaluate, the aspects on designing the international marketing mix. The book adds the human resource element in the international context and its significance. The focus lies on learning various factors of labor, strategies and approaches, training and development, as a part of international human resource management, and the sync of various cultural, language, experience and abilities of human resources to the firm's international exposures.

The book concludes, with the discussion on several accounting & financial issues, while operating in foreign currencies. It also identifies the risks that are faced during transactions, due to the exchange rate fluctuations along with other changes in financial market, and how such concerns are to be addressed.

In addition to the core 15 modules, 3 bonus modules on, A. International institutions from a business perspective, B. Export & Import Practices, C. Global operations & supply chain management. Is also provided for additional reading.

The book in end of each lesson, summarizes with the learned objectives in the form of answered questions which will be beneficial for the reader to integrate the learnings. This is followed by the key terms of the module and critical thinking questions, that enable the learner to reflect and respond on the given questions. A contextual mini case is also presented with key inquiries and ends with references for the content of the module.

Overall, the book is a great read for the students of international business and management practices.

Arbuda Sharma

Assistant Professor,
FORE School of Management,
New Delhi.