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The BIITM Business Review provides an academic forum for encouragement, compilation and dissemination of research on various aspects of management and business practices. It includes original empirical research as well as theoretical and conceptual works related to the field of management. It also publishes case studies, critical evaluation of existing business models and theories, and reviews of the latest books relevant to the corporate world.

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Executive Director's Message

I am happy to know that the BIITM Business Review has entered its ninth year of publication with the release of its Volume 9 No. 1 on the occasion of the institute's Annual Day Celebration "Jashn 2019". This research journal of the institute has provided a platform for publication of research articles written by management faculty members and professionals. More importantly, it has made its contribution to the advancement of knowledge in the field of management.

I hope the journal will progressively enhance its contribution to knowledge in the field of management.

Pratap

Mr. P. K. Balabantaray

From the Principal's Desk

It is my pleasure to inform you about the release of our journal "BIITM Business Review – Vol-9, No.-1, January – June 2018. BIITM Business Review is reviewed by a very competent editorial board along with a network of scholars from different disciplines helping to secure quality, originality and utility of the contributions.

We invite you to go through the Institute's Business Review reflecting the sincere efforts of its faculty members towards research, training, development & extension in addition to other activities of the students and the staff.

It is this willingness to share knowledge, concerns and special insights with fellow beings that has made this journal possible. I would like to hear from you as well as your valuable suggestions on improving our journal further. I sincerely extend my thanks to contributors, editorial board members and looking forward for continuous support.

Prof. (Dr.) P. K. Tripathy
Principal

From the Editor's Desk

Research is an enduring field with persistent and focused efforts lead to positive results. When research is done in the field of management studies or in the domain of Information Technology, it has many fold impact and implications not only for the Industry but also for academia. Fostering research and providing a platform to publish good quality research papers based on empirical or scholarly research work has been a continuous endeavour of journal 'BIITM Research Review'.

This issue has papers from the different domains such as service marketing, product-based marketing, HR analytics, Online shopping behaviour, social media marketing and Data Mining.

The response to our request to authors for contribution has been overwhelming. In spite of our best efforts, due to decision of editorial board and the referee review board, some of the articles/papers could not be included in the present issue, but this shall not restrict any of the authors to send their original articles, case studies, research reviews or empirical contributions for publication in our journal.

Our sincere thanks to all the contributors for their support and interest.

We once again special thanks to Mr. P. K. Balabantaray, Executive Director-cum-Chief Patron, and Dr. P.K. Tripathy, Principal-cum-Patron and Er. P. R. Pattanayak, Advisor (Academics) for their continuous support and advice.

Dr. Saraju Prasad

Editor

Poor Governance Policy and its Brunt on Public and Private Sector Banks

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ABSTRACT

The Indian banking sector has experienced considerable growth and changes since liberalization of economy in 1991. The current banking crisis in India is understandable. Though the banking industry is generally well regulated and supervised, the sector suffers from its own set of challenges when it comes to ethical practices, financial distress and corporate governance. Corporate governance is systematic and formalized manners of ensuring that top management represented by the board of directors do not make decision making powers occasioned by management and ownership separation to pursue personal interests at the expense of other stakeholders. This study endeavours to cover issues such as banking frauds with a detailed analysis using secondary data (literature review and case approach) as well as primary data based upon some discussion with bank staff in Kolkata regions i.e. South Kolkata Area. This research paper is a qualitative research towards poor governance system in the banking sector. The study finally proposes some recommendations to reduce future occurrence of frauds in Indian banking sector.

Keywords: Corporate Governance, Indian Banking Sector, Banking failure, Banking frauds

Introduction

In recent years, instances of financial fraud have regularly been reported in India. Although banking frauds in India have often been treated as cost of doing business, post

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liberalisation the frequency, complexity and cost of banking frauds have increased manifold resulting in a very serious cause of concern for regulators, such as the Reserve Bank of India (RBI). In the last three years, public sector banks (PSBs) in India have lost a total of Rs. 22,743 crore, on account of various banking frauds. With various measures initiated by the RBI, numbers of banking fraud cases have declined, but amount of money lost has increased in these years. This raises serious concern over the effectiveness of corporate governance at the highest echelons of these banks. In addition, there has been a rising trend of non-performing assets (NPAs), especially for the PSBs, thereby severely impacting their profitability. Indian economy suffers to a great extent from these problems, and this served as the prime motivation for the authors to carry out this detailed study of frauds in the Indian banking system and examining frauds from different angles.

Current Banking Issues

Public sector banks have long drawn flak for high non-performing assets and poor standards of governance. Now it seems to be the turn of the "new" private banks, considered the most efficient in the sector, to be the centre of negative attention. ICICI Bank's chief executive officer, Chandra Kochhar, is under a cloud for what seems like a sweetheart deal between her husband and Venugopal Dhoot, whose Videocon group is a major client of ICICI Bank and now a key defaulter. Axis Bank CEO Shikha Sharma is facing the indignity of having her continuing leadership questioned by the regulator Reserve Bank of India. In the last few years, Axis Bank's non-performing assets have risen sharply and it has been hauled up by the RBI for wrongly classifying assets. Both banks have suffered reputational damage. It now seems governance is poor across India's banking sector, private and public. ICICI Bank and Axis Bank are no strangers to working in close proximity to the public sector. ICICI was one of India's first development financial institutions whose area of focus was large infrastructure projects until it turned into a commercial bank. So, it has all the experience needed to keep its head above water while financing such projects.

Objectives of the paper:

- To discuss the various aspects of Corporate Governance and their impact on bank operations.
- To discuss the issue of common management failures and suggest remedies.

Corporate Governance and Banks

Although globalisation of financial markets necessitates some basic international standards of corporate governance for financial institutions, it is also recognized that such uniform international standards may result in different levels of systemic risk for different jurisdictions because of differences in business customs and practices and institutional and legal structures of national markets. Each country will therefore need domestic regulations that prescribe specific rules and procedures for the governance of financial institutions that address national differences in political economic and legal systems while adopting international standards and principles. Banks are "special" as they not only accept and deploy large amount of uncollateralized public funds in fiduciary capacity, but they also leverage such funds through credit creation. The role of banks is integral to any economy. They provide financing for commercial enterprises access to payment systems and a variety of retail financial services for the economy at large. The integral role that banks play in the national economy is demonstrated by the almost universal practice of states in regulating the banking industry and providing in many cases a government safety net to compensate depositors when banks fail. The large number of stakeholders whose economic well-being depends on the health of the banking system depends on implementation of appropriate regulatory practices and supervision. Indeed in a healthy banking system the regulators and supervisors themselves are stakeholders acting

on behalf of society at large. As regulators we do not act on behalf of shareholders or individual customers but on behalf of groups such as depositor's policyholders or pension fund members who rely on the continued solvency of regulated institutions for their financial security but who are they not well placed to assess financial soundness.

Governance – Principal Agent Problem

The main characteristics of any governance problem are that the opportunity exists for some managers to improve their economic payoffs by engaging in unobserved socially costly behaviour or abuse and the inferior information set of the outside monitors relative to the firm. There is a wide range of potential agency problems in financial institutions involving several major stakeholder groups including but not limited to depositors owners creditors management and supervisory bodies. Agency problems arise because responsibility for decision making is directly or indirectly delegated from one stakeholder group to another in situations where objectives between different stakeholder groups differ and where complete information which would allow for further control to be exerted over the decision maker is not readily available. Primarily there are three groups which can monitor the management of banks: owner, market and supervisors. The oversight by the Board is an important part of governance in banks. In addition oversight by non-executives who are not involved in day to day management is also important, direct line supervision in different areas and independent risk management and audit functions also form part of the organizational structure of any bank which ensures proper governance.

Risk Management Failures

The following are common risk management failures and some warning signs of each. The warning signs are organized into organizational, process and behavioural indicators.

Poor Governance and "Tone of the Organization"

Governance is the act or process of providing oversight, authoritative direction or control. The term itself is often used to describe what the Board of Directors and executive management do to oversee the enterprise's planning and operations and ensures the effectiveness of strategy-setting and the organization's other management processes.

Executive management's "tone at the top" provides a vital foundation for the transparency, openness and commitment to continuous improvement that are so necessary for effective risk management. However, the tone at the top must be complemented with an effective "tone in the middle."

Organizational indicators:

- Poor risk governance, leadership and discipline, resulting in enterprise value creation activities of the lines of business overriding the risk concerns and early warnings raised by the independent risk management function.
- Lack of Board focus on risk oversight, resulting in directors failing to ask the tough questions.

Process indicators:

- Risk is not considered explicitly by management when evaluating strategic alternatives and whether to enter new markets, introduce new products or consummate a complex investment or acquisition.

- There is ineffective or nonexistent sharing and communication of risk information up, down and across the organization.
- There is evidence of undeliverable strategies, extreme performance pressures, unrealistic expansion plans, inadequate executive experience and/or a "warrior culture" and unhealthy internal competition creating incentives for excessive risk-taking.

Inability to Implement Effective Enterprise Risk Management (ERM)

Most efforts to implement ERM are unfocused, severely resource-constrained and pushed down so far into the organization that it is difficult to establish their relevance. The near-term result is "starts and stops" and ceaseless discussions focused on understanding what the objective is. The longer-term result is that risk management is rarely, if ever, elevated to a strategic level and continues to be driven by functional silos within the organization.

Organizational indicators:

- Lack of support from executive management and other key stakeholders and/or lack of traction due to delegation of the initiative to lower levels in the organization.
- The ERM initiative is neither enterprise wide in scope, nor strategic in focus.
- An "additive" point of view that the various risk management silos combined together constitute an ERM response because they collectively cover the enterprise's risks.

Process indicators:

- There is either no risk management policy, or a policy exists but it does not emphasize ERM principles.
- The ERM process does not focus on the vital few risks that really matter and/or does not position the organization as an early mover to capitalize on market opportunities and emerging risks.

Not Integrating Risk Management with Strategy-Setting and Performance Management This failure occurs when risk is treated as an afterthought to strategy-setting, resulting in strategic objectives that may be unrealistic and risk management becoming an appendage to performance management. The consequences of this failure include a strategy the organization is unable to deliver, a deteriorating competitive position, an inability to adapt to a changing business environment and a significant loss of enterprise value.

Organizational indicators:

- Management has not implemented an effective approach to integrate the implications of risk with strategic planning and performance management.

Process indicators:

- The risks inherent in the organization's strategy are not identified, sourced and mitigated.
- Consideration is not given to the risk of disruptive change affecting the business model.
- Key risks embedded within the enterprise's operations, including how they are managed, are not transparent to key stakeholders.
- There is a lack of connectivity of risk management to core management processes.
- There is poor alignment of risk responses with strategy and enterprise performance management.
- The strategy and the related risk responses are not communicated in a consistent manner across the enterprise.

Interview Based

A semi-structured interview was conducted by the authors with various officials of the banking industry and investigating agencies. Thus, from the study, the authors were able to come up with the following insights and key findings:-

1. Fraud detection procedure in public sector banks: The authors analyzed the process of fraud detection and reporting in a public sector bank and who are the various players involved in this process.

a) First, a fraud is internally reported to senior management of a bank. These may include chief general managers, executive directors, chairman and managing director. They may also be reported to vigilance department of the bank.

b) If reported to the vigilance department of the bank, it investigates the fraud and then reports it to both senior management as well as the central vigilance commission (CVC) to whom they are required to report monthly.

c) A committee of the RBI also independently monitors fraudulent behavior in banks and reports its observations on quarterly basis to central board of the RBI. The board may then report the matter to either central vigilance commission or ministry of finance (MoF).

d) Auditors, during the course of their audit, may come across instances where transactions in accounts or documents point to possibility of fraudulent transactions in accounts. In such a situation, auditor may immediately bring it to the notice of top management and if necessary to audit committee of board (ACB) for appropriate action.

2. Reason for higher advance related frauds in public sector banks and rising NPAs: Higher advance related frauds of above Rs. one crore loans (87 percent of total amount involved in loan worth Rs. one crore or above in value) in public sector banks as compared to private sector banks (11 percent of total amount involved) could be due to the proportion of the loan advanced by both PSBs (~ 70 percent) and private sector banks (~ 30 percent) especially in large and long gestation projects like infrastructure, power or mining sectors.

3. The role of auditors was further analyzed in order to identify gaps and loopholes that exist in the current system. Auditors can be classified into three main types:

a) Bank auditors – There are two main types of auditors that work for a bank to look into financial statements of its borrowers. They work in different capacities in terms of their scope and knowledge. They can be held responsible for any misreporting under common legal framework due to faith placed on them by banks. The two types of auditors are:

i. *Statutory auditor* – These look into financial statements of all borrowers that borrow from a bank. These are external auditors.

ii. *Concurrent auditor* – These help supplement the functioning of bank in terms of internal checks and check on financial statements of its borrowers. These may be external/internal auditors

b) Statutory auditors of the borrower – These auditors work for the borrower firm and help in reporting their financial statements.

c) Special auditors – These auditors work on a case by case basis independently and are not associated with any firm or bank. They help provide an external view on statements reported by the borrower to the bank.

4. Poor appraisal system and monitoring mechanism in PSBs: The initial project appraisal process in PSBs is as good as that of PVBs. But monitoring post sanction of loan is

weaker in PSBs compared to the PVBs on account of diverse loan portfolio, lack of expertise and modern technological resources, and lack of manpower and motivated employees, who are not appropriately incentivized to detect early frauds or prevent them.

5. Corporate governance and other HR issues: The root cause of weak corporate governance at highest level is directly linked to the very process of appointment of highest level of officials and poor compensation structure of highest level functionaries. The weakness in selection process for top level management as documented in RBI (2014b) results into weak governance at the highest level.

6. Judicial system: The long and elaborate judicial process is another major deterrent towards timely redressed of fraud cases. The delay in judiciary to prosecute those guilty of fraudulent practices, could lead to dilution of evidence as well as significant cost building on part of the victim bank.

7. Technological and coordination perspective: RBI has an elaborate set of early warning signals (EWS) for banks to curtail frauds. However as of now, there are inadequate tools and technologies in place to detect early warning signals and red flags pertaining to different frauds. The big public sector bank shockingly revealed that there is only one provider of vigilance and monitoring software for banks and price discovery is poor. Even the biggest of public sector banks cannot afford to buy that software.

Conclusion and Recommendations

The issue of corporate governance in banks, christened by Schumpeter as "gatekeepers of development of capitalism", cannot be subsumed under any discussion of corporate governance in an ordinary firm. However, the issue of corporate governance in banks has not attracted serious research attention in India. The study uses a concept of corporate governance in the extant literature, which attempts to clarify conflicts underlying the phenomenon at different levels. The frauds may be primarily due to lack of adequate supervision of top management, faulty incentive mechanism in place for employees; collusion between the staff, corporate borrowers and third party agencies; weak regulatory system; lack of appropriate tools and technologies in place to detect early warning signals of a fraud; lack of awareness of bank employees and customers; and lack of coordination among different banks across India and abroad. The delays in legal procedures for reporting, and various loopholes in system have been considered some of the major reasons of frauds and NPAs.

The following recommendations are suggested for an early detection of frauds.

a) Independent specialized cadre: The government could consider an independent specialized cadre of officers on the lines of all India services, who are equipped with the best financial and legal know-how to detect financial frauds and are capable of carrying out an effective and time bound investigation of such scams. In short term, the government can consider forming this cadre with a pool of commercial bankers, RBI and CBI officials through lateral recruitment.

b) Internal rating agency: Banks should have a strong internal rating agency, which evaluates big ticket projects before sanctioning loan. The rating agency should strictly evaluate the project on the basis of business model/plan of project without being influenced by brand name or credit worthiness of the parent company, considering current macro-economic situation and exposure of the sector to the global economy.

c) Use of latest technology: The data collection mechanism in banks is very archaic andneeds a revision. The banks should employ the best available IT systems and data analytics in order to ensure effective implementation of the red flagged account (RFA) and early warning signals (EWS) framework suggested by the RBI, which would help in a better profiling of customers by analyzing patterns of their transactions and rendering a near real time monitoring possible for banks. Also, we recommend that the Institute for Development and Research in Banking

Technology (IDRBT) could consider incentivizing development of relevant software for commercial banks at affordable costs. This is vital to enhance their monitoring of suspicious and fraudulent transactions within the branches of their banks.

d) Monitoring outlier movement at regional level: The RBI could consider extending its monitoring ambit and scope, and should monitor the outlier movements of transactions at regional level on the lines of SEBI's circuit breaker, which might be effective in tracking the earliest possible signs of financial frauds.

e) Strong laws to prevent fraudulent financial reporting: There are many areas where the current laws can be made stronger to improve accountability of auditors toward their jobs.

f) Financial literacy: Many a times, staff does not know the exact definition of fraud and thus needs to be educated regarding this aspect. Therefore, learning sessions for employees and the best practices across the world in areas of early fraud detection and prevention should be imparted to staff on regular basis. There can be regular e-modules with e-certifications and updates made available.

g) Coordination between agencies: there needs to be a confidential coordination between banks and agencies such as the Central Board of Direct Taxes (CBDT) to share vital information on personal wealth of promoters. In case of any information that may raise red flag, the CVC and the RBI should jointly investigate the promoters for fraudulent activities.

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Understanding leader emotional intelligence and performance on transformational leadership perception

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ABSTRACT

The concept of leadership has been well-researched since the antiquated times. Over the years, the studies have yielded a plethora of works and data relevant to transactional and transformational leadership (TL). There are numerous definitions of such leadership that have come to light however these definitions have always been debatable. Most scholars agree that the concept of leadership does not ascribe to one specific definition. Burns 'however, provided the following definition of leadership in his landmark publication, leadership: "Leaders inducing followers to act for certain goals that represent the values and the motivations – the wants and needs, the aspirations and expectations – of both leaders and followers. Moreover, the genius of TL lies in the manner in which leaders see and act on their own and their followers' values and motivations." This is reflected throughout history as the evolvement of many leaders has left lasting marks and impressions upon the world. Well-known leaders such as Julius Caesar, Napoleon Bonaparte, Winston Churchill, Adolph Hitler, Josef Stalin, Mahatma Gandhi, and Martin Luther King, Jr. endowed superior qualities that differentiated them from followers. The TL traits possessed by these leaders are having definite link with some of the constructs of emotional intelligence (EI) of inspired others to become devoted followers who were committed to their cause. Leadership in this sense is an aspect of power, but unlike power, leadership is inseparable from followers' needs and goals. It has been found that transformational behaviors on the part of leaders promote empowering cultural norms, high levels of subordinate motivation, commitment to quality, and enhanced productivity. It was seen that empowering cultural norms of organizational citizenship behavior (OCB) promotes constructive and

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achievement-oriented behaviors by members. Such norms are associated with basic values and shared assumptions emphasizing the significance of organizational members' roles and collaboration through motivation rather than by competition. Motivation in this context is the extrinsically stimulated "extra effort" on the part of subordinates inspired by transformational leaders. This article basically deals with exploring the relationship between emotional intelligence and transformational leadership in a conceptual form

Over View

Innovative and budding area of behavioral research, Emotional intelligence has played a noteworthy role in enhancing greater success, fostering stronger personal relation, having effective leadership skill. It is not the smart people those are more successful but people with high level of emotional intelligence have the capacity for creating trusted relationship, effectiveness in different situations while creating the future. Each and every workplace is comprised of variety of people with different strength, personalities and emotions, which can greatly affect the way they work. Research shows that main suppression of emotion throughout the process of career building, the employees undergo stress which gives rise to depression, addiction, illness etc. therefore emotional intelligence comes into existence which has the capacity of individual to recognize their own and other person's emotion to discriminate between different feeling and labeling them appropriately. As referred in Daniel Goleman book (1998), "What makes a leader?" Emotional intelligence is a sine qua non of leadership. (p.1). He breaks down E.I into five categories i-e self -awareness, self -regulation, motivation, empathy and social skills. Most importantly, Goleman believes that EI can be learned through deliberate practice and feedback. This paper breaks down the aspects of focus, sustaining its points with an abundance of research and evidence from the field of neuroscience and psychology to find out the correlation between emotional intelligence and transformational leadership for achieving success in the present-day business scenario.

Emotional Intelligence (EI)

Salovey and Mayer (1990) first introduced the concept of EI as a type of social intelligence, distinguishable from general intelligence. According to them, EI is the ability to monitor one's own and others' emotions, to separate among them, and use the information to guide one's thinking and actions. In a later attempt, they (Salovey & Mayer, 1997) expanded their model and defined EI as the ability of an individual to perceive correctly, appraise, and express emotion; the ability to access and generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth.

Research has shown that EI is the widespread element that influences the different ways in which people expand in their lives, jobs, and social skills; handle frustration; control their emotions; and get along with other people. It has been found that the differentiation between a simply brilliant person and a brilliant manager is due to a person's EI. Ultimately, it is EI that dictates the way people deal with one another and understand emotions. Hence, EI is considered important for business leaders because if they are insensitive to the mood of their staff or team, it can create frustration and, therefore, not get the best out of people (Anonymous, 2004).

Turner (2004) stated that EI is the softer component of total intelligence and that it contributes to both professional and private lives. Traditional IQ is the ability to learn, understand, and reason. It is now thought to contribute only 20% to one's success, whereas emotional quotient (EQ), which is the ability to understand oneself and work together with people, contributes 80%. EQ is critical to effective leadership. IQ has been linked to job performance and is a key element in recruitment. However, EQ is evident in the leaders'/ managers' ability to maintain their positions and be successful in their roles. The fact is that most firms hire for intelligence (IQ) and sack because of attitude (EQ)

Components of EI

Barling, Slater, and Kelloway (2000) noted that EI comprises five characteristics: understanding one's emotions; knowing how to manage them; emotional self-control, which includes the ability to delay gratification; understanding others' emotions or empathy; and managing relationships. Lubit (2004) divided EI into two major components: personal competence and social competence. Personal competence refers to self-awareness and the ability to manage those feelings effectively (self-management). Personal competence is the combination of self-awareness and self-management (i.e., the ability to manage effectively the identified feelings). The components of self-awareness are awareness of emotions and their impact and the awareness of strengths and weaknesses. The components of self-management are emotional self-control, adaptability (i.e., flexibility in adapting to changing situations and obstacles), integrity, honesty, trustworthiness, drive to grow and achieve achievement orientation, continuous learning, willingness to take initiatives, and optimism.

Social competence is comprised of social awareness (the ability to understand what others feel) and relationship management (having the skills to work effectively in teams). The ability to understand others' emotions, persuasion, motivation, conflict resolution, and reasons for cooperation are among the most critical skills identified as essential for leaders and successful managers. Social awareness involves empathy and insight, understanding others' perspectives and feelings, appreciation of others' strengths and weaknesses, political awareness, respect for others, conflict management skills, collaborative approach, sense of humor, persuasiveness, and the ability to leverage diversity. Social competence develops by paying attention to the emotions and behavior of others, seeking to understand others' behavior through reflection and discussions with third parties, thinking of various ways to deal with situations, and observing the effects of one's actions. Social competence can be enhanced by observing others, thinking about why people behave and react as they do, and identifying behavior that seems helpful in critical situations (Lubit, 2004).

Goleman (2002) divided the 18 competencies of EI into four main groups that encompass our understanding of people: self-awareness, self-management, social awareness, and relationship management.

As per Welch (2003), team EI is comprised not only of each individual's EI but also the collective competency. In addition, the social skills required of people within an emotionally intelligent team and a focused training methodology can be broken down into five areas: inclusiveness, adaptability, assertiveness, empathy, and influence.

Caruso, Mayer and Salovey (2002) proposed two alternative conceptions of EI: the ability model and the mixed model. The ability models place EI within the sphere of such intelligence, wherein emotion and thought interact in meaningful adaptive ways. Thus, EI is viewed much like verbal or spatial intelligence, except that it operates on an emotional content.

Mixed models blend various aspects of personality in a theoretical manner. The resulting conglomerate of traits, dispositions, skills, competencies, and abilities is labeled EI. These different models have also given rise to diverse ways of measuring EI.

Why EI is Significant?

EI enables people to deal with just about anything with a measure of balance and maturity. Emotionally intelligent people have a deep rooted sense of self which helps them in understanding other people, keeping things in proportion, retaining focus, and understanding what is important. They also retain a positive viewpoint almost all of the time, are successful in whatever they choose to do, have high work performance and personal productivity levels, and consequently enjoy greater job satisfaction.

Bardzill and Slaski (2003) found that organizational leaders must recognize the importance of emotionally intelligent behavior and reward it actively. Positive reinforcement of an emotionally intelligent environment ensures the development of a service-orientated climate. Performance measures that often exclude the "soft skills" fail to reflect any positive results of EI development that may be occurring within the organization. Emotional elements underlie the dynamics of many aspects of modern organizations, and the role of EI should be considered while devising organizational policies, processes, and procedures.

Lubit (2004) considered social competence to be an important component of EI, making it very valuable for teams. Welch (2003) said that EI enables teams to boost their performance. In an era of teamwork, it is essential to figure out what makes teams work. His research has shown that just like individuals, the most effective teams are the emotionally intelligent ones and that any team can improve and attain higher levels of EI. In his study, teams with identical aggregate IQ were compared, and it was found that teams with high levels of EI outperformed teams with low levels of EI by a margin of two to one. He highlighted two key points. First, there is evidence that EI in teams is a significant factor. Second, there is the assertion that EI can be developed. He proposed that these five EI team competencies build on individual EI skills: inclusiveness, adaptability, assertiveness, empathy, and influence. However, these competencies are not enough on their own. Trust is the foundation of teamwork for it to be a truly joyous undertaking; it allows people to examine where they can improve without becoming self-critical or defensive.

Vakola, Tsaousis, and Nikolaou (2004) presented that EI contributes to a better understanding of the affective implications of a change of policy in an organization. More specifically, they claimed that employees with low control of emotions react negatively towards the proposed changes since they are not well equipped to deal effectively with the demands and the affective consequences of such a stressful, emotionally expensive procedure. In contrast, employees with the ability to use their emotions appropriately (since they are optimistic and often take initiatives) usually decide to reframe their perceptions of a newly introduced change program and view it as an exciting challenge. Attitudes toward organizational change demonstrate positive relationship with the use of emotions for problem solving and control of reactions.

Transformational Leadership

The past decades have indicated some union among organizational behavior scholars concerning a new genre of leadership theory, alternatively referred to as transformational, charismatic, and visionary leadership. Kent, Crotts, and Aziz (2001) defined TL as a process by which change or transformation is introduced to individuals and/or organizations. Traits of Transformational Leaders Dvir, Dov, Avolio, and Shamir (2002) said that transformational leaders exert additional control by broadening and elevating their followers' goals and providing them with the confidence to perform beyond the prospect specified in the implicit or explicit exchange agreement. Transformational leaders exhibit charismatic behaviors, arouse admiration, inspire, motivate, provide intellectual encouragement, and treat their followers with individualized consideration. Such behaviors transform their followers by inspiring them to reach their full potential and produce the highest levels of performance. Transformational leaders evaluate the potential of all followers in terms of their ability to fulfill current pledge while also envisioning further expansion of their responsibilities. Transforming leadership is enabling. The leader engages with people in a way that transforms their relationship; they are no longer the leader and the led in the authoritarian sense. They become partners in the pursuit of a common goal, each making their appropriate input and increasing their capacity to perform (Nicholls, 1994). Popper, Ori, and Ury (1992) said that the main characteristic of transformational leaders is their extraordinary effect on subordinates and their success in establishing their commitment. A transformational leader transforms and creates significance for his or her subordinates, a meaning that enhances the subordinates' commitment. A transformational leader can relate and articulate subordinates' need for identity and does this by giving sense and strengthening the concept of the self and by boosting their individual identity. A transformational leader is the catalyst who transforms the subordinates' motivation to commitment and their commitment into exceptional achievements.

Dimensions of Transformational Leaders

Bass and Avolio (1993) proposed that the four dimensions that comprise transformation leadership behavior are idealized influence, inspirational motivation, intellectual simulation, and individualized consideration.

Individualized influence- Individualized influence occurs when leaders earn the trust and respect of their followers by doing the right thing somewhat than ensuring that the subordinates do things right. When the leaders focus on doing the right thing, which they usually do by using stories and symbols to communicate their vision and their message, they serve as role models. Humphreys and Einstein (2003) have found that transformational leaders operate out of deeply held personal value systems that include qualities like justice and integrity. By expressing these personal standards, transformational leaders connect their followers. But, more importantly, they can change their followers' goals and beliefs for the better.

B. Intellectual stimulation- According to Shin, Shung, Zhou, and Jing (2003), inspirational motivation is related to the formulation and expression of a vision and/or challenging goals. Intellectual stimulation promotes intelligence, rationality, and careful problem-solving abilities. It also involves appealing the rationality of the subordinates, getting them to challenge theirassumptions and to think about old problems in new ways. Leaders who engage in intellectual stimulation do not answer all their employees' questions; instead, they make them look for the answers on their own.

C. Individual consideration- Individual consideration is concerned with treating the employees as individuals and not just members of a group. Leaders display this trait by being compassionate, appreciative, and responsive to the employees' needs and by recognizing and celebrating their achievements.

D. Inspirational motivation- Conger and Kanungo (1988) have found that inspirational motivation and charisma are companions. Transformational leaders inspire their followers to achieve great feats by communicating high expectations by using symbols to focus efforts and by expressing important purposes. Transformational leaders tend to pay close attention to the interindividual differences among their followers and frequently act as mentors to their subordinates, typically coaching and advising the followers with individual personal attention. Since charismatic leaders have great power and influence, the employees have a high degree of trust and confidence in them and want to recognize with them. Charismatic leaders inspire and excite their employees with the idea that they may be able to accomplish great things.

Influence of Transformational Leaders on Followers

Shin et al. (2003) found that TL completely relates to follower creativity, followers' conservation, and intrinsic motivation. TL boosts intrinsic motivation and provides intellectual stimulation; the followers are optimistic to challenge the status quo and the old ways of doing things.

Kark and Shamir (2002) have found TL to be a multifaceted, complex, and self-motivated form of influence in which leaders can affect followers by highlighting diverse aspects of the followers' social self-concept and modify their focus from one level to another. This is likely to determine whether the followers see themselves chiefly in terms of their relationship with the leader or in terms of their organizational group membership. They suggested that different leadership behaviors could describe for priming these different aspects of followers' self-concept and followers' identification. Furthermore, these different forms of influence are significant because they can lead to differential outcomes.

Dionne, Yammarino, Atwater, and Spangler (2004) posited that by means of individualized consideration, a leader addresses issues of competence, meaningfulness and impact with each team member, and encourages continued individual development.

Kark and Shamir (2002) found that TL behavior such as intellectual stimulation increases the followers' feeling of self-worth because they send out the message that the leader believes in the followers' integrity and ability. Followers of transformational leaders who are eager to focus on their relational self would be motivated to improve the well-being of the leader by being cooperative, loyal, and committed. The most significant effect of TL is that of influencing followers to rise above self-interests for the sake of the welfare of the organization.

Jung, Chow, and Wu (2003) indicated that TL has significant and optimistic relations in terms of both empowerment and fostering an innovation-supporting organizational climate. Dvir et al. (2002) have found TL to have a positive impact on the development of followers' empowerment in terms of their engagement in the task and specific self-efficacy. The deep-rooted hypothesis is that follower development can influence performance to show that TL affects development as well as performance.

Kark and Shamir (2002) suggested that transformational leaders can have a dual effect, exerting their influence on followers through the formation of personal identification with the leader and social identification with the work unit, and that these different forms of identification can lead to differential outcomes.

TL theory suggests that such leadership is likely to result in a wide range of outcomes at the personal level (e.g., followers' empowerment, extra effort) and at the group or organizational level (e.g., unit cohesiveness, collective efficacy). TL produces these effects primarily by priming the followers' relational self and promoting identification with the leader (Kark & Shamir, 2002). What distinguishes a leader is the combination of head and heart, the ability to understand and efficiently apply emotions as a means of link and influence (i.e., the emotional intelligence that a leader possesses). Therefore, we need to study how the EI of a leader is related to TL.

Objectives of the research

An extensive review of related literature on emotional intelligence and transformational leadership that has been conducted in order to evolve a research study. The objective for research was based on the following research objectives:

- To explore emotional intelligence and its factor of development
- To study emotional intelligence and its influence on transformational leadership
- To analyze the relationship between emotional intelligence and transformational leadership
- To describe the role of emotional intelligence for transformational leadership in current scenario with a recommended model.

Hypothesis -1 - Emotional intelligence and transformational leadership are correlated.

Relationship between Transformational Leadership and Emotional Intelligence

Palmer, Walls, Burgess, and Stough (2001) stated that, EI has fast become accepted as a means for identifying potentially effective leaders and as a tool for development effective leadership skills. Their findings indicate that EI, which is calculated by a person's ability to monitor and manage emotions within self and in others, may be an underlying capability of TL.

TL is defined as "that activity which stimulates purposeful activity in others by varying the way they look at the world around them and relate to one another. It affects people's personal beliefs by touching their hearts and minds" (Nicholls, 1994, p. 11). Gardner and Stough (2002) found that the two fundamental competencies of effective leadership are the ability to observe emotions in one's self and in others. In fact, their research supported the existence of a strong relationship between TL and overall EI. It was found that EI correlated extremely with all the components of TL, with the components of accepting of emotions and emotional management being the best predictors of this type of leadership style. Leaders who considered themselves transformational not transactional reported that they could identify their own feelings and emotional states, express those feelings to others, utilize emotional knowledge when solving problems, recognize the emotions of others in their workplace, manage positive and negative emotions in themselves and others, and effectively control their emotional states. Barling et al. (2000) found that EI is associated with TL. In contrast, active and passive management and laissez faire management were not associated with EI.

Analysis by Sivanathan and Fekken (2002) showed that the followers perceived leaders with high EI as more effective and transformational. They found that EI conceptually and empirically linked to TL behaviors. Hence, they concluded that having high EI increased one's TL behaviors.

Barling et al. (2000) asserted that EI is associated with the three aspects of TL (i.e., idealized influence, inspirational motivation, and individualized consideration) and the contingent reward. The subordinates see individuals with higher EI as displaying more leadership behaviors. Controlling for attribution style, they also demonstrated that those three aspects of TL and constructive transactions differed according to level of EI.

Leaders who can identify and manage their own emotions and who display self-control and delay gratification, serve as role models for their followers, thereby earning followers' trust and respect. This would be consistent with the essence of idealized influence.

In fact, Gardner and Stough (2002) found that leaders with a high EI component of understanding emotions were able to perceive accurately the extent to which followers' expectations can be raised. This is related to the TL's subcomponent of inspirational motivation. Consistent with the conceptualization of idealized influence (the component of TL), leaders are able to understand and manage their emotions and display self-control, thus acting as role models for followers, earning their followers' trust and respect. They found that the ability to monitor emotions within oneself and others correlated significantly with the TL components of idealized attributes and behaviors.

With emphasis on understanding other people's emotions, leaders with high EI would be able to realize the extent to which they can raise followers' expectations, a sign of inspirational motivation. Gardner and Stough (2002) found that a major component of individualized consideration is the capacity to understand followers' needs and interact accordingly. With emphasis on empathy and the ability to manage relationships positively, leaders having EI are likely to manifest individualized consideration. Palmer et al. (2001) found that the inspirational motivation and individualized consideration components of TL are significantly correlated with the ability to both monitor and manage emotions in one and others. The ability to monitor and manage emotions is one of the underlying attributes that characterize the individual consideration component of effective TL. Gardner and Stough (2002) found that the ability to manage emotions in relationships allows the emotionally intelligent leader to understand followers' needs and to react accordingly (related to the component of individualized consideration). The ability to monitor and manage emotions in oneself and others were both significantly correlated with the inspirational motivation and individualized consideration components of TL. Barling et al. (2000) found that individuals high in EI use transformational behaviors.

In India, there are limited studies on the relationship between transformational leadership and emotional intelligence. Most empirical research on EI in India were done in the education field and descriptive in nature (Zainuddin, 2000; Reimy, 2001; Sarina, 2007; Yahya & Ng, 2001; Mohd Najib et al., 2002; Liew et al., 2002). Sivanathan and Fekken (2002), Gardner and Stough (2002) and Polychoniou (2009) found positive relationship not only between EI and transformational leadership styles but also leadership effectiveness. Interestingly, in a study among project managers, Leban and Zulauf (2004) found that EI is significantly related not only with transformational but also transactional leadership and laissezfaire. Although EI explains higher difference in transformational leadership compared to other styles, this study indicates that EI is a predecessor to any leadership style. Studies done by Palmer et al. (2001) and Barling et al. (2000) indicate that not all dimensions of transformational leadership are significantly related to EI and its dimensions. They found that Inspirational Motivation, Idealized Influence and Individualized Considerations are significantly correlated with either EI or its dimensions but not Intellectual Stimulation.

Nonetheless, Brown et al. (2006) in his study involving 2,411 employees found that EI is not related to transformational leadership and its dimensions. The presence of cultural and organizational diversity is claimed as one of the reasons for the contradictory findings. Furthermore, this study utilized subordinate assessment rather than self rated assessment as compared to many previous studies. Sosik and Magerian (1999) further examined whether self-awareness among managers would moderate the relationship between aspects of emotional intelligence and transformational leadership behavior and between transformational behaviors and managerial performance. The findings of this research suggested that transformational leaders who have high levels of self-awareness, self-confidence and self-efficacy (all components of emotional intelligence) are perceived as high performers. The study also found that managers who maintain self-awareness possess more aspects of emotional intelligence and are rated as more effective by both their superiors and their subordinates.

The Conceptual Framework

Based on the existing literature, it is deduced that leaders who possess a high level of emotional intelligence would also tend to display transformational leadership behavior. Components of emotional intelligence should also have direct positive relationships with transformational leadership. Barling et al. (2000) explicitly explained why individuals with high emotional intelligence are more likely to display transformational leadership behavior. First, leaders who are aware and could manage their emotions would serve as role models to their followers, thereby, enhancing their followers trust in them and respect their influence. This would be consistent with the essence of idealized influence. Secondly, leaders who understand others emotions would have the ability to realize the extent to which followers expectations could be raised, a hallmark of inspirational motivation. Thirdly, a major component of individualized consideration is the ability to understand followers needs and interact accordingly. Leaders manifesting emotional intelligence would be likely to manifest individual considerations by having positive relationship management and interaction. Finally, it is believed that intellectual stimulation not only requires the leaders abilities to present intellectual challenges and change followers perspectives, but it also requires the ability to recognize the motivating drives, to instill positive thinking, and to move people to embrace new ways of thinking. Facilitating and coaching require a great deal of emotional capabilities, which can be collectively referred to as emotional intelligence. Hypothetically, the relationship between emotional intelligence and its subcomponents and transformational leadership is depicted below in Figure-1.

Emotional Intelligence
Self- Awareness
Self-Management
Social Awareness
Social Relationship

$\Rightarrow$ **Transformational leadership**

One of the most prominent growths in the investigation of EI and TL is the confirmation of its utility for growing organizational satisfaction, commitment, and effectiveness. Empirical research by Masi and Cooke compared the impact of TL and transactional leadership on follower motivation, empowerment, and commitment to quality. They initiate TL tends to empower and motivate followers while transactional leadership, which focuses on rewards or the threat of withholding rewards (Bass and Avolio, tends to suppress follower commitment to both quality and productivity.

Bass and Avolio proposed that the four dimensions, which comprise TL behavior, are idealized influence, inspirational motivation, intellectual simulation, and individualized consideration. Copper showed that the trustworthiness is an important element in a leader's makeup as shown in the previously described study. Without trust, much time and effort are spent on nonproductive activities because leaders feel compelled to draw up procedures in great detail, even for simple transactions. Innovation will stop when subordinates do not trust the leaders. Creativity will vanish if the sense of trust in an organization is lost and if people are preoccupied with protecting their backs.

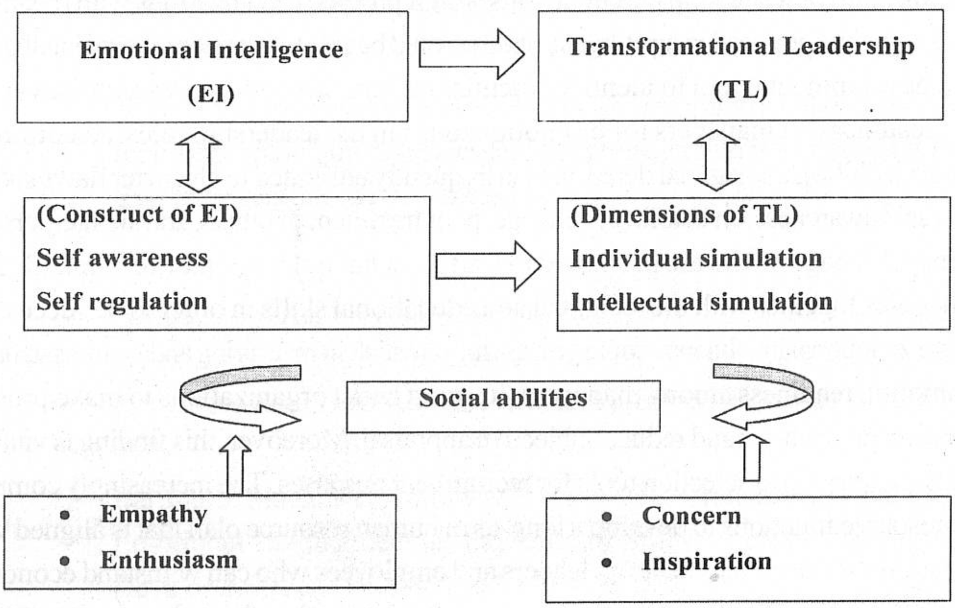
It has been found that transformational behaviors on the part of leaders promote empowering cultural norms, high levels of subordinate motivation, commitment to quality, and enhanced productivity. It was seen that empowering cultural norms of organizational citizenship behavior (OCB) promotes constructive and achievement-oriented behaviors by members. Such norms are associated with basic values and shared assumptions emphasizing the significance of organizational members' roles and collaboration through motivation rather than by competition. Motivation in this context is the extrinsically stimulated "extra effort" on the part of subordinates inspired by transformational leaders. Transformational leaders enhance the OCB of followers through motivation.

Palmer found that the inspirational motivation and individualized consideration components of TL are significantly correlated with the ability to both monitor and manage emotions in one-self and others. According to Brief and Weiss, transformational leaders feel excited, enthusiastic and energetic, thus energize their followers. Transformational leaders use strong emotions to arouse similar feelings in their audiences. Kark and Shamir suggested that transformational leaders can have a dual effect, exerting their influence on followers through the creation of personal identification with the leader and social identification with the work unit, and that these different forms of identification can lead to differential outcomes.

Recommended model of Emotional Intelligence and Transformational Leadership:

Based on the various literature surveys it is established that constructs of EI such as self-awareness, empathy and motivation have direct positive co-relation with TL traits such as individual influence, individualized consideration and inspirational motivation. It is thereby inferred that more EI competent leader will be able to influence his followers with his individual personality and motivate them very well. Also with enhanced EI competency the empathy will be more pronounced, and he can give individualized consideration to his followers. The model is depicted pictorially in the following diagram of the model.

<u>**MODEL**</u>



Discussion

The outcome of the present study shows that overall emotional intelligence has significant influence on transformational leadership. However, only self-awareness and relationship management are significant predictors of transformational leadership. As argued by Yulk (2001), transformational leadership relies heavily on emotional aspects of leadership especially in terms of how leaders influence followers to make self-sacrifices for the benefit of the organization. Development of such influence is based on trust. The process of attaining trust from the followers, consequently, is traced back to the emotional intelligence competencies especially self-awareness (Goleman, 1998). Leaders who have self-awareness would facilitate their abilities to empathize, which is the ability to be „in the follower s shoes . This process goes a step further when followers will then trust the leader because of this building bond. In short, self awareness and self regulations depends on individual and intellectual simulation of interactions among dimensions of emotional intelligence provides the necessary basis for further development of transformational leadership. Similarly, relationship management is the integral component of transformational leadership as leaders need to be able to assess subordinates emotions, feelings and help them regulate their emotions and achieve desirable goals. Through this relationship management, social skill is connected to all aspects of EI and TL. From a managerial selection viewpoint, emotional intelligence provides initial indication of leadership potential, thus would provide organizations with means for selecting organizational leadership. Organizations should be able to use an emotional intelligence test as a developmental tool to identify potential leaders strength and weaknesses and to assess „readiness of managers for promotion to fill in the leadership roles. According to Tucker et al. (2000), managerial derailment is frequently attributed to character flaws such as a lack of self-awareness, an inability to change, poor treatment of others, and an interpersonal deficiency. Managers who are promoted to lead must have strong emotional intelligence competencies together with the technical and educational skills in order to be successful. Therefore, emotional intelligence could be a useful yardstick in measuring and in understanding the promotion readiness among managers. It would assist organizations to make prudent decisions on promotions and reduce subjective appraisal. Moreover, this finding is vital for the development of pre-selection tools for recruitment purposes. The increasingly complex human resource functions to develop a long-term human resource plan that is aligned with organizations visions include hiring leaders and employees who can withstand economic fluctuations and taking advantage of any opportunity arising from these research and development efforts, competitor advances, and globalization (Rajkumar, 2001). In other words, human resource managers have to constantly re-engineer a systematic employment process or an approach that can bring forth the desired workforce and leaders who can work with changes and not against them.

Conclusion

Having reviewed a considerable number of papers, it is observed that TL has definite positive correlation with EI barring few exceptions. As per various studies carried out in varied environments reveal that emotionally competent leaders at various levels of management are more successful in their organization and they are able to transform the people and work culture by their individual personality traits and inspirational motivating power. Some of the inferences are listed below:

- Leaders having higher EI show better quality of work performance
- Four dimensions, which comprise TL behavior are idealized influence, inspirational motivation, intellectual simulation, and individualized consideration
- Transformational leaders are frequently motivated to go beyond the call of duty for the benefit of their organization
- Transformational behaviors of leaders promote empowering cultural norms, high levels of subordinate motivation, commitment to quality and enhanced productivity
- Transformational leaders feel excited, enthusiastic and energetic, thus energize their followers. Transformational leaders use strong emotions to arouse similar feelings in their followers through EI competency.

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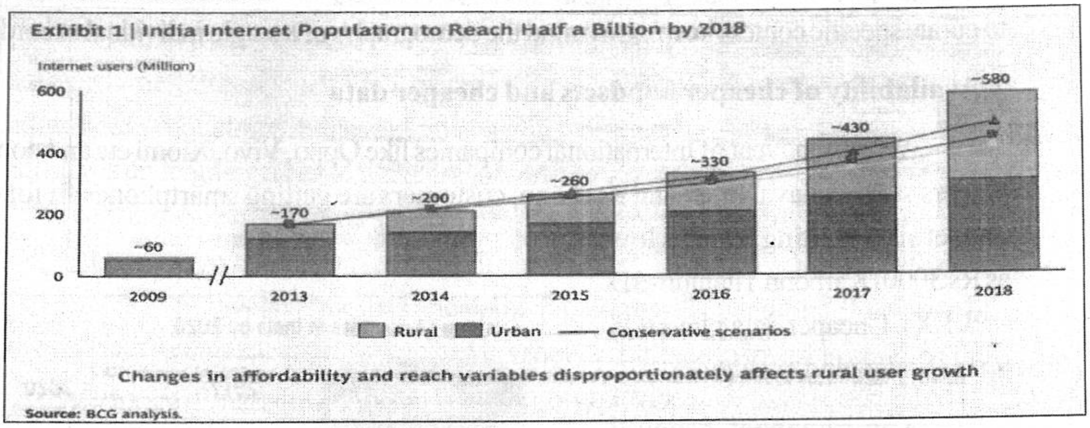
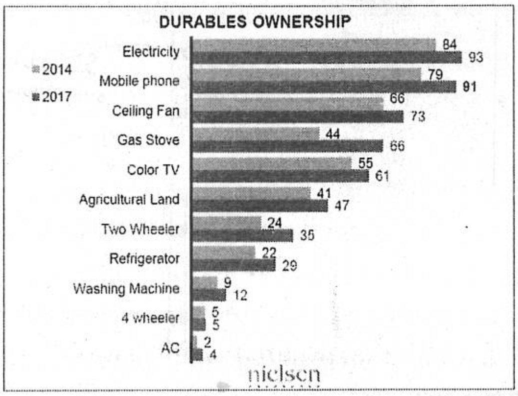
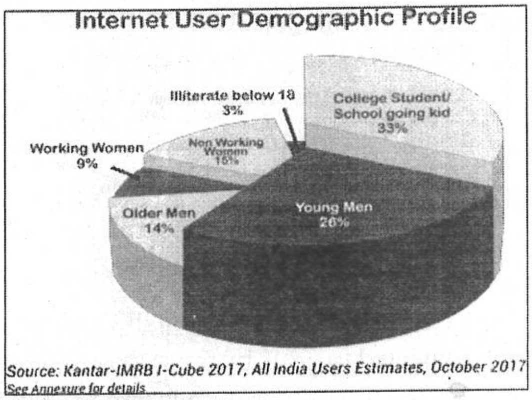
Internet Penetration



The number of internet users has grown to an astounding 500 million in only five years. The interesting part is that the rural internet users are almost the same as urban internet users. Although the share of media and entertainment consumption might be low in terms of data usage, but it is nonetheless a promising segment for the media companies.

Key Consumer Trends of Media & Entertainment Industry



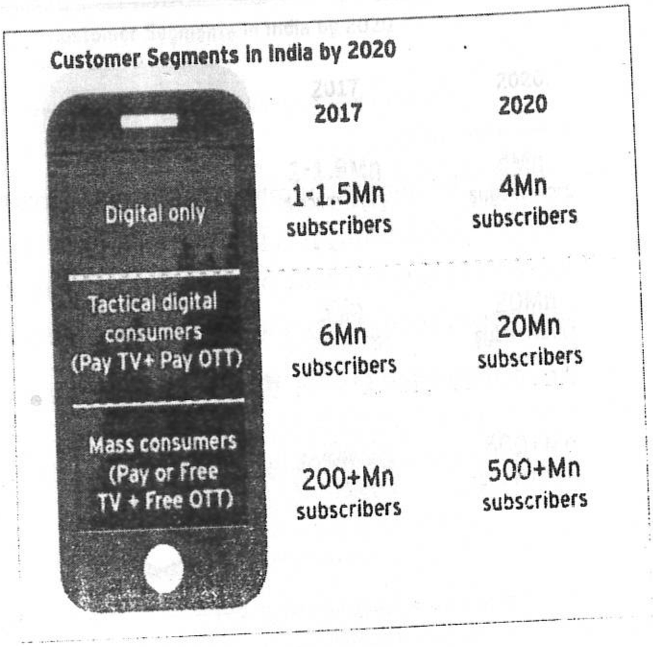


1. Shift from collective watching to exclusive watching

As per Neilsen's Indian Readership Survey 2017, 61% of households have a colour Television whereas 91% have mobile phone. It is interesting to note that while there is one Television in a household on an average, mobile phones are often more than one in a single household. Each member of the family has their own phone (smartphone in 50% of the cases). Also, almost 50% of the internet users in India are young people, followed by housewives and elder people. Out of all mediums used to access internet, smartphone is the primary medium (as per BCG Consumer Insight survey). This phenomenon is leading to increased demand for a single person viewing experience and has opened many new avenues for content providers to curate specific content keeping in mind the demography of a single individual accordingly.

2. Availability of cheaper handsets and cheaper data

With the advent of International companies like Oppo, Vivo, Xiomi etc and domestic players such as Lava, Intex and Karbonn, customers are getting smartphones fit for every pocket size, starting from as low as Rs 3000 (Karbonn Titanium 3D – PLEX). Cheaper data plans add up to the demand even more.

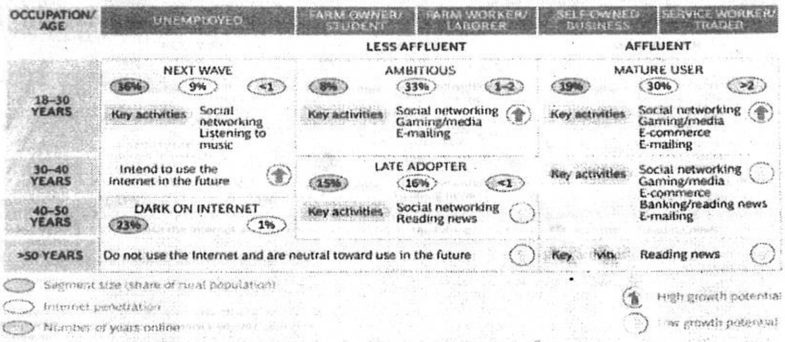


The cheapest prepaid Reliance Jio 4G plan is for Rupees 96 (Prime), that comes with free voice, unlimited local and STD calls and roaming to any network within India. They have also introduced 4G enabled smartphones for as cheap as Rs 50. In the past two years, a normal consumer who was using a cellphone primarily to call and message people is now purchasing and using a phone primarily to access internet. Although the number of digital only consumers is comparatively less (about 1.5 million), it is expected to grow by more than 100% to reach 4 million by 2020.

3. Rural India shifting to digital platforms

The rural internet users are a little lesser than urban internet users as per reports. By 2020, rural users will make up 48% of all connected consumers in India. The unemployed (i.e. the housewives), the ambitious (college going, internet savvy) and the mature users (using internet for more than 1 year) segments are having high growth potential. The main areas of

EXHIBIT 1 | Five Segments of Internet Users in Rural India



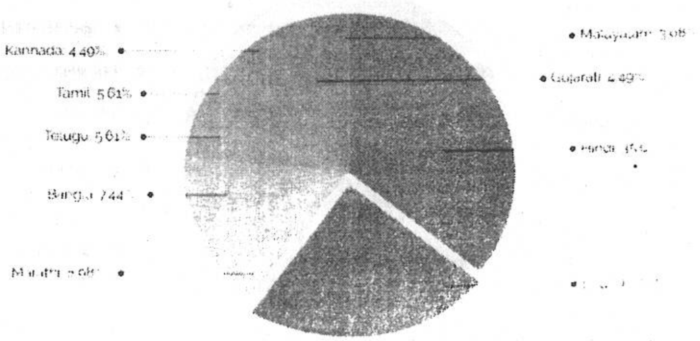
Source: BCC CCI rural digital influence study, 2015 and 2016.

internet usage are social networking, Ecommerce and gaming. There is huge potential for Media and Entertainment companies to tap this market.

4. Rise in demand for regional content

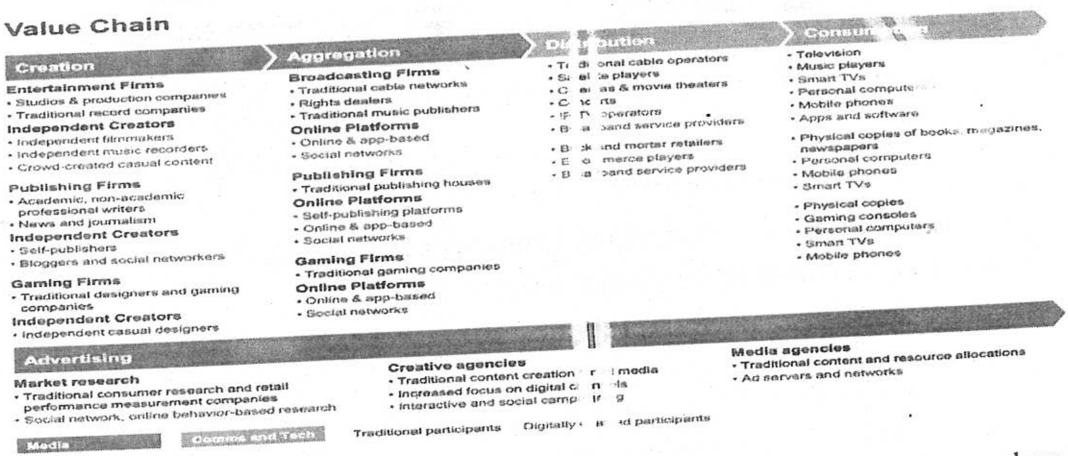
The influx of internet users in India has enhanced content consumption in India with the demand for regional content on social media surpassing English, one of the most widely spoken languages pan India. Hindi, India's unofficial official language has asserted its dominance when it comes to regional content in India. Users who know English have already been bitten by the digital wave. The next step for the companies is to capture the rural audience who speak regional languages. According to Times Internet data, more than half of Indian internet user base is Non-English and this regional language user base has grown at a CAGR of 41% between 2011 and 2016 to reach the current 234 million. This is expected to grow by 18% CAGR to reach 536 million by 2021 versus English which is expected to grow at 3% CAGR to reach 199 million by 2021. By 2021, regional language users will account for 75% of India's Internet user base. The industry heads have already caught the digital wave. Viacom18 Digital Ventures' video platform

With a 66% share in overall content consumption, regional languages have surpassed English



Voot, for instance, offers content in languages such as Kannada, Marathi, Tamil, Bangla and Gujarati.

Content Value Chain



The value chain for Media and Entertainment Industry is a four step process along with integrated Advertising. Right from the content creation to aggregation, distribution and consumption of media, there is an increasing influence of digitally enabled participants. The world has indeed become small with information being passed so quickly to the audience for consumption with minimum cost and hassle.

Key Trends of M&E Industry

Although the entire M&E industry is growing at a CAGR of 11.6%, the maximum growth is seen in digital media, Animation and VFX and Online gaming which are digitally dependent segments. Here is a look at the trends in major segments and the factors contributing to the same.

1. Television

- Television Industry has seen a tremendous growth (CAGR: 14.3 per cent) over the past 6 years (2010- 16), growing from US$6.46 billion in 2010 to US$9.62 billion in 2016
- The Direct-To-Home (DTH) subscription is growing rapidly driven by content innovation and product offerings.

2. Print

- The print industry is estimated to reach US$4.76 billion in 2016 and is expected to grow at a CAGR of 7.3 per cent between 2016 to 2021, with the market expected to reach US$6.69 billion by 2021.

- Increasing income levels and evolving lifestyles have led to robust growth in niche magazines segment.
- Considering the huge potential in regional print markets, national advertisers are entering these markets to increase their advertising share

3. Film

- The Indian film industry is largest producer of films globally with 400 production and corporate houses involved in film production.
- The revenues earned by the Indian film industry in 2016 would reach US$2.31 billion and are expected to further grow at a CAGR 7.7 per cent during 2016-2021. Increasing share of Hollywood content in the Indian box office and 3D cinema is driving the growth of digital screens in the country.

4. Out of Home

- Although Out-of-Home segment has a low contribution to the total of entertainment industry, in coming years it is going to witness a significant growth.
- The market size for Out of Home (OOH) entertainment reached US$388.21 million in 2016

The sector grew to INR1.5 trillion

The Indian M&E sector reached INR1.5 trillion (USD 22.7 billion) in 2017, a growth of almost 13 percent over 2016. With its current trajectory, we expect it to cross INR2 trillion (USD 31 billion) by 2020, at a CAGR of 11.6 per cent

Segment	CY2016	CY2017	CY2018E	CY2020E	CAGR 2016 - 20
Television	594	660	734	862	9.8%
Print	296	303	331	369	5.7%
Filmed entertainment	122	156	166	192	11.9%
Digital media	92	119	151	224	24.9%
Animation and VFX	54	67	80	114	20.4%
Live events	56	65	77	109	18.0%
Online gaming	26	30	40	68	27.5%
Out Of Home media	32	34	37	43	7.7%
Radio	24	26	28	34	8.6%
Music	12	13	14	18	10.6%
Total	1,308	1,473	1,660	2,032	11.6%

All figures are gross of taxes (INR in billion)

5. Digital

- With increasing penetration of internet and digital mediums, digital segment is expected to outperform other sectors of entertainment.
- Digital media is driven by advertising. Subscriptions will grow much faster till 2020 to reach 9% of the total revenue by media companies
- Digital advertisement spend is growing at almost 38% to reach INR 60 billion now. It is expected to cross INR 255 billion in 2020.

- Mobile advertisement spend is expected to grow at a CAGR of 62.5% to reach INR 102 billion in 2020.
- Cross platform advertising is also on the rise. Brands are now leveraging television, print and social media presence to augment campaign effectiveness.

6. Animation, Gaming and VFX(AGV)

- Growing focus on the 'kids genre' and rise in dedicated TV channels for them. As the advertising industry grows, the share of animation driven advertisements are expected to also grow
- Surge in 3D/HD animated movies in theatres and use of animation and VFX in TV advertising and gaming. Growing outsourcing of VFX and gaming to India is due to cost effectiveness of Indian players
- Content localisation such as T20fever.com, IPL, Khel Kabaddi, etc.
- Animation and VFX industry in India is expected to grow at a CAGR of 7.2 per cent over 2016-2021 and the gaming industry is expected to grow at a CAGR of 18.2 per cent during the same period.

7. Music

- The music industry is on fast paced growth with increasing international associations. The Indian music industry is a consortium of 142 music companies
- Players are looking at new ways and mediums to monetise music, such as utilizing social media to promote music. Mobile phones, iPods and mp3 players – devices that enable music on-the-go – are becoming the primary means to access music
- Digital music on mobile continues to drive music industry revenue and digital revenues are expected to reach US$394.22 million by 2021. Digital revenue contributes 55 per cent of the music industry and is expected to contribute close to 62 per cent by 2018.

Future Horizons

The Indian M&E sector is expected to witness robust growth on the back of favorable socio-economic indicators and the rapid pace of digital adoption. Going ahead, the M&E value chain will continue to evolve rapidly and traditional and digital media companies will need to innovate and adapt to this dynamic landscape to come out on top.

The following will be the key themes that will play out in the Indian M&E market.

1. Digital Disruption

Owing to a strong macro-economic growth trend, favorable demographic dividend, increased smartphone penetration and improving and affordable internet infrastructure, the Indian M&E industry is in the middle of a strong digital revolution. Every segment of the industry is undergoing a rapid digital transformation, both on the consumer side (in terms of media consumption patterns) as well as on the content creation and distribution supply chain. Such technology-led advancement presents a disruptive opportunity to all media companies to re- invent their business models and cement their market position for the next phase of growth. Both traditional and new-age players should continue to invest in building the digital ecosystem, be it in content, platform, technology or device.

2. Convergence

In the future, there would be convergence across the technology media telecom value chain. B2B media companies (e.g., cable) will turn into B2C companies and interact directly with the end consumers. Similarly, B2C companies will look for opportunities that will create a strong customer differentiation. For example, telecom operators are looking to invest/acquire content production houses (both traditional and digital) to cater to their large subscriber base. On the other hand, TV broadcasters with their own OTT platforms are looking for innovative/disruptive technology companies. Merger between AT&T, a telecom provider and Time Warner, a production house is a recent example of the same.

3. Collaboration

Large media companies continue to look to further consolidate their operations and plug in gaps in terms of regions or genres via acquisitions. The Dish TV— Videocon d2h merger is the first indication of an imminent consolidation in the Indian TV distribution space. There are more collaboration expected in the TV broadcasting segment with investment by larger companies in smaller regional players. The domestic consolidation wave is generally followed by strategic inbound investments by large global players. The acquisition of Sarthak TV by Zee Entertainment to be now called Zee Sarthak has also resulted in a win-win situation for both the parties, a big value deal for Sarthak TV (US$ 18.83 million) and an access to large Oriya language user base for Zee Entertainment.

OTT – the next wave in digital entertainment

As per industry estimates, India is expected to reach 84 billion internet video minutes per month by 2021. When it comes to the time spent by each viewer per day, Netflix has around 51 minutes per day, followed by Voot with 50 minutes, Amazon Prime Video with 42 minutes, Hotstar with 33 minutes and Jio TV with 30 minutes. Driven by the exponential growth of video consumption over digital media, video OTT platforms have been a key focus area for the leading media conglomerates and start-ups alike. The market is also observing the entry of large global digital video players. At present, India has over 30 OTT players, including many global players. The OTT segment in India spans companies from across the media ecosystem including broadcasters, studios, DTH operators, telcos and content aggregators. To gain a foothold in India's highly competitive OTT segment, global players are increasingly signing content licensing deals with local players to expand their content library. They are investing in original short-form content to meet audience demand; especially from consumers of regional content (most Indian OTT users consume content in their native language).

Case Studies

Hotstar:

- Star India officially launched Hotstar domain and the mobile app in February 2015, just before the ICC cricket world cup 2015. It has expanded its offering with 35,000 hours of content, spread across 8 languages from the entertainment, movie and sports channels.
- With 10 million downloads in the 40 days since its launch, Star India's mobile application Hotstar is undoubtedly the hottest digital media product today.
- Star India Pvt. Ltd. has acquired a minority stake in Zapr Media Labs, a digital media company in March 2017. The investment entails a strategic partnership between Hotstar and Zapr. Zapr's technology allows users to connect their TV screen with their mobile screen for engagement across several mediums.
- It is the second largest video OTT app after Youtube in terms of monthly active users. It has managed to achieve an average TSV(time spent per viewer) of 24 minutes a day.

Netflix:

- Partnered with Green Gold Animation to launch its first kids' original animated series in India called Mighty Little Bheem, debuting in 2018
- Partnered with Ronnie Screwvala's production company RSVP for its first original

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Digital Transformation in Media and Entertainment Industry

* Ms. Ritika Sharma

ABSTRACT

Almost 20 years ago, an influential essay, entitled "Content is King", was published. At a time when most people didn't have email accounts, it made some bold predictions, most notably: "Content is where I expect much of the real money will be made on the internet, just as it was in broadcasting." For the best part of two decades, its author, Bill Gates, has been proved spectacularly right.

Today however, the situation is a lot more complicated. Both the viewers and the content providers have evolved with changing preferences and also with the means and nature of content being provided.

Digitization has impacted every industry in a positive manner and Media and Entertainment industry is no exception to this. From buying a newspaper to opening a news app on your tablet, from renting a DVD or Blu- Ray disc to streaming your favorite television series on a smart TV, from buying a cookbook to getting customized recipe suggestions on your Smartphone, it's undeniable that the digital transformation of the media industry has already begun. There is a shift in the consumer behaviour after the digital disruption especially among younger generations who demand instant access to content, anytime, anywhere. Although the per capita consumption of traditional media continues to grow at 3%, digital consumption has expanded at a much more exponential pace clocking up to 15% annually. This indicates a growing pool of new, albeit low volume users, who are rapidly being inducted into the existing consumer stream across the country.

Content consumption across media channels, devices and demographics is also on the rise. Due to unprecedented Internet usage and adoption of Internet-enabled devices, consumers are now at the heart of a digital ecosystem in which they actively create, distribute

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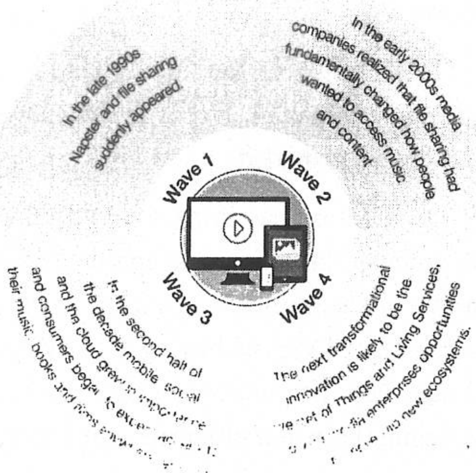
and consume content. Companies like Netflix and Spotify are using real time data analytics and content management systems to engage with the viewers in a better way.

Digitization has revolutionized the revenue sources by providing more choice and variety to customers such as HD channels, broadband and value-added services (VAS) such as edutainment, gaming and video on demand (VOD). Media companies now have greater flexibility to determine how to price content, in order to maximize revenues. The traditional product placements will be overtaken by specific product placements which will increase the chances of purchase. The time is very near when it will be possible to order your favorite actor's jacket just by clicking the screen when it appears.

Digital Evolution

The media and entertainment industry has been transformed by four waves of digital transformation, each driven by the impatience of consumers for content consumption.



As we can see from the graphic here, it all started with the need of file sharing among consumers in the 1990s, then slowly evolved to sharing music and content in the next decade. After 2005 or so, social media sites like Orkut and Facebook had already started taking shape and had entered into the consumer's lifestyle. Also, cloud technologies wherein large amount of data could be stored online and could be accessed from anywhere anytime emerged (for example google docs and other such similar services). The fourth wave which we are witnessing now is all about Internet of Things, Machine Learning, Artificial Intelligence, Recommendation engines and what not. The consumer has evolved with their choices of experiencing media and entertainment and so it opens many new avenues for the respective companies to occupy share of mind of the consumer. Some major breakthroughs will be discussed further in this paper.

movie from India Love per Square Foot

- Announced two new Netflix original series from India— Selection Day, a story of cricket and corruption by author Aravind Adiga, and Again, a supernatural, female-led detective series written by Marisha Mukerjee. This would be Netflix's third India original after the announcement of Sacred Games in June 2017.
- Partnered with Shah Rukh Khan's Red Chillies Entertainment for a new multilingual Netflix original series, based on the book Bard of Blood
- Acquired the rights to stream S.S. Rajamouli's war epic Baahubali: The Beginning and Baahubali 2: The Conclusion for INR 255 million

Hoichoi:

- This is an OTT streaming service by one of the largest integrated production houses in East India Shree Venkatesh Films, popularly knoen as SVF which has helped in taking Bengali content to wider audiences and offered a new release window.
- It has a repository of over 500 Bengali movies and 1000 Bengali songs for audio streaming for Bengali audiences globally.
- It has entered into strategic partnerships with Amazon Prime and Hotstar to further expand its reach to Bengali viewers. However, the original content being created at Hoichoi is not available anywhere else other than their own platform.

Telecom players are also entering the foray by launching their own OTT platforms. For example, Vodafone has Vodafone Play, Airtel has Wynk Music, and Jio has Jio movies. BSNL has partnered with Eros Now and ZEEL's DittoTV, whereby these OTT services are available to BSNL data subscribers.

Conclusion

We are going through a phase of rapid and sustained digital innovation which will permanently change the way people access and consume content. Disruption and growth are not new to the Indian digital fraternity as it is a continuously evolving sector. However, dramatic shifts in content formats, consumption trends, advertising techniques and consumer behaviour happening simultaneously in the industry have paved way for a new age in digital – The Age of Combustible Growth. Media and Entertainment companies have an exciting opportunity to leverage the India growth story. These companies should now look to invest in content, talent coaching and marketplace of talent. Mobile subscriptions and mobile payment wallets are the next way forward to take this industry ahead.

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A Study on the financial performance of selected Non - Banking Finance Companies (NBFCs) in India with special reference to commercial vehicle financing

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ABSTRACT

Non-Banking Finance Companies (NBFCs) act as an alternative to normal banking system. They arealso play an important part of Indian Financial System and have praiseworthy contributions towards the goal of financial Inclusion.In today's scenario, NBFCs play a major role in economicdevelopment by channelizing savings into investment. They have been providing credit to retail customers those who are not served by the normal banking system. NBFCs have played a major role in the growth of key sectors like Road Transport and Infrastructure sectors in India. Now a days, NBFCs have been complementing the role of the organized banking sector by linking the credit gaps, i.e., fulfilling the rising financial requirements of the corporate sector, providing credit to the unorganized sector and to small borrowers.

The present study is an attempt to analyze the evolution of NBFCs, the growth and performances of selected NBFCs like, Shriram Transport Finance Co. Ltd, Sundaram Finance Ltd., &Cholamandalam Investment and Finance Co. Ltd., those who are engaged in Asset Financing. The study will highlight the performance with special reference to transport financing i.e., Commercial vehicle financing in India. The samples are taken on the basis of random sampling method.

In this study we analyze the performance of the selected NBFCs on the basis of the financial parameters such as Net Revenue, Profit Before Tax, and Profit After Tax. Here, the study uses F-test for analyzing and comparing the financial performance of the NBFCs.

***Keywords**: NBFCs, Asset Finance, Commercial vehicle finance, Net Revenue, PBT, PAT, etc.*

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Introduction

Banks are the most important institutions which are responsible in managing and securing the wealth of the common man. The banking industry, whether public banks or private banks, are the most trusted business entities, where people with all their trust deposit their hard earned money for safety. However, there is another institution which has gradually made its presence felt in this field is called Non-Banking Finance Company (NBFC).

Non-Banking Finance Companies have always played an important position in the country's economy. They play an important role in capital formation, which is essential for the economic development of a country. They mobilize the resources over a wide area through their network of branches all over the country and make it available for productive purposes. They have been providingcredit to retail customers those who are not served by the normal banking system. NBFCs have played a major role in the growth of key sectors like Road Transport and Infrastructure sectors in India.

Non-Banking Finance Companies has contributed to the process of economic development by serving as a major source of credit to households, business and weaker sectors of the economy like village and small scale industries.

The present study is an effort to analyze the Growth and performance of selected Non-Banking Finance Companies engaged in commercial vehicle financing in India.

Conceptual Study:

Non-Banking Finance Companies have a similarity with the banks in terms of the services offered. However, there is a major difference between the roles, responsibilities and functions between banks and non-banking financial companies. Some of the differences are:

- A Non-Banking Finance Company cannot accept demand deposits i.e. funds deposited at a depository institution that are payable on demand immediately or within a very short period, which are similar to current accounts or savings accounts.
- Non-Banking Financial Companies cannot issue cheques to its customers as they are not a part of the transactions system.
- Deposit insurance facilities are also not available for Non-Banking Financial Company's depositors unlike in case of banks.

For an institution to become a Non-Banking Finance Company, it is mandatory for it to be registered with the Central Bank of a Country, i.e., RBI in India, to carry out its operations. However, certain Non-Banking Financial Companies, i.e., venture capital fund/merchant banking companies/stock broking companies registered with SEBI, insurance company holding a valid certificate of registration issued by IRDA etc. are exempted from being registered under the RBI.

The different types of NBFCs registered with RBI have been reclassified as

- **Asset Finance Company (AFC):** The main business of these companies is to finance the assets such as machines, automobiles, generators, material equipments, industrial machines etc.
- **Investment Company (IC):** The main business of these companies is to deal in securities.
- **Loan Company (LC):** The main business of such companies is to make loans and advances (not for assets but for other purposes such as working capital finance etc.)

Objective of the Study:

- To evaluate the financial performance of the selected Non-Banking Finance Companies on the basis of selected parameters.
- To compare the financial performance of these Non-Banking Finance Companies.

Limitations of the Study:

Limitations are always a part of any kind of research work. As the report is mainly based on secondary data; proper care has been taken in knowing the limitations of the required study.

- The financial performance of the selected Non-Banking Finance Companies is shown just for the last ten years. Hence,any uneven trend before or beyond the set period is the limitations of the study.
- This analysis is based on only monetary information. Hence, analysis of the non-monetary factors has notbeen studied.

Sample Size:

For this study three Non-Banking Finance Companies whose major business involves Asset financing ,i.e., Commercial vehicle financing are selected on the random basis. These are: Shriram Transport Finance Co. Ltd, Sundaram Finance Ltd., &Cholamandalam Investment and Finance Co. Ltd.

Variables Used:

For the study of the financial performance of the selected companies, three parameters are taken for evaluation. These are:

- **Total revenue:**

Total revenue refers to the gross revenue earned from the business operations.

- **Profit Before Tax**

Profit Before Tax refers to a company's profits before the payment of income tax. This measure deducts all expenses from revenue including interest expenses and operating expenses, but it leaves out the payment of tax.

- **Profit After Tax**

Profit after tax refers to the total amount that a company earns after all tax deductions have taken place. It is used as a barometer to determine how much a company really earns and how much it can utilize for it's day to day activities. Profit after tax is also seen as a measure of a company's profitability after all its expenses have been deducted and can be fully utilized by the company to conduct its business. Shareholders are also paid dividends from this amount.

Methodology:

The study is mainly based on secondary data drawn from the annual reports of the respectiveNon-banking finance companies. This data collected for a period of last Ten years (2007-08 to 2016-17). For analysis of the data, one important statistical tools viz. Mean or Average has been used to arrive at conclusions in a scientific way. Again the statistical tool F-test is used to test the hypothesis.

Hypothesis:

- **Hypothesis 1:**

Null Hypothesis ($H_0 1$): There is no difference in the average or mean financial performance between the NBFCs.

Alternative Hypothesis ($H_1 1$): There is a difference in the average or mean financial performance between the NBFCs.

- **Hypothesis 2:**

Null Hypothesis ($H_0 2$): There is no difference in the average or mean performance between the financial parameters (i.e., Total revenue, PBT and PFT).

Null Hypothesis (H_12): There is a difference in the average or mean performance between the financial parameters (i.e., Total revenue, PBT and PFT).

Literature Review:

Perumal, A &Satheeskumar, L (2013) in their study of two NBFCs namely Sundaram Finance Ltd. and Lakshmi General Finance Ltd. found that many factors have contributed to the rapid growth of these NBFCs. There are regulations of the banking system on the one hand and some left outs are there in the other hand in relation to NBFCs. They conclude that the contribution of NBFCs to economic development is highly significant and there is need to integrate it with the mainstream financial system. Reserve Bank of India is taking steps from time to time for the regulation of NBFCs. Experience over the last three decades has shown thatthe earlierregulations covered only the deposit taking activities without adequately covering thefunctional diversities of these companies. There should be an appropriate regulatory framework for NBFCs and more powers should be vested with Reserve Bank of India to monitor them in an effective manner to safeguard the interest of innocent investor.

Islam, M. A (n.d) in his study emphasizes the impact of NBFCs on economic development of Malaysia using time series data over the period spanning 1974 to 2004. In his study he examined the long-run relationship between per capita real GDP and the NBFCs in Malaysia using the ARDLbounds testing approach to cointegration over the period 1974-2004. The test revealed that there is a stable long run relationship between per capita real GDP and the NBFIs, investment, trade openness, and employment. The estimation results suggest that both NBFIs and the other variables used in the model play important role for explaining the variations in the long run per capita real GDP in Malaysia. The most striking finding is that the NBFIs have a positive and significant impact on long run per capita real GDP in Malaysia.

Singh, S, Singh, A. P & Tiwari. S (2016)in their study mainly emphasizes on the role &regulations of NBFCs in India, its significance, the funding sources of NBFCs & its future prospects. The researchers conclude that the NBFCs are playing significant role in meeting financial requirements of the medium sand small scale industries and development of Indian economy indirectly. Policies of NBFCs are providing investment security for the investors. The researchers mentioned that due to the regulations of the Reserve Bank of India, still the NBFCs are not extending more credit. They also suggested that the NBFCs should change their credit policy to reduce rate of interests, which helps to small enterprises to get loans for their different capital requirements.

Goel, A (n.d) in his study observed that NBFCs have been playing a very significant role from the view point macroeconomic outlook and the structure of the Indian financial system. NBFCs are the perfect or even better alternatives to the traditional Banks for meeting a range of financial requirements of a business activity. They offer rapid and efficient services without going through complex formalities. However, in order to survive and to continuously grow, NBFCs have to focus on their core strengths while recovering their weaknesses. They need to be very vibrant and constantly try to search for new products and services in order to carry on in this competitive financial market.

Data Analysis:

In this section, the performance of selected NBFCs are measured on the basis of three financial parameters i.e. Total Revenue (TR), Profit Before Tax (PBT) and Profit After Tax (PAT). For testing the hypothesis, the two variables are considered, i.e.,

- Three NBFCs
- Three Financial Parameters

Table 1:

Mean Value of the parameters *(All figures are in Rs. Crores)*

Year/Company	STFC			SFL			CFL		
	Total Revenue	PBT	PAT	Total Revenue	PBT	PAT	Total Revenue	PBT	PAT
Mar-08	2493.27	605.83	389.83	1013.43	302.90	212.54	891.73	221.44	59.37
Mar-09	3729.41	920.63	612.40	1113.76	219.71	150.73	1112.90	.17.08	42.75
Mar-10	4499.43	1324.59	873.12	1237.59	323.48	226.75	926.36	31.33	15.42
Mar-11	5401.05	1848.93	1229.88	1450.41	429.45	295.23	1201.83	100.11	62.18
Mar-12	5893.88	1880.91	1257.45	1761.88	512.15	355.45	1766.60	290.11	172.54
Mar-13	6563.59	2016.19	1360.62	2131.78	592.61	410.11	2555.68	450.80	306.55
Mar-14	7888.26	1828.04	1264.21	2313.91	646.63	442.51	3262.84	550.21	364.01
Mar-15	8644.72	1842.39	1237.81	2369.07	651.20	454.14	3691.19	657.22	435.16
Mar-16	10245.26	1781.43	1178.20	2475.02	683.23	477.28	4193.71	870.77	568.45
Mar-17	10830.61	1923.93	1257.34	2458.29	720.21	495.35	4660.35	1105.58	718.74
Mean	**6618.95**	**1597.29**	**1066.09**	**1832.51**	**508.16**	**352.01**	**2426.32**	**429.47**	**274.52**
CAGR (%)	**15.82%**	**12.25%**	**12.42%**	**9.27%**	**9.05%**	**8.83%**	**17.98%**	**17.44%**	**28.32%**

Source: Financial Statements of the companies

Table 2:

Financial Parameters	NBFCs			
	STFC	SFL	CFL	Row Total
Mean TR	6618.95	1832.51	2426.32	10877.78
Mean PBT	1597.29	508.16	429.47	2534.92
Mean PAT	1066.09	352.01	274.52	1692.62
Column Total	9282.33	2692.68	3130.31	T = 15105.32

Here, N = 9

Correlation Factor (C) = $T^2 / N = (15105.32)^2 / 9 = 228170692.3 / 9 = 25352299.1$

Total Sum of Squares (TSS) = $[6618.95^2 + 1832.51^2 + 2426.32^2 + 1597.29^2 + 508.16^2 + 429.47^2 + 1066.09^2 + 325.01^2 + 274.52^2]$ - C

= 43810499.1 + 3358092.9 + 5887028.7 + 2551335.3 + 258226.6 + 184444.5 + 1136547.9 + 123911 + 75361.2 - 25352299.1

= 32033148.17

Sum of Squares between columns, i.e., NBFCs (CSS)

= $(9282.33^2) / 3 + (2692.68^2) / 3 + (3130.31^2) / 3$ - C

= 28720550 + 2416841.9 + 3266280.2 - 25352299.1

= 9051373

Sum of Squares between rows, i.e., Financial parameters (RSS)

= $(10877.78^2) / 3 + (2534.92^2) / 3 + (1692.62^2) / 3$ – C

= 39442032.6 + 2141939.8 + 954987.5 - 25352299.1

= 17186660.7

Residual or Error Sum of Squares (ESS) = TSS – (CSS + RSS)

= 32033148.17 – (9051373 + 17186660.7)

= 5795114.4

ANOVA TABLE				
Sources of variation	Sum of squares	Degree of freedom	Mean square = Sum of square / d.o.f	F-ratio
Between NBFCs (CSS)	9051373	3-1 = 2	4525686.5	$F_C = 3.12$
Between parameters (RSS)	17186660.7	3-1 = 2	8593330.35	$F_R = 5.93$
Residual or Error (ESS)	5795114.4	(3-1) *(3-1) = 4	1448778.6	
Total	32033148.1	8		

Test of Hypothesis:

- **Hypothesis 1:**

The computed value of $F_C = 5.93$

The table value of $F_{(0.05, 2, 4)} = 6.94$

It means the calculated value (F_R) is less than the table value. Thus, the null hypothesis is accepted and alternative hypothesis is rejected. Therefore, we conclude that there is no difference in the average or mean financial performance between the NBFCs.

- **Hypothesis 2:**

The computed value of $F_R = 3.12$

The table value of $F_{(0.05, 2, 4)} = 6.94$

It means the calculated value (F_C) is less than the table value. Thus, the null hypothesis is accepted and alternative hypothesis is rejected. Therefore, we conclude that there is no difference in the average or mean performance between the financial parameters (i.e., Total revenue, PBT and PFT).

Conclusion:

It is clear from the Table-1 that there is a huge growth in the commercial vehicle financing sector in India. Because the Compound Annual Growth Rate (CAGR) of the financial parameters of the NBFCs who are engaged in commercial vehicle financing depicts a remarkable growth in the last ten years. Among these three Non-Banking Finance Companies, CFL is growing at a faster rate than other two companies. When we analyze the hypothesis, it is found that there is no difference in the average or mean financial performance between the NBFCs. Again, there is also no difference in the average or mean performance between the financial parameters (i.e., Total revenue, PBT and PFT).

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Managing Organizational Excellence through *Talent Management*

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ABSTRACT

Talent management has become a buzz word in today's corporate HR agenda. In an organization every individual is important as they contribute towards achieving the business goals through their talent. Each organization requires the best of talent to persist and endure ahead in competition. Talent is the utmost significant factor that motivates & drives an organization and takes it to the next level of growth & development. Talent contributes a great to the performance of the organization and its management has direct impact on organizational excellence, and therefore, cannot be compromised at all. To identify, develop, reward, and retain talented and potential employees is a human resource strategy that builds the whole talent management process within an organization. Talent management comprises of a series of cohesive systems of recruiting, retaining people with desired skills and aptitude, maximizing employee potential, performance management, managing their strengths and developing them. Talent managmenet is imperative for any organisation because it is required to develop leaders for tomorrow from within an organization , to compete effectively in a complex and dynamic environment to achieve sustainable growth, to empower employees by cut down on high turnover rates and by reducing the cost of constantly hiring new people, to maximize employee performance as a unique source of competitive advantage, etc. The purpose of this paper is to examine the role of talent, talent management strategies and its impact on performance of employees as well as on organizational outcome & excellence. By reviewing the qualitative and quantitative research papers the study has been conducted. This study empirically examines the extent to which Talent Management, Performance, Work Life Balance and Organizational effectiveness are correlated and its impact on organizational excellence. The proposed model and theory have been tested by taking BPO industry and Retail industry.

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Key words: Talent Management, Talent Management Strategies, Work Life Balance, Performance, Organizational excellence

Introduction

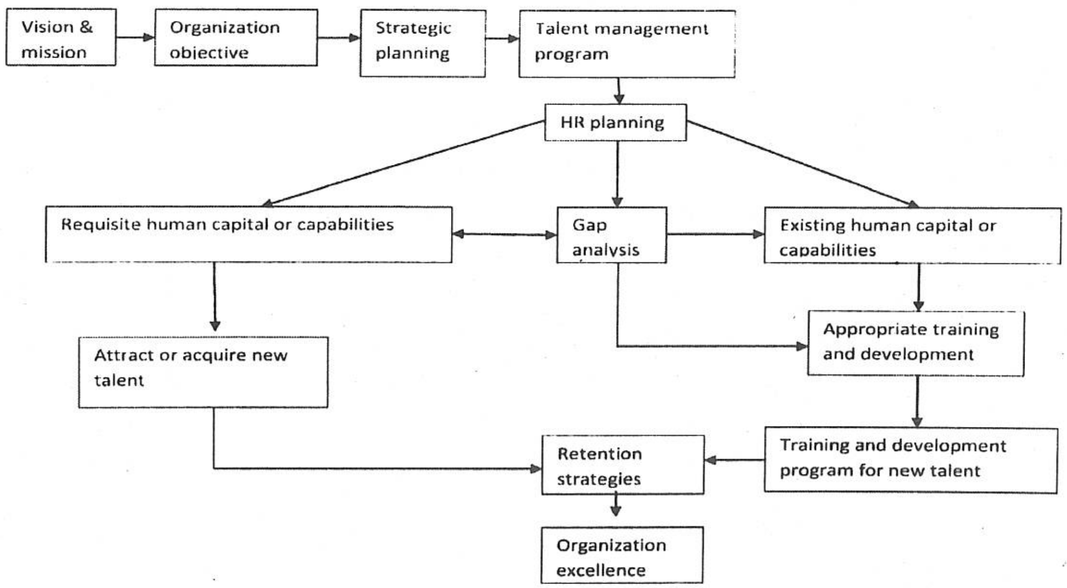
Talent management within the organizations is a human resource strategy that seeks to identify, develop, reward, and retain talented and potential employees. Talent management includes a series of integrated systems recruiting, performance management, maximizing employee potential, managing their strengths and developing, retaining people with desired skills and aptitude. The need of talent management is to compete effectively in a complex and dynamic environment to achieve sustainable growth, to develop leaders for tomorrow from within an organization ,to maximize employee performance as a unique source of competitive advantage ,to empower employees by cut down on high turnover rates and by reducing the cost of constantly hiring new people . It is indispensable for survival and sustainable development of any business organization. Deserting talent management is suicidal for any organization particularly in the current business scenario where there prevails a cut-throat competition. After liberalization of the Indian economy, the impact of restructuring, economic transition to an open market, and increased competition from internal and external sources has put pressure on all functions of organizations (Bhatnagar, 2007; Budhwar et al., 2006). An attempt has been made in this paper to fill this gap, and to investigate the emerging talent management, attrition and employee engagement issues, performance improvement and finally that all lead to organizational productivity in BPO and Retail sectors. The different aspects of the engagement and development of talent within an organization may consist of highly valued project assignments, cross-functional training, mentoring, externships, continuous feedback and international exposure (Branham, 2005). Together with the possibility of executive education these aspects make up a talent programme. It is important however to acknowledge that the term talent management is used loosely and often interchangeably across a wide array of terms (Rothwell, 2005).

Objectives of the Study:

Focusing on the present condition after liberalization in INDIA the need of talent management is highly essential for the growth of every business organization. Further, the Indian BPO and RETAIL industry is on a high momentum path. Rampant growth, however, has come with its own set of challenges. Chief among them relates to skilled manpower resources. The basic objective of the study is

- To examine the role of work life balance and its impact on performance of employees in organization and organizational productivity and to appraise the practices of talent management and its contribution in an organization.
- To know the talent management strategy this has been implemented on BPO and RETAIL industries.
- To know the talent management policies and its impact on organizational excellence on BPO and RETAIL industries.
- To know the talent management strategy and its implication. to maintain the bridge on gap one model has been proposed.

Talent Management Model



Literature Review

As the global economy expanded dramatically between 2002 through 2007, business leaders and human resource managers worried about the intensifying international competition for talent; the impact of not having the right people in place to lead and confront business challenges; as well as employing below-average candidates "just to fill positions" (Economist, October 2006; Price and Turnball, 2007). Maxwell and MacLean (2008) highlight the need to view talent management as a key business strategy that is aligned with a range of HR systems and processes. The concept of talent management has various meanings both theoretically and in practice (Storey,2007). This relatively recent emphasis on talent management represents a paradigm shift from more traditional human resource related sources of competitive advantage literature such as those that focus on organizational elites, including upper echelon literature (Hambrick and Mason, 1984; Miller, Burke and Glick, 1998), and strategic human resource management (SHRM) (Huselid et al., 1997; Schuler, 1989; Wright and McMahon, 1992) towards the management of talent specifically suited to today's dynamic competitive environment.

Baum (2008) comments that 'talent management is an organizational mindset that seeks to assure that the supply of talent is available to align the right people with the right jobs at the right time, based on strategic business objectives'. Baum (2008) presents it as 'the strategic management of the talent as it enters, is deployed and moves within an organisation. In exploring the scope of activities encompassed in talent management, Maxwell and MacLean (2008) present it as being focused on attracting, retaining, developing and transitioning talented employees. Barron (2008) considers that organizations involved in talent management are strategic and deliberate in how they source, attract, select, train, develop, promote, and move employees through the organisation. The strategic thrust of talent management is stressed upon through the citation of a numbers of authors including Faragher (2006), Powell and Lubitsh (2007) and Smith and Tyson (2005).

Talent Assessment provides data on each employee's performance, readiness and willingness for advancement in the organization (Bellissimo, 2006).Competencies necessary to meet talent needs are defined as the knowledge, skills, abilities and attitudes required to perform a productive role for society (Coleman, 2006; Schoonover, 1998).Many employees entering the workforce are not adequately prepared to meet the demands of the knowledge economy, which requires talent that can excel amidst technology and diversity (Umpstead and Fardel, 2007).Three streams come into sight as several authors observed (e.g., Collings and Mellahi, 2009; Lewis and Heckman, 2006; Silzer and Dowell, 2010). A first stream emphasizes the human capital and therefore the definition of talent, a second stream sees Talent Management as " a process through which employers anticipate and meet their needs for human capital" (Cappelli, 2008, pp. 1), and a third stream perceives talent management as an instrument to reach economic outcomes.

The "talent process" is usually supported by advanced IT systems that provide different options and future possibilities. This perspective is prescribed for organizations experiencing rapid growth (Devine and Powell, 2008).

Like in many other areas of HR practices, it remains exceptionally difficult to measure the real impact of talent management practices. In this regard, Lewis & Heckman (2006) identified three key areas of analysing the effectiveness of talent management practices. A first area refers to an analytical technique to tie talent management to financial performance (e.g., Fitz-Enz, 2009), a second area emphasises the process of analysing and optimising the talent management system (e.g.. Boudreau & Ramstad, 2004), and authors aligned with the third area appear to see analytics as a set of metrics and measures for use by different users (e.g., DGFP, 2007).

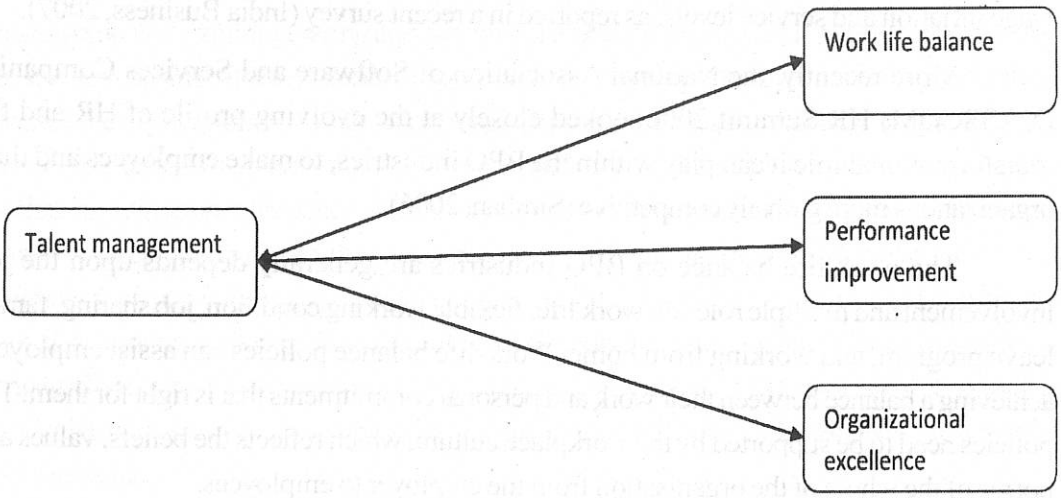
Today, with an unprecedented global financial crisis, economic slow-down, and massive restructuring, "talent" remains a critical agenda item focused on the highest achievers: "As deteriorating performance forces increasingly aggressive headcount reductions, it's easy to lose valuable contributors inadvertently, damage morale or the company's external reputation among potential employees, or drop the ball on important training and staff-development programs" (Guthridge et al., 2008).

The current state of talent management literature is exacerbated by the fact that, in addition to ambiguities around the definition of the concept, there has also been an alarming lack of theoretical development in the area (Boudreau and Ramstad, 2005; 2007; Cappelli, 2008; Lewis and Heckman, 2006).

Recent research shows that the nearly single-minded focus on individuals that is endemic to companies' strategies for fighting the talent war often backfires and reduces, rather than enhances individuals, teams, and organizations: "The best evidence indicates that natural talent is overrated, especially for sustaining organizational performance" (Pfeffer and Sutton, 2006: 86). In analyzing McKinsey's research (Chambers et al, 1998; Axelrod et al, 2001), Pfeffer and Sutton (2006: 87) identify "... deep flaws in that the claimed cause of performance (managing talent) was measured after its effect."

Stahl et al. (2007) focuses on context in a study of talent management processes and practices in companies renowned for their international scope, reputation, and long-term performance. It is observed that companies that excel at talent management ensure internal consistency and reinforce the practices they employ to attract, select, develop, evaluate and retain talent, as well as closely align those practices with the corporate culture, business strategy and long-term organizational goals.

Theoretical framework



Relationship between talent management and work life balance

The uncertain economical environment, job stress and burnout have tremendous effect on personal and workplace pressure on employees. This helps in creating demotivation among the employees and tends to employee's intention to leave the organization. According to ***Mulvaney et al. (2006)*** job stress, work family conflict and characteristics of job have vital effect on employee turnover. The levels of conflict between work and family will be impacted or moderated by the levels of support employees (in this case, managers) receive, the personal attributes they bring to the job, the industry norms and the way all these components are managed in the workplace. Considering the BPO industries the main objective of the employee turnover is imperfect work life balance. The basic reasons are working environment, night shifts and rotational shifts, no career growth, Inability to handle various types of stress, Monotonous work, for high salary and better designation.

The BPO SECTOR is a heterogeneous and rapidly growing offshore market with a projected annual growth rate of 60 per cent (Tapper, 2004). Brown and Stone (2004) reported that BPO accounted for 34 per cent of the global outsourcing contract value in 2004 and projected that BPO services would grow from $1.3 billion in 2002 to $4.3 billion in 2007 (Mehta et al., 2006; Budhwar et al., 2006). According to a recent survey carried out by A.T. Kerney (2007), an unbeatable mix of low costs, deep technical and language skills, mature vendors and supportive government policies have taken India to the top among global destinations for offshoring services. This is despite all the concerns indicated about overheating, wage inflation and service levels, as reported in a recent survey (India Business, 2007).

More recently, the National Association of Software and Services Companies (NASSCOM) HR Summit 2006 looked closely at the evolving profile of HR and the transformational role it can play within the BPO industries, to make employees and their organizations more globally competitive (Simhan, 2006).

The work life balance on BPO industries are generally depends upon the job involvement and multiple roles on work life, flexible working condition, job sharing, family leave program, and working from home. Work-life balance policies can assist employees achieving a balance between their work and personal commitments that is right for them. The policies need to be supported by the workplace culture, which reflects the beliefs, values and norms of the whole of the organisation from the employer to employees.

In case of retail industry there is a need of talent management in maintaining work life balance by fulfilling employee's demand and gap analysis.

For assessing the man power demand...

- Manpower demand is the number of people required to handle the present jobs.
- Forecasting the demand for manpower is the process of estimating the future quantity and quality of employees required.
- For instance in a Retail Organization the manpower demand is forecasted based on the work to be performed in every Retail Stores. Obviously the long term corporate plans, budgets and annual plans would become basis for forecasting the demand for labor.
- The existing job design and job analysis provide useful information in this regard.

- The demand forecasting should consider several internal and external factors. External factors are political, economical, technological, legal, ecological, governmental, social, and ethical factors.
- These factors influence the number and quality of manpower required.

Relationship between talent management and performance improvement

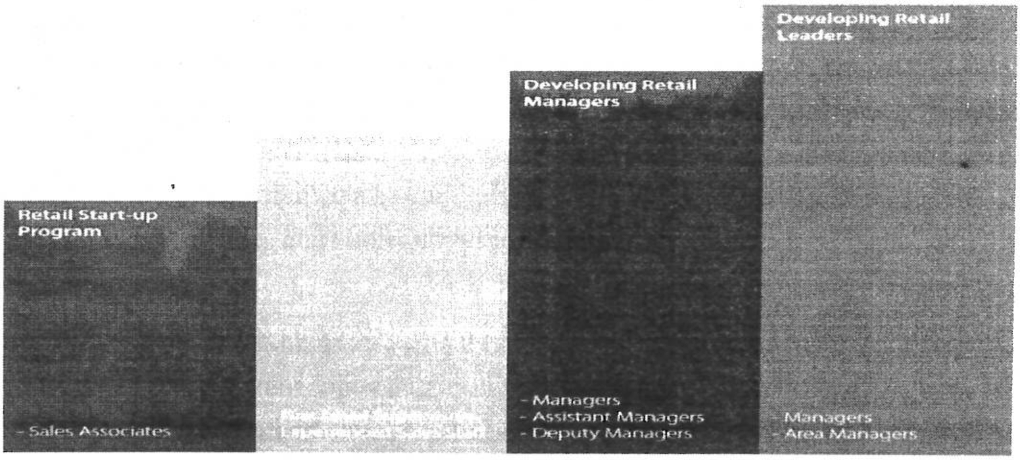
Executives and HR management have always been focused on basic talent management—acquiring, hiring and retaining talented employees. But, to drive optimal levels of success, business leaders need engaged, high-performing employees. The key to inciting a workforce to greatness is to align talent management with company strategy, define consistent leadership criteria across all functional areas, and identify specific competencies (analytical, technical, education, experience) to cultivate for continuing growth. The best talent management plan is closely aligned with the company's strategic plan and overall business needs. Goal alignment is a powerful management tool that not only clarifies job roles for individual employees, but also demonstrates ongoing value of employees to the organization. When employees are engaged in their work through goal alignment, employee's participation on all organizational activities; they become more committed to the organization and achieve higher levels of job performance.

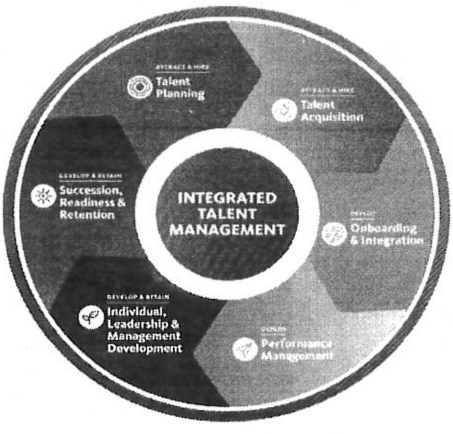
If we will consider the case of BPO industries if organizations provide employees with a passion to work, and an engrossing environment which maximizes their performance and gives a continuous work experience that is difficult for competitors to replicate. Managers are an important key in this equation (Baumruk et al., 2006; Lockwood, 2006). Further, an employer of choice recruits and engages talent through practices that address both tangibles and intangibles, with a focus on the long-term as well as the short term, and are tailored to the organization (Branham, 2005). Effective talent management policies and practices demonstrate the human capital which helps in resulting the engaged employees and low turnover. In order to obtain high performance in postindustrial, intangible work that demands innovation, work flexibility, and speed, employers need to engage their employees especially by giving them participation, trust, new technology, freedom, trust, post industrial values of self realization and self actualization.

Effective talent management strategy helps in improving the performance of employees in the BPO industries in India by providing proper working conditions, adopting new technologies.

Similarly if we will consider the case of retail industries the performance of employee can be improved by attracting new talent by.

- Developing an Employer Brand
- Creation of challenging Job profile
- Healthy and Proactive HR policies and practices
- Transparent and Challenging Recruitment practices
- Best Compensation and Benefits management in the given Industry.





The above graph shows the talent management strategies which have been adopted by retail sector in India especially Big Bazar for the improving performance of the employee and employee engagement.

Integrated Talent Management System for Organizational Excellence

An integrated talent management system can help an organization grow in terms of people and process. A strong integrated talent management system includes processes for differentiating talent across several key capabilities: talent acquisition & development, engagement, performance management, rewards & recognition, succession management and above all building a strong organization.

The figure 01 explains the important elements and process of an integrated talent management system.

The organizations that are successful at integrating and optimizing their talent processes can reap the following benefits.

- A boost in morale
- Increased discretionary effort
- Increased productivity
- Higher customer satisfaction
- Lower turnover
- Enhanced ability to be innovative across the company
- Improved process and machine efficiency
- Better organizational financial performance

Relationship between talent management and organizational excellence

Organizational excellence depends upon proper succession planning, taking competitive advantages, increasing competencies among the workforce etc. Globalization has created immense pressures of competition and survival on organizations in developing countries. In order to remain competitive, organizations in these countries need to redesign themselves towards excellence using tools of creativity and innovation (Khandwalla and Mehta, 2004). The organizational excellence of retail and BPO industries based upon its talent management strategy, innovative technology, attract and recruit new talent, organizational goal achievement.

In developing countries like India, BPO industries have adopted a global and well structured strategy for assessing and improving the current employee policies and practices. Talented people were selected on the based upon various strategy which helps in developing retention strategy of people and become an employer choice. The organization recognized the potential of the model, and appreciated the fact that the implementation of this model would augment and enhance the existing people practices and procedures. BPO industries were already reasonably mature in certain workforce but adopting the valuable resources such as challenging working permanent, technology and career growth. From NASSCOM Strategic Review 2012, 2011 recorded steady growth for the technology and related services sector, with worldwide spending exceeding USD 1.7 trillion, a growth of 5.4 per cent over 2010. Software products, IT and BPO services continued to lead, accounting for over USD 1 trillion – 63 per cent of the total expense.

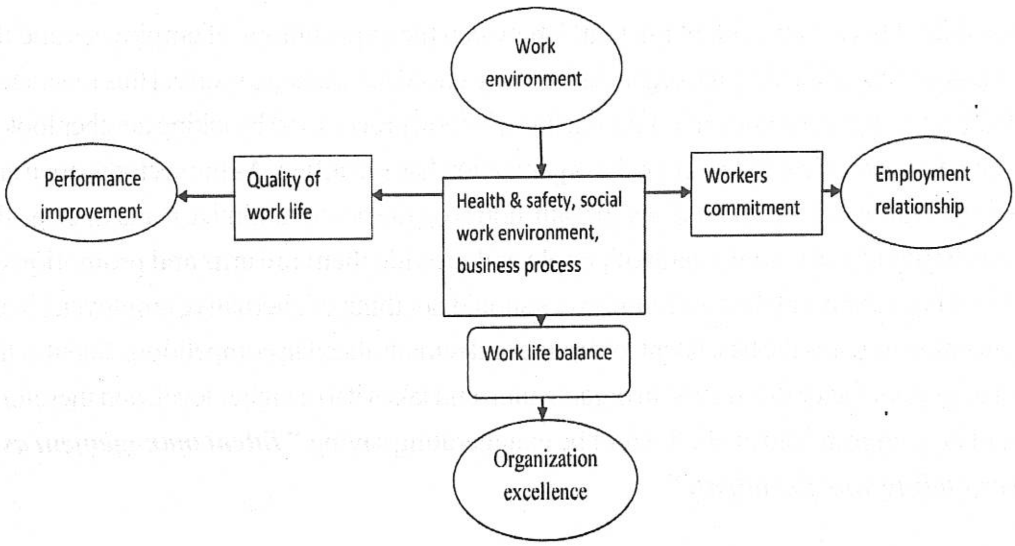
Organizational excellence and a better talent management and retention and performance improving strategy may imply the following HR interventions for the BPO sector in India:

- Identification of an engaged workforce at all levels which is passionate about continuous learning and challenges, triggered through a continuous positive employee relationship;
- Further designing HR interventions and new strategies, policies and practices to keep them engaged;
- A need to establish a stronger psychological contract (Rousseau, 2004) based on relational need rather than a transactional one;
- Create talented partners and mentors who care and nurture relationships in terms of quality rather than quantity of time together and who take care of the emotional needs and need for involvement of employees;
- Treat employees as wealth co-creators, and see employees as partners in the business and help them achieve the satisfaction of creating and fulfilling new areas of business acumen.

This would take care of the growth aspects of employees. It also helps in organizational productivity. Further high commitment based systems with built in control systems are needed so that both fun and surveillance are balanced (Halliden and Monks, 2005).An industry collaboration along with NASSCOM to backlist and stop the recruitment of such employees for a particular period of time, in order to moderate attrition rates, could also help. The internal job posting (IJP) process has to be clearly outlined and a specific system of selecting candidates has to be communicated. The strategy for selection should be clearly arrived at and stated explicitly to employees. Similarly if we will consider the retail industry the organizational excellence depends upon the strategies what the organization has adopted at different levels. that Include training and development, various retention strategies etc.

Retail organizations are clearly aware of the advantage that effective talent management can offer and have jumped on the technology bandwagon in a big way. Although a 2008 survey from human capital industry analysts Bersin & Associates showed that only 39 percent of retail organizations and BPO industries had an intermediate or advanced talent management strategy, the number jumped dramatically to 73 percent in 2009.

The reason is clear – talent has the potential to be a force multiplier for retail organizations and BPO industry. The same Bersin & Associates report demonstrated that companies with mature, integrated talent management strategies have lower turnover, higher productivity, higher median revenue per employee and have experienced less downsizing during the current recession. Hence based on all the strategies of the talent management for higher productivity and for gaining the competitive advantages the final model has been developed.



Conclusion

A new approach in talent management is needed in retail and BPO industries. The organizations are not developing the required talent to stay competitive in their business and most of the organizations aren't doing talent planning, or their planning is wrong (Berger and Berger, 2004). Basically, talent management process entails efficient utilization of human assets of the organization, so if properly implemented it will improves the efficiency of employees. The factors such as quality of work life, innovation, motivation, proper succession planning, gap analysis , employee engagement, involvement, commitment have positive influence on work life balance, performance improvement and organization excellence. The proper formulation and implementation of talent management strategies of the BPO & retail industries makes employees competent and effective by developing their skills through training. Though training is not directly affecting employee effectiveness but its indirect effect can be visualized through development. At the organizational level, a successful Human Resource policies and programs and practices prepares the employees to undertake a higher level of work which improves their performance (Nadler 1984). The criteria for excellence should be clearly arrived at and stated explicitly to employees. This can be happened with the proper selection of talent from the talent pool.A more concerted effort should be made to ensure internal job postings take place to ascertain that employees have a growth path in the organization. Processes should be put in place to check that the career aspirations of employees are clearly understood and job roles are defined with as close an alignment to career aspirations as possible. There is an evident mismatch between the expectations of employees and the roles and profiles offered by the organization. Steps need to be taken to correct this mismatch, probably by better communication during the selection process and by taking another look at the potential pool of candidates that the organization has identified. As the sector is open and people has various choice to work for that attrition is on the rise to minimize it and manage the sector should plan the career path of people and provide them rewards and promotion on time and keep them satisfied and employees should not think of alternative employer. Every organization requires the best talent to survive and remain ahead in competition. Talent is the most important factor that drives an organization and takes it to a higher level, and therefore, cannot be compromised at all. It won't be exaggerating saying ***"Talent management as a never-ending war for talent!"***

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Green Business; an Appropriate Tool for Sustainable Economic Development in Odisha

*** Dr.Parikshit Sahu**

ABSTRACT

Sustainable development can be referred as a developmental progress that meets the needs of the present without jeopardizing the needs of future generations. It is the form of development, which aims at sustainable consumption and sustainable economic growth and tries to protect the environment. Green business and marketing are such strategies which business entrepreneurs or marketers are using these days as a key strategy for sustainable development. Most of the industries had the perception that consumers are willing to buy products at best competitive prices and associate no value for environmental friendly products. They felt that the pressure for making business environmentally green and behaving in a more responsible manner especially comes from Government and its legislations and consumers have nothing to do with it. However, now the business entrepreneurs have started realizing the changes in consumer perceptions and their related behaviour. Therefore, these days' concepts of green marketing are taking the shape as one of the key business strategies of the companies for gaining the competitive advantage, ensuring sustainable consumption of their products in the markets and enjoying sustainable development in future. The global economy and population must be developed in accordance with the requirements of people, but with the obligation of sustainable development as a comprehensive process that depress all aspects of life, at all levels. Sustainable development is about making models in a qualitative way to meet the socio-economic needs and interests of citizens, while eliminating or significantly reducing the impacts that threaten or harm the environment and natural resources. Sustainable development of humankind leads to a sustainable society in which man will be a responsible custodian of heritage for future generations to come.

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Companies that are self-conscious to environment with potential for business and profits, also realize a significant contribution to environmental protection. These successful companies not only sell products to its customers and thus gain profits, but in the corporate commitment to make decisions for the care of their surroundings. In contrast to conventional producers, the most successful green companies direct their customers, or in advance know what needs to be made and the buyer offers an environmentally friendly product. Green companies are ready to address concerns about the natural environment.

Keywords: Sustainable Consumption, Sustainable Development, Green Marketing, Green Companies, Green Brands, green attitudes, Sustainable Development Goals (SDGs), Gross State Domestic Product (GSDP), Gross State Value Added (GSVA), Corporate Social Responsibility (CSR)

Introduction

The perception of "green business" emerged at the end of the 20th century in the wake of the ever-increasing public concern about the sustainability of economic development. Later on with the growing awareness, some environmental issues such as the accelerating depletion of natural resources and the deterioration of environmental quality have been emerged in the economy. Sustainable development is one of the pillars of strategic management. Especially, economical and equitable use of resources has been one of the most fashionable approaches. Companies started to give more attention to environmental concerns as they aim to secure future existence of their resources and business.

Green business is an environmental friendly business practice. These practices might include the use of organic and natural products to build its facilities, tighter protections against emissions, environmentally responsible sourcing of supplies and designing organizations and processes in order to efficient and economical use of resources. Green business is to adopt principles, policies and practices that improve the quality of life for customers and protect resources. Using renewable energy resources, enhancing material recyclability, reducing toxic dispersion are all eco-efficient practices while doing green business. Management of green business can be considered from the cost point of view and may be an opportunity for saving. It can be incorporated to daily operations at a different level of environmental consciousness. Most of the organizations and managers suppose they have to make a choice between planet and profit, but with proper understanding of environmental issues.

Objectives of the Paper

The focus and the relevance of the paper is that it tries to analyse the basic concept of green business, its different components, and the factors influencing green business, about the business greening agents, green growing groups and so on. Secondly, the paper throws light on the government initiatives to promote this concept to maintain ecological balance, safety environment for attaining sustainable development in the state. Thirdly, in this context, some appropriate steps may be suggested for the state to gain competitive advantage by following the philosophy of green marketing and practicing the green business strategies.

Review of Literature

Since some decades, there are the mushrooming environmental movements named as the "green movement" and environmentally aware consumers named as the "green consumers" as well as the product designed to protect the environment called the "green products" and marketing that uses the environmental claims called the "green marketing" (Peattie,1997).

According to some environmentalist authors like Ottaman, (1993) and Ken Peattie, (1993) conventional marketing is out and Green Marketing is in.

According to Hawken (Ecology of Commerce, 1995) now a business venture has been facing three types of issues. These are what it will take, what it will make and what it wastes. What it takes is materials from the environment, (its ecosystem) through extracting, mining, cutting, hunting and other means. What it makes is the products of commerce, goods and services that derived from the natural environment through the process of conversion and transformation. What it wastes represents eco-costs arising from garbage, pollution and destruction of natural systems, which are the consequences of taking and making processes. However, these costs are not been internalized in most of the accounting systems so far.

The critical importance of industrial greening is highlighted by a consideration of the factors that contribute to large-scale environmental deterioration. Environmental Impact equals a product of population (P), time's affluence (A), time's technology (T) (Ehrlich and Ehrlich 1991).

Mathematically, $\mathbf{I = P \times A \times T}$

; Where, P and A are socio-political phenomena and are beyond the control of an industry or business. However, the technology co-efficient is controllable. Technology applications reflect consumption of resources in qualitative and quantitative terms, energy used and the efficiency level of production & marketing and disposal of wastes. These are controllable technology decisions that can increase or reduce eco-costs. The goal is to reduce the use of unsustainable technologies and increase the use of clean technologies so that in the long run T is reduced to Zero which theoretically means I (environmental impact) would be Zero at any quantity of P and A.

It has predicted that the future markets would be directly linked with the development, transfer and implementation of eco-friendly technologies, referred to as Environmental Technologies (ET). All kinds of ET are available now. Moreover, technology has made available substitutes, which are less resource intensive.

Greening product or market is viewed as the outcome of rational strategic choice. It may thus involve the search for different types of competitive advantage (Gladwin, 1992a). As a result of staggering pollution levels and the diversity of environmental concerns, a wide range of pressures is coming to bear upon industry/firms from many sides. The intensity of these pressures varies by country, sector, industry and firm. It is clear, however, that firms need to respond in order to ensure further use of scarce resources, public and political legitimacy, profitability and financial assurance (Schot, Johan & Fisher, Kurt 1993).

In the developed countries, the surge of environmental consciousness that followed Earth Day in 1990 washed over the marketplace rapidly. In poll after poll, consumers claim they are willing to change their buying habits – and even pay more for products – to protect the environment (Pearce, 1990; Consumer Reports, 1991; Berger and Corbin, 1992; Coddington, 1993; Davis, 1993; McDougall, 1993; Ottoman, 1993). Manufacturers got the messages, reports that the percentage of new packaged products making some kind of green claim more than doubled between 1989 and 1990, rising from 4.5% to 11.4% of the total. During the same year, the number of green advertisements appearing on television and in major print outlets more than quadrupled, according to an audit by the advertising agency J. Walter Thompson (Consumer Reports, 1991).

Hypothesis

- Through the adoption of green business, the now-a-days consumers will prefer green products over non-green (grey) products
- The level of awareness of the consumers as well as the producers and marketers for environmental concerns will be high.
- They will start to feel that in future more and more people will prefer green products as their attitude for consumption is changing,.and
- The companies who will practice green philosophy will have better opportunities for sustainable growth and have a large contribution to protect the environment and help to mentain ecological balance.

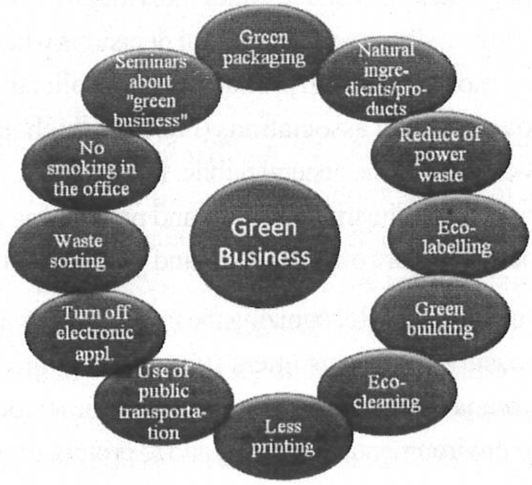
Methodology and Sources of Data

This paper is purely a learning material. As the green business is a new concept, and there are very few researches that have been conducted on this and most of them grounded in foreign countries, it is the right time to make our people aware about the benefits of the new concept and hope people will own this to keep our environment safe, secure and balanced. By reviewing the literatures and collected data from the secondary sources, the paper tries to analyze technically to present a clear picture of the concept to justify the title of the paper.

Rationale of Green Business

Green business is an attempt to characterize a product as being environmental friendly. It holds the view that marketing which is a part of business not only has to satisfy customers in particular, but also has to take into account the interests of society in general. All those who have affected by the activities of a business should be kept in mind when setting the objectives and the policies of an organization. This has already helped to increase the recent trend towards the "greening" of the companies. Sustainable consumption and sustainable development are the two faces of the same coin. Sustainable development refers to maintaining long-term economic, social and environmental capital. While sustainable consumption becomes the way of life. Sustainable consumption is using resources in a way that minimizes harm to the environment while supporting the well-being of people. Realizing the importance of people's concern for a healthy environment to live and preferring environmental friendly products and services to consume, marketers these days are trying to capitalize on the same to ensure sustainable growth and using these concepts in designing their strategies.

One of the prime business strategies for sustainable growth has taken the shape of Green Marketing. Green Marketing can be viewed both as a type of marketing and marketing philosophy. As a type of marketing, it is like industrial or service marketing, and is concerned with marketing of green products and positioning them as green brands. As a philosophy, green marketing runs parallel to the societal marketing concept and espouses the view that satisfying customers is not enough and marketers should take into account ecological interests of the society as a whole. It is a part of Corporate Social Responsibility (CSR).The strategy for green marketing can help to get more customers and make more money. Marketers should analyse the changing consumer attitudes while recognizing the role that companies can play in protecting the environment to ensure society's wellbeing. They must realize that green marketing is not purely altruistic - it can be a profitable endeavour for sustainable growth.



Greening of Business

Furthermore, green business practices are still far from being univer-sally embraced and applied by business entities around the world, with perceptible dif-ferences of business penetration by the "green" ideas in various countries. This is on account of many reasons, that the "greening of business" is still largely perceived as an extra burden by increase in cost or incurring loss in revenue, and the other reason being related to the national specifics in terms of cultural, political, and economic differences. Green business is an organization that is committed to the principles of environmental sustainability in its operations, strives to use renewable resources, and tries to minimize the negative envi-ronmental impact of its activities. In this perception, "greening" of business is part of a long-term strategy of becoming sustainable, i.e. being able to achieve business tasks in the way that does not develop any threat – economic, social or environmental – for both current and future generations.

Business Greening Agents

The shifting of mind-set from general business to the business with green trend can be attributed exclusively to the initiatives of business itself. One can distinguish three main agents of the process: con-sumers, governments, and business itself, each of them in its own way contributing to the formation of "green request" to business .

Green Consumer- A green consumer can be defined as an individual who purchases ecologically produced or eco-friendly products i.e. those are made, imported and traded without causing pollution, can be reused or utilized and evade the environmentally harmful consumption by saving water and energy, recycling and so on. Environmentally aware consumers can behave either individually or collectively. The individual green behaviour is clearly visible itself in personal decisions whether to act in a green way (e.g., recycle) and to pay more for a green product, or not. Collective action is taken through associations – non-governmental associations (NGOs) which in turn contribute to foster the environmental awareness of the general public. Furthermore, by rising concerns about the harmful effects of particular industrial activities and pro-moting environmentally safe practices, NGOs exert a social pressure on businesses and governments.

Government-Recognizing the impact of human actions on the environment and acting under pressure from consumers (voters) and various NGOs, governments (local, national or supranational) provide a regulatory framework for business operations, aim-ing to restrict the environmentally harmful and to prompt the environmentally friendly business behaviour.

Go Green Business -It is a multifaceted process; there are various practices that can be applied when business wants to shift to a green behaviour. Broadly speaking, an environmentally aware business should participate at least in one of "4Rs" – reduction, reuse, recycling, and recovery (Kassaye, 2001*)*. Each of those "Rs" can be achieved through several practices, some of which might serve the purpose of more than one "R".

Green Growing Groups

These groups may be classified as follows, which poses challenges to industries or to organisations:

Customers: Consumers are increasingly better informed and becoming aware of the environmental impact of consumer products and are thus demanding that industry improves the environmental performance of its products. Today consumers are more enlightened and especially in developed countries, they even seek for sustainable development for their children.

Government: The threat of tougher legislation and the rising costs of complying with environmental regulations and penalties in case of noncompliance are possible motivating factors for firms to incorporate environmental concerns in their strategies (Banerjee 1998). In India, the Governments enacted laws concerning pollution control and environmental protection, including Environment (Protection) Act 1986, the Air (Prevention & Control of Pollution) Act 1981 & the Water (Prevention & Control of Pollution) Act 1974. While environmental legislation represents the main pressure, increasing costs associated with managing emissions are also an important factor.

Investor: Investors are increasingly examining the environmental records of potential investments, and some are showing a tendency to invest in "Greener" companies. This behaviour is based on the expectations that these companies will benefit commercially from their green image and there are efficiency gains associated with the adoption of cleaner technologies (Kahlenborn, Walter 1999). **Community:** Local communities represent a powerful pressure for improved environmental performance, particularly where firms are located in close proximity to residential areas. This is applicable to both developed and developing countries. Where problems and nuisance are associated with noise, vibration, and dirty/ foul smell; local communities, both directly and indirectly through complaints to local environmental health departments are capable of bringing considerable pressure to reduce environmental problems. The result of many national polls tracking environmental concern among the general public indicate that environmental protection remains high on the agenda of the public in many countries, despite escalating economic woes in some areas. A negative public image can influence firms in this industry to adopt corporate environmentalism as a strategy to survive and grow in the marketplace. All the chemical corporations publicly affirm their commitment to environmental protection and have developed environmental mission statements or policy statements.

Business-to-Business Customers: They evaluate supplies on ISO 14000 standards, the environmental counterpart to ISO 9000, the International quality standard. Moreover, the buyer looks for suppliers who follow environmental friendly processes or Good Manufacturing Practices (GMP).

Employees: The interests and aspiration of the work force of trade unions represent potential pressure resulting in lies a strong interest in the environmental performance and health and safety aspects of the plant. Other stakeholders include environmentalist, academicians, scientific community, media, retailers, local government, suppliers and buyers. On the basis of the attitude and behaviour of all the corporate stakeholders, we realize that however, the task of practicing green philosophy is quite challenging and full of pressures and tensions, but at the same time it offers enormous opportunities to corporate in today's highly competitive global environment.

Conclusion and Suggestions

With the increase in consumer awareness about green revolution and their changing attitude from non-green to green products, marketers are seeing a growing demand for eco-labelling, green products, green advertising and the overall importance of energy conservation and renewable energy oriented products and projects. This new era of globalization, at one-end creates several challenges for industries but at the other end presents an array of opportunities, where correct, appropriate and timely strategic decisions in practicing green philosophy may lead a company towards sustainable growth.

By going green, a business distinguishes itself from others and gains a competitive advantage. It is well known that customers buy a product not only as a commodity but also as the image links of the product. A green brand is one that appeals to the retail consumers and B2B customers who favours greener products and ser-vices. Consumer willingness to pay more for a green product in-dicates that consumers perceive an additional value in it. However, a green brand should be effectively communicated or, in other words, marketed in order to be recognized by consumers. Green marketing (also known as sustainable marketing, organic marketing, and environmental marketing) usually refers to the product, service or lifestyle which it is promoting, rather than to a method of marketing itself. It centres on consumers' explicit or implicit willingness to pay more for environmentally friendly products and is about selling environmentally safe or said to be safe products.

To keep the people of the state in particular and the country in general, the appropriate government should take necessary steps in policy change; especially in the procurement policy. One of the best ways to make your business more environmentally friendly is to practice green procurement. This involves sourcing goods and services that are produced and supplied in a sustainable fashion. A regular review in procurement policies should be ensured and the following questions should be borne in the minds of the administrators; Whether the product manufactured in a sustainable fashion; Ensure that it do not contain toxic materials or ozone-depleting substances; Whether it can be recycled and/or are produced from recycled materials; Whether made from renewable materials like bamboo, etc.) and do not make use of excessive packaging.

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